

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ALABAMA  
SOUTHERN DIVISION**

<p><b>In re:</b></p> <p><b>JEFFERSON COUNTY, ALABAMA,</b> <b>a political subdivision of the State of</b> <b>Alabama,</b></p> <p style="text-align: center;"><b>Debtor.</b></p>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p><b>Case No. 11-05736-TBB</b></p> <p><b>Chapter 9</b></p>
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**AMENDED PLAN SUPPLEMENT**

Jefferson County, Alabama (the “County”) files this supplement to the *Chapter 9 Plan of Adjustment for Jefferson County, Alabama (Dated November 6, 2013)* [Docket No. 2182] (as it may be amended, supplemented, or modified from time to time by the County in accordance with the terms thereof and Bankruptcy Code section 942, the “Plan”).<sup>1</sup> This amended supplement and the exhibits attached hereto constitute the “Plan Supplement” as defined and contemplated by the Plan. This amended supplement is intended to supersede and replace the *Plan Supplement* filed by the County on September 30, 2013 [Docket No. 2101] in all respects.

The following chart summarizes the documents that are attached as exhibits hereto and that constitute the parts of the Plan Supplement:

<b>Exhibit Tab</b>	<b>Description of Document</b>
<u>Exhibit 1</u>	Trust Indenture dated December 1, 2013, including the forms of the New Sewer Warrants (other than the Reserve Fund Reimbursement Warrants)
<u>Exhibit 2</u>	New First Supplemental Sewer Warrant Indenture, including the forms of the Reserve Fund Reimbursement Warrants

<sup>1</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to those Defined Terms in the Plan.



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<b>Exhibit Tab</b>	<b>Description of Document</b>
<u>Exhibit 3(a)</u>	Reimbursement Agreement, Dated as of December 1, 2013, including the forms of the Reserve Fund LOC
<u>Exhibit 3(b)</u>	Collateral Support Agreement, Dated as of December 1, 2013 [Senior Lien]
<u>Exhibit 3(c)</u>	Collateral Support Agreement, Dated as of December 1, 2013 [Subordinate Lien]
<u>Exhibit 4</u>	Form of New Sewer Wrap Policy
<u>Exhibit 5</u>	School Warrant Second Supplemental Indenture
<u>Exhibit 6</u>	Proposed form of Confirmation Order

The County reserves the right to amend, supplement, or modify any of the foregoing documents (including all exhibits and attachments thereto and documents referred to in such documents), and to add additional documents to the Plan Supplement, from time to time prior to the Confirmation Hearing or the Effective Date to the extent consistent with the Plan.<sup>2</sup>

Dated this the 14th day of November, 2013.

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<sup>2</sup> Certain of the documents attached hereto are the subject of ongoing negotiation among the applicable parties, and other documents not included herewith also are the subject of ongoing negotiation. The County will further supplement the Plan Supplement as soon as practicable with final forms of documents, but files this version of the Plan Supplement for the benefit of the Court and all parties in interest prior to the commencement of the Confirmation Hearing on November 20, 2013.

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# **Exhibit 1**

**Trust Indenture dated December 1, 2013,  
including the forms of the New Sewer Warrants (other than the  
Reserve Fund Reimbursement Warrants)**

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**TRUST INDENTURE**

Dated December 1, 2013

Between

**JEFFERSON COUNTY, ALABAMA**

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION**

Relating to the authorization and issuance of

**[\$375,000,000] Senior Lien Sewer Revenue  
Current Interest Warrants, Series 2013-A**

**[\$55,693,095.85] Senior Lien Sewer Revenue  
Capital Appreciation Warrants, Series 2013-B**

**[\$69,308,272.15] Senior Lien Sewer Revenue  
Convertible Capital Appreciation Warrants, Series 2013-C**

**[\$750,155,000] Subordinate Lien Sewer Revenue  
Current Interest Warrants, Series 2013-D**

**[\$71,935,073.95] Subordinate Lien Sewer Revenue  
Capital Appreciation Warrants, Series 2013-E**

and

**[\$416,317,273] Subordinate Lien Sewer Revenue  
Convertible Capital Appreciation Warrants, Series 2013-F**

by

**Jefferson County, Alabama**

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**TABLE OF CONTENTS**

	<b>PAGE</b>
Parties .....	1
Recitals .....	1
<b>ARTICLE 1 Definitions and Other Provisions of General Application .....</b>	<b>3</b>
SECTION 1.1    Definitions .....	3
SECTION 1.2    General Rules of Construction .....	14
SECTION 1.3    Effect of Action by Holders of Secured Obligations .....	15
SECTION 1.4    Effect of Headings and Table of Contents .....	15
SECTION 1.5    Date of Indenture .....	15
SECTION 1.6    Separability Clause .....	15
SECTION 1.7    Governing Law .....	15
SECTION 1.8    Counterparts .....	16
SECTION 1.9    Designation of Time for Performance .....	16
<b>ARTICLE 2 Source of Payment .....</b>	<b>16</b>
SECTION 2.1    Limited Source of Payment of Secured Obligations .....	16
SECTION 2.2    Officials, Officers and Employees of the Issuer Exempt from Individual Liability .....	16
<b>ARTICLE 3 Security for Payment .....</b>	<b>16</b>
SECTION 3.1    Pledge and Assignment .....	16
<b>ARTICLE 4 Registration, Transfer, Exchange and Payment of the Warrants .....</b>	<b>18</b>
SECTION 4.1    The Book Entry System for the Warrants .....	18
SECTION 4.2    Alternate Provisions Regarding Payment, Registration, Transfer and Exchange of Warrants .....	19
SECTION 4.3    Persons Deemed Owners .....	21
SECTION 4.4    Trustee as Paying Agent and Registrar .....	21
SECTION 4.5    Payments Due on Non-Business Days .....	21
<b>ARTICLE 5 Specific Terms for Warrants and Disposition of Proceeds .....</b>	<b>21</b>
SECTION 5.1    Specific Title and Terms of Series 2013-A Warrants .....	21
SECTION 5.2    Specific Title and Terms of Series 2013-B Warrants .....	22
SECTION 5.3    Specific Title and Terms of Series 2013-C Warrants .....	24
SECTION 5.4    Specific Title and Terms of Series 2013-D Warrants .....	26
SECTION 5.5    Specific Title and Terms of Series 2013-E Warrants .....	27
SECTION 5.6    Specific Title and Terms of Series 2013-F Warrants .....	28
SECTION 5.7    Proceeds From Sale of Warrants .....	30
<b>ARTICLE 6 Repurchases and Tenders .....</b>	<b>31</b>
SECTION 6.1    No Optional Tender Rights for Holders .....	31
SECTION 6.2    Purchase or Tender for Cancellation .....	31
<b>ARTICLE 7 Redemption of Warrants .....</b>	<b>31</b>
SECTION 7.1    Redemption Provisions .....	31
SECTION 7.2    Mandatory Redemption .....	34
SECTION 7.3    Election to Redeem .....	34
SECTION 7.4    Selection by Trustee of Warrants to be Redeemed .....	34
SECTION 7.5    Notice of Redemption .....	34
SECTION 7.6    Deposit of Redemption Price .....	35
SECTION 7.7    Warrants Payable on Redemption Date .....	35
SECTION 7.8    Warrants Redeemed in Part .....	35
SECTION 7.9    Purchase of Callable Warrants in Lieu of Redemption .....	36

ARTICLE 8 Additional Secured Obligations .....	36
SECTION 8.1 Authorization of Additional Secured Obligations .....	36
SECTION 8.2 Conditions to Issuance of Additional Secured Obligations .....	37
SECTION 8.3 Effect of Issuance of Additional Secured Obligations.....	39
ARTICLE 9 Indenture Funds .....	39
SECTION 9.1 Revenue Fund.....	39
SECTION 9.2 Application of System Revenues.....	40
SECTION 9.3 Series 2013 Senior Lien Debt Service Fund.....	41
SECTION 9.4 Series 2013 Subordinate Lien Debt Service Fund .....	42
SECTION 9.5 Operating Account.....	43
SECTION 9.6 Series 2013 Senior Lien Reserve Fund.....	43
SECTION 9.7 Series 2013 Subordinate Lien Reserve Fund.....	46
SECTION 9.8 Capital Improvement Fund.....	48
SECTION 9.9 Costs of Issuance Fund.....	49
SECTION 9.10 Clearing Accounts and Fund Subaccounts .....	49
SECTION 9.11 Investment of Indenture Funds .....	49
SECTION 9.12 Application of Funds After Indenture Indebtedness Defeased .....	50
ARTICLE 10 Representations and Covenants .....	50
SECTION 10.1 General Representations .....	50
SECTION 10.2 Encumbrances on Trust Estate .....	51
SECTION 10.3 Payment of Secured Obligations .....	51
SECTION 10.4 Inspection of Records .....	51
SECTION 10.5 Advances by Trustee .....	51
SECTION 10.6 Transfer of System .....	51
SECTION 10.7 Compliance with the Tax Certificate and Agreement.....	51
SECTION 10.8 Covenants Regarding Ownership and Operation of the System.....	52
SECTION 10.9 Maintenance of Rates .....	54
ARTICLE 11 Defaults and Remedies .....	56
SECTION 11.1 Events of Default.....	56
SECTION 11.2 Remedies .....	56
SECTION 11.3 Application of Money Collected .....	58
SECTION 11.4 Trustee May Enforce Claims without Possession of Secured Obligations .....	60
SECTION 11.5 Limitation on Suits .....	60
SECTION 11.6 Unconditional Right of Holders of Secured Obligations to Payment.....	61
SECTION 11.7 Restoration of Positions.....	61
SECTION 11.8 Delay or Omission Not Waiver .....	61
SECTION 11.9 Control by Holders of Senior Lien Obligations.....	61
SECTION 11.10 Waiver of Past Defaults.....	62
SECTION 11.11 Suits to Protect the Trust Estate.....	62
ARTICLE 12 The Trustee .....	62
SECTION 12.1 Certain Duties and Responsibilities of Trustee.....	62
SECTION 12.2 Notice of Defaults.....	63
SECTION 12.3 Certain Rights of Trustee.....	64
SECTION 12.4 Trustee Not Responsible for Statements of Issuer .....	64
SECTION 12.5 May Hold Secured Obligations .....	64
SECTION 12.6 Money Held in Trust .....	65
SECTION 12.7 Compensation and Reimbursement .....	65
SECTION 12.8 Corporate Trustee Required; Eligibility .....	65
SECTION 12.9 Resignation and Removal; Appointment of Successor.....	65
SECTION 12.10 Acceptance of Appointment by Successor .....	66
SECTION 12.11 Merger, Conversion, Consolidation or Succession to Business.....	66
SECTION 12.12 Series 2013 Collateral Support Agreement .....	67

ARTICLE 13 Amendment of Secured Obligation Documents.....	67
SECTION 13.1 General Requirements for Amendments .....	67
SECTION 13.2 Amendments Without Consent of Holders of Secured Obligations .....	67
SECTION 13.3 Amendments Requiring Consent of All Affected Holders of Secured Obligations .....	68
SECTION 13.4 Amendments Requiring Majority Consent of Holders of Secured Obligations.....	68
SECTION 13.5 Discretion of Trustee .....	68
SECTION 13.6 Trustee Protected by Opinion of Counsel.....	69
SECTION 13.7 Amendments Affecting Trustee’s Personal Rights.....	69
SECTION 13.8 Effect on Holders of Secured Obligations .....	69
SECTION 13.9 Reference in Secured Obligations to Amendments .....	69
SECTION 13.10 Amendments Not to Affect Tax Exemption .....	69
ARTICLE 14 Defeasance .....	69
SECTION 14.1 Payment of Indenture Indebtedness; Satisfaction and Discharge of Indenture.....	69
SECTION 14.2 Trust for Payment of Debt Service .....	70
ARTICLE 15 Provisions Relating to the Series 2013 Insurer .....	71
SECTION 15.1 Applicability of this Article.....	71
SECTION 15.2 Requirements of the Series 2013 Insurer.....	71
SECTION 15.3 Claims and Payments under the Series 2013 Insurance Policy .....	72
SECTION 15.4 Reporting Requirements to Series 2013 Insurer.....	74
SECTION 15.5 Maintenance of Ratio between Senior Lien Obligations and Subordinate Lien Obligations	75
SECTION 15.6 Additional Covenants of the Issuer.....	75
ARTICLE 16 Miscellaneous .....	76
SECTION 16.1 Notices to Financing Participants .....	76
SECTION 16.2 Notices to Holders of Warrants .....	76
SECTION 16.3 Successors and Assigns .....	77
SECTION 16.4 Benefits of Indenture .....	77
SECTION 16.5 Rights or Powers of Providers of Credit Enhancement .....	77
SECTION 16.6 Calculation of Percentage of Holders Taking Action .....	77
SECTION 16.7 Amounts Due and Unpaid After Act of Bankruptcy .....	78
EXHIBIT 5.1(c).....	Form of Series 2013-A Warrants
EXHIBIT 5.2(c).....	Form of Series 2013-B Warrants
EXHIBIT 5.2(e).....	Schedule of Compound Accreted Value for Series 2013-B Warrants
EXHIBIT 5.3(c).....	Form of Series 2013-C Warrants
EXHIBIT 5.3(e).....	Schedule of Compound Accreted Value for Series 2013-C Warrants
EXHIBIT 5.4(c).....	Form of Series 2013-D Warrants
EXHIBIT 5.5(c).....	Form of Series 2013-E Warrants
EXHIBIT 5.5(e).....	Schedule of Compound Accreted Value for Series 2013-E Warrants
EXHIBIT 5.6(c).....	Form of Series 2013-F Warrants
EXHIBIT 5.6(e).....	Schedule of Compound Accreted Value for Series 2013-F Warrants
EXHIBIT 9.2(b) .....	Requisition for Payments from Revenue Fund
EXHIBIT 9.6(g) .....	Series 2013 Senior Lien Reserve Fund Letter of Credit Reimbursement Order
EXHIBIT 9.7(g) .....	Series 2013 Subordinate Lien Reserve Fund Letter of Credit Reimbursement Order
EXHIBIT 9.8(c).....	Requisition for Payments from Capital Improvement Fund
EXHIBIT 15.5 .....	Schedule of Permitted Ratios of Senior Lien Obligations to Secured Obligations
EXHIBIT 16.1(b).....	Directions for Notices



## TRUST INDENTURE

**THIS TRUST INDENTURE** dated December 1, 2013 is entered into by **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (the “Issuer”), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as trustee (the “Trustee”).

### Recitals

The Issuer has duly authorized the issuance of its (i) [\$375,000,000] aggregate principal amount of Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A (the “Series 2013-A Warrants”), (ii) [\$55,693,095.85] aggregate principal amount of Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B (the “Series 2013-B Warrants”), (iii) [\$69,308,272.15] aggregate principal amount of Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C (the “Series 2013-C Warrants”), (iv) [\$750,155,000] aggregate principal amount of Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D (the “Series 2013-D Warrants”), (v) [\$71,935,073.95] aggregate principal amount of Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E (the “Series 2013-E Warrants”), and (vi) [\$416,317,273] aggregate principal amount of Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F (the “Series 2013-F Warrants”, and, together with the Series 2013-A Warrants, the Series 2013-B Warrants, the Series 2013-C Warrants, the Series 2013-D Warrants, and the Series 2013-E Warrants, the “Warrants”) pursuant to this Indenture.

The Issuer owns and operates a sanitary sewer system (the “System”) that currently serves customers in Jefferson County, Alabama and small portions of two adjacent counties. On November 9, 2011, the Issuer filed a petition for relief under Chapter 9 of Title 11 of the United States Code, thereby commencing Bankruptcy Case No. 11-05736-TBB9 (the “Bankruptcy Case”) before the United States Bankruptcy Court for the Northern District of Alabama, Southern Division (the “Bankruptcy Court”). The Bankruptcy Court has confirmed the Issuer’s plan of adjustment (the “Confirmed Plan of Adjustment”), a material component of which is the restructuring of the Issuer’s financial obligations with respect to its System through the issuance of the Warrants pursuant to this Indenture.

Certain sewer revenue warrants of the Issuer are currently outstanding under that certain Trust Indenture dated as of February 1, 1997, as supplemented and amended (the “Retired Warrants Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., in its capacity as successor trustee (the “Retired Warrants Trustee”). The seven series of warrants outstanding as of the date hereof under the Retired Warrants Indenture are as follows: (1) Sewer Revenue Warrants, Series 1997-A, (2) Sewer Revenue Capital Improvement Warrants, Series 2001-A, (3) Sewer Revenue Capital Improvement Warrants, Series 2002-A, (4) Sewer Revenue Warrants, Series 2002-C, (5) Sewer Revenue Warrant, Series 2003-A, (6) Sewer Revenue Warrants, Series 2003-B, and (7) Sewer Revenue Warrants, 2003-C (collectively, the “Retired Warrants”).

The Warrants are being issued for the purpose of providing a large portion of the funds necessary to implement the Issuer’s Confirmed Plan of Adjustment. Pursuant to the Confirmed Plan of Adjustment, the Retired Warrants will not be paid in full, and the proceeds of the Warrants, together with certain funds of the Issuer and funds on deposit under the Retired Warrants Indenture, will be distributed to the holders of the Retired Warrants or will be distributed by or on behalf of the Issuer to pay certain other creditors of the Issuer, all in amounts specified in the Confirmed Plan of Adjustment. On the Effective Date, as such term is defined in the Confirmed Plan of Adjustment, the Retired Warrants and the Retired Warrants Indenture will be cancelled, and the Issuer will be released from all further obligations with respect thereto.

The Warrants are limited obligations of the Issuer payable solely out of the Trust Estate established under this Indenture, which includes the System Revenues described herein.

This Indenture pledges the gross revenues from the System (the “System Revenues”) for the benefit of the Holders of all debt obligations secured by this Indenture (all debt obligations secured by this Indenture, including the Warrants, being referred to collectively as “Secured Obligations”). The System Revenues and the General Indenture Funds are part of the General Trust Estate established under this Indenture. Secured Obligations are issuable in two classes: (i) Senior Lien Obligations, which have a first priority lien with respect to right of payment

from the General Trust Estate established under this Indenture; and (ii) Subordinate Lien Obligations, which have a second priority lien with respect to right of payment from the General Trust Estate. The Series 2013-A Warrants, the Series 2013-B Warrants and the Series 2013-C Warrants (also referred to collectively in this Indenture as the “Series 2013 Senior Lien Obligations”) are being issued as Senior Lien Obligations. The Series 2013-D Warrants, the Series 2013-E Warrants and Series 2013-F Warrants (also referred to collectively in this Indenture as the “Series 2013 Subordinate Lien Obligations”) are being issued as Subordinate Lien Obligations. This Indenture permits the issuance of additional Senior Lien Obligations secured on a parity of lien with the Series 2013 Senior Lien Obligations with respect to the General Trust Estate (subject to certain limitations described herein), and this Indenture permits the issuance of additional Subordinate Lien Obligations secured on a parity of lien with the Series 2013 Subordinate Lien Obligations with respect to the General Trust Estate.

Payment of the Series 2013 Senior Lien Obligations is further secured by the Series 2013 Senior Lien Trust Estate, which includes the Series 2013 Senior Lien Indenture Funds described herein, and which are held by the Trustee for the sole benefit of Holders of the Series 2013 Senior Lien Obligations. Payment of the Series 2013 Subordinate Lien Obligations is further secured by the Series 2013 Subordinate Lien Trust Estate, which includes the Series 2013 Subordinate Lien Indenture Funds described herein, and which are held by the Trustee for the sole benefit of the Holders of the Series 2013 Subordinate Lien Obligations.

The Series 2013 Senior Lien Trust Estate includes the Series 2013 Senior Lien Reserve Fund. The Series 2013 Senior Lien Reserve Fund is being collateralized with a letter of credit being issued contemporaneously with the issuance of the Warrants by JPMorgan Chase Bank. Likewise, the Series 2013 Subordinate Lien Trust Estate includes the Series 2013 Subordinate Lien Reserve Fund. The Series 2013 Subordinate Lien Reserve Fund is being collateralized with a letter of credit being issued contemporaneously with the issuance of the Warrants by JPMorgan Chase Bank. To the extent draws are made on the Series 2013 Senior Lien Reserve Fund Letter of Credit, the Issuer will provide its Senior Lien Reserve Fund Reimbursement Warrants to JPMorgan Chase Bank, in such principal amount or amounts that equal the applicable draw on the Series 2013 Senior Lien Reserve Fund Letter of Credit. To the extent draws are made on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, the Issuer will provide its Subordinate Lien Reserve Fund Reimbursement Warrants to JPMorgan Chase Bank, in such principal amount or amounts that equal the applicable draw on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit. The Reserve Fund Warrants are being secured pursuant to a First Supplemental Trust Indenture dated December 1, 2013 (the “First Supplemental Indenture”), which is being entered into by the Issuer and the Trustee contemporaneously with this Indenture. The Reserve Fund Warrants are more particularly described in the First Supplemental Indenture.

The Confirmed Plan of Adjustment and related confirmation order provide a binding judicial determination that the Warrants, the Reserve Fund Warrants, this Indenture, the First Supplemental Indenture, the Rate Resolution, and the covenants made by the Issuer for the benefit of the holders of the Warrants (including the covenants provided for in *Section 10.9* of this Indenture) will constitute legal, valid, binding and enforceable obligations of the Issuer. The Confirmed Plan of Adjustment and related confirmation order further provide that the Commission shall adopt and maintain a sewer rate structure in accordance with the Rate Resolution and as necessary for the Issuer to satisfy its obligations arising under the Warrants and this Indenture, including increases in sewer rates to the extent necessary to allow the timely satisfaction of the Issuer’s obligations under this Indenture.

All things have been done which are necessary to make the Warrants, when executed by the Issuer and authenticated and delivered by the Trustee hereunder, the valid obligations of the Issuer, and to constitute this Indenture a valid trust indenture for the security of the Secured Obligations, in accordance with the terms of this Indenture.

**NOW, THEREFORE, THIS INDENTURE WITNESSETH:**

It is hereby covenanted and declared that all the Warrants are to be authenticated and delivered and the property subject to this Indenture is to be held and applied by the Trustee, subject to the covenants, conditions and trusts hereinafter set forth, and the Issuer does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit (except as otherwise expressly provided herein) of all Warrants as follows:

## ARTICLE 1

### Definitions and Other Provisions of General Application

#### SECTION 1.1 Definitions

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meaning indicated:

“**Accreted Value**” means, on any date of calculation or determination with respect to any Capital Appreciation Obligations or Convertible Capital Appreciation Obligations, the sum of the Initial Principal Amount of such warrants plus the amount of interest accreted on such warrants to and including such date.

“**Act**” means Act No. 716 adopted at the 1900-01 Session of the Alabama Legislature, pursuant to which the Issuer is authorized to levy an ad valorem tax for the benefit of the System.

“**Act of Bankruptcy**” means the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by the Issuer after the effective date of this Indenture under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect.

“**Additional Secured Obligation Reserve Fund Requirement**” means, with respect to Secured Obligations issued after the date of issuance of the Warrants, the amount required to be on deposit in any Secured Obligation Reserve Fund established pursuant to a Supplemental Indenture.

“**Affiliate**” of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, “control” when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Amendment 73**” means Amendment 73 to the Constitution of the State.

“**Authorized Denominations**” means (i) with respect to the Series 2013-A Warrants or the Series 2013-D Warrants, a principal amount equal to \$5,000 or any integral multiple thereof, (ii) with respect to the Series 2013-B Warrants or Series 2013-E Warrants, a principal amount or Accreted Value due at maturity equal to \$5,000 or any integral multiple thereof, (iii) with respect to the Series 2013-C Warrants or Series 2013-F Warrants, a principal amount or Accreted Value at the Current Interest Commencement Date equal to \$5,000 or any integral multiple thereof, and from and after the Current Interest Commencement Date, a principal amount equal to \$5,000 or any integral multiple thereof, (iv) with respect to additional Secured Obligations, the amount specified in a Supplemental Indenture.

“**Authorized Issuer Representative**” means the President of the Commission, the County Manager, the Chief Financial Officer of the Issuer, or any other officer or agent of the Issuer authorized by resolution of the Commission to act as “Authorized Issuer Representative” for purposes of the Secured Obligation Documents.

“**Balloon Debt**” means Current Interest Obligations 50% or more of the original principal amount of which matures during any 12-month period. For purposes of this definition, the principal amount of Secured Obligations required to be redeemed prior to maturity shall be deemed payable on the mandatory redemption date rather than at maturity. For the avoidance of doubt, this definition shall not apply to Capital Appreciation Obligations or to Convertible Capital Appreciation Obligations prior to the Current Interest Commencement Date applicable thereto.

“**Bankruptcy Case**” means *In re Jefferson County, Alabama*, Case No. 11-05736-TBB9 adjudicated in the Bankruptcy Court.

**“Bankruptcy Court”** means the United States Bankruptcy Court for the Northern District of Alabama, Southern Division.

**“Book Entry System”** means the electronic system maintained by DTC for the ownership, transfer, exchange and payment of debt obligations.

**“Budgeted System Costs”** means all reasonable and necessary direct or indirect expenses of operating and maintaining the System projected to be payable from System Revenues for a Fiscal Year other than (i) Debt Service Requirements, (ii) all amounts payable on Unsecured Obligations, (iii) Capital Improvements, (iv) depreciation, (v) amortization, (vi) other non-cash expenses, and (vii) customer security deposits.

**“Business Day”** means any day other than a Saturday, a Sunday, or a day on which the Trustee is authorized to be closed under general law or regulation applicable in the place where the Trustee performs its business with respect to the Indenture.

**“Callable Warrants”** means Warrants that are subject to redemption at the option of the Issuer.

**“Capital Appreciation Obligations”** means warrants or other debt obligations that do not pay interest on a current basis to the Holders thereof, but rather accrete in value over time as provided in the Indenture or Supplemental Indenture pursuant to which such obligations are issued.

**“Capital Improvement Fund”** means the fund established pursuant to *Section 9.8*.

**“Capital Improvements”** means improvements or additions to the System that are chargeable to the Issuer’s capital account (or could be chargeable if so elected by the Issuer) determined in accordance with generally accepted accounting principles.

**“Commission”** means the Jefferson County Commission, the governing body of the Issuer.

**“Compounding Date”** means, with respect to a Capital Appreciation Warrant or a Convertible Capital Appreciation Warrant, the periodic date on which the Accreted Value on such Warrant is to be compounded. The Compounding Dates applicable to the Series 2013-B Warrants are specified in *Section 5.2(d)*; the Compounding Dates applicable to the Series 2013-C Warrants are specified in *Section 5.3(d)*; the Compounding Dates applicable to the Series 2013-E Warrants are specified in *Section 5.5(d)*; and the Compounding Dates applicable to the Series 2013-F Warrants are specified in *Section 5.6(d)*. The Compounding Date applicable to any other Secured Obligations shall be set forth in a Supplemental Indenture pursuant to which such Secured Obligations are issued.

**“Confirmed Plan of Adjustment”** means the Issuer’s chapter 9 plan of adjustment, as confirmed by order of the Bankruptcy Court (Docket No. [\_\_\_\_]) in the Bankruptcy Case.

**“Consent Decree”** means the order entered by the United States District Court for the Northern District of Alabama in the consolidated cases styled *Kipp v. Jefferson County, Alabama* (Civil Action No. 93-G-2492-S) and *United States v. Jefferson County, Alabama* (Civil Action No. 94-G-2947-S) requiring the Issuer to undertake remedial actions with respect to the System.

**“Continuing Disclosure Agreement”** means the Continuing Disclosure Agreement entered into by the Issuer in connection with the issuance of the Warrants.

**“Convertible Capital Appreciation Obligations”** means warrants or other debt obligations that, for an initial period of time, do not pay interest on a current basis to the Holders thereof, but rather accrete in value until the Current Interest Commencement Date applicable to such obligations, and from such date, provide for interest to be paid to the Holders thereof at least annually, or more frequently, all as provided in the Indenture or Supplemental Indenture pursuant to which such obligations are issued.

**“Costs of Issuance”** means the expenses incurred in connection with the issuance of any Secured Obligations, including legal, consulting, accounting and underwriting fees and expenses.

“**Costs of Issuance Fund**” means the fund established pursuant to *Section 9.9*.

“**Credit Enhancement**” means a facility provided by a third party that provides a guaranty or other assurance for the payment of Debt Service on Secured Obligations or the purchase price of Secured Obligations tendered for purchase pursuant to optional or mandatory tender provisions applicable to such Secured Obligations, or both, including bond insurance, a letter of credit, or a standby warrant purchase agreement.

“**Current Interest Commencement Date**” means the date upon which (A) the Accreted Value of Convertible Capital Appreciation Obligations is converted to principal for the purpose of calculating future interest and (B) Convertible Capital Appreciation Obligations cease accreting interest and begin to accrue current interest. The Current Interest Commencement Date applicable to the Series 2013-C Warrants is specified in *Section 5.3(d)*, and the Current Interest Commencement Date applicable to the Series 2013-F Warrants is specified in *Section 5.6(d)*.

“**Current Interest Obligations**” means warrants or other debt obligations that provide for interest to be paid to the Holders thereof at least annually as provided in the Indenture or Supplemental Indenture pursuant to which such warrants are issued.

“**Debt Service**” means the principal, redemption premium (if any), and interest, whether accrued or accreted, payable on Secured Obligations.

“**Debt Service Requirements**” for any Fiscal Year means the scheduled Debt Service payments on Secured Obligations due and payable on [April 1] during such Fiscal Year and on the [October 1] immediately succeeding such Fiscal Year (Debt Service payable on [October 1] during the Fiscal Year for which such computation is made being excluded from this calculation); provided, however, that:

(1) The principal amount of Secured Obligations subject to scheduled mandatory redemption in any Fiscal Year shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year of the stated maturity of such Secured Obligations.

(2) With respect to Secured Obligations bearing interest at a variable rate, the amount of interest payable during any period for which the actual rate cannot be determined shall be projected using the Index Rate.

(3) If Secured Obligations have been Defeased, all principal and interest due on such Secured Obligations after the effective date of such Defeasance shall be excluded from Debt Service Requirements.

(4) Interest payments on Secured Obligations which are entitled to payments under any federal government assistance program (such as the program for Build America Bonds under the American Recovery and Reinvestment Act of 2009 or similar program):

(A) with respect to calculations which are retrospective in nature, shall be reduced by the amount of any subsidy or credit payments to which the Issuer actually received; and

(B) with respect to calculations which involve the then current Fiscal Year or are prospective in nature, shall be reduced by the amount of any subsidy or credit payments to which the Issuer is entitled.

(5) Unscheduled principal payments (including principal payments resulting from the optional redemption of Secured Obligations or the purchase and retirement of Secured Obligations) shall be excluded from Debt Service Requirements.

(6) The repurchase obligation with respect to Secured Obligations subject to optional or mandatory tender for purchase shall be disregarded on any date of determination if the repurchase obligation of the Issuer is secured by Credit Enhancement on such date.

(7) With respect to Secured Obligations constituting Balloon Debt, Debt Service payable on such Secured Obligations shall be projected assuming (i) that the principal balance of such Secured Obligations on the date of determination is refinanced on the date of determination over a term equal to forty years less the number of whole years that have elapsed since such Secured Obligations were issued, (ii) that such principal balance will bear interest at the Index Rate, and (iii) that Debt Service on such Secured Obligations after the date of determination will be payable in approximately equal annual installments sufficient to pay both principal and interest.

“**Defaulted Interest**” means any interest on any Secured Obligation which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date.

“**Defeased**” or “**Defeasance**”, when used with respect to Indenture Indebtedness, shall have the meaning assigned in *Section 14.1*.

“**DTC**” means The Depository Trust Company and its successors and assigns.

“**Enabling Law**” means Title 11, Chapter 28 (Sections 11-28-1 *et seq.*) of the Code of Alabama 1975.

“**Favorable Tax Opinion**” means an Opinion of Counsel delivered by an attorney or firm of attorneys which is nationally recognized as bond counsel, stating in effect that the proposed action, together with any other changes with respect to Secured Obligations made or to be made in connection with such action, will not cause interest on the Secured Obligations to become includible in gross income of the Holders for purposes of federal income taxation.

“**Federal Securities**” means noncallable, nonprepayable, direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America.

“**Financing Participants**” means the Issuer and the Trustee.

“**First Supplemental Indenture**” means that certain First Supplemental Trust Indenture dated December 1, 2013 between the Issuer and the Trustee pursuant to which the Issuer’s Reserve Fund Warrants are secured.

“**Fiscal Year**” means the fiscal year of the Issuer ending as of September 30 (or such other date as established from time to time by requisite action of the Commission) of each year.

“**Fitch**” means Fitch Ratings, Inc.

“**General Indenture Funds**” has the meaning assigned in *Section 3.1(a)*.

“**General Trust Estate**” has the meaning assigned in *Section 3.1(a)*.

“**Holder**” or “**Warrantholder**” means:

(1) When used with respect to any Warrant, means (i) if the Book Entry System is not in effect, the person in whose name such Warrant is registered on the Warrant Register maintained by the Trustee and (ii) if the Book Entry System is in effect, the beneficial owner of such Warrant on the records maintained pursuant to the Book Entry System.

(2) When used with respect to any Secured Obligation other than Warrants, the owner of such Secured Obligation under the terms of the instrument authorizing the issuance of such Secured Obligation.

“**Indenture**” means this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to

the applicable provisions hereof, including Supplemental Indentures executed with respect to additional Secured Obligations as provided in *Article 8*.

“**Indenture Default**” shall have the meaning assigned in *Section 11.1*. An Indenture Default shall “exist” if an Indenture Default shall have occurred and be continuing.

“**Indenture Funds**” means any fund or account established pursuant to this Indenture.

“**Indenture Indebtedness**” means all indebtedness of the Issuer at the time secured by this Indenture, including (a) Secured Obligations, (b) all reasonable fees, charges and disbursements of the Trustee for services performed (including administration), disbursements made or enforcement of rights provided Holders under this Indenture and (c) all amounts due and payable with respect to Credit Enhancement.

“**Independent Certified Public Accountant**” means a person or firm who (i) has a favorable regional or national reputation for skill and experience in governmental accounting, (ii) shall be appointed by the Issuer, (iii) does not have any direct financial interest or any material indirect financial interest in the Issuer or any Affiliate of the Issuer, (iv) does not serve as a member of the governing body of the Issuer or any Affiliate of the Issuer, and (v) is not employed by the Issuer or any Affiliate of the Issuer; provided that an Independent Certified Public Accountant may be the same person or firm which prepares the Issuer’s audited financial statements.

“**Independent Consultant**” means a person or firm who (i) has a favorable regional or national reputation for skill and experience in the operations and financial affairs of sewer systems, (ii) shall be appointed by the Issuer, (iii) does not have any direct financial interest or any material indirect financial interest in the Issuer or any Affiliate of the Issuer, (iv) does not serve as a member of the governing body of the Issuer or any Affiliate of the Issuer, and (v) is not employed by the Issuer or any Affiliate of the Issuer.

“**Index Rate**” shall mean the “Bond Buyer Revenue Bond Index” rate for 30-year tax-exempt revenue bonds, as published by *The Bond Buyer* on any date selected by the Issuer that is within 30 days prior to the date of such determination; provided, however, that if *The Bond Buyer* (or a successor publication) ceases to publish such index, the Index Rate shall be a comparable index selected by the Issuer.

“**Initial Principal Amount**” means the principal amount of Capital Appreciation Obligations or Convertible Capital Appreciation Obligations (prior to the applicable Current Interest Commencement Date), from which interest accretes. The Initial Principal Amount of the Series 2013-B Warrants is specified in *Section 5.2(b)*; the Initial Principal Amount of the Series 2013-C Warrants is specified in *Section 5.3(b)*; the Initial Principal Amount of the Series 2013-E Warrants is specified in *Section 5.5(b)*; and the Initial Principal Amount of the Series 2013-F Warrants is specified in *Section 5.6(b)*. The Initial Principal Amount applicable to any other Secured Obligations shall be set forth in a Supplemental Indenture pursuant to which such Secured Obligations are issued.

“**Insured Series 2013 Warrants**” shall mean, collectively, the Series 2013-A Warrants, the Series 2013-B Warrants and the Series 2013-C Warrants.

“**Interest Payment Date**” means (i) when used with respect to any installment of interest on a Warrant, means the date specified in this Indenture as the date on which such installment of interest is due and payable, and (ii) when used with respect to any installment of interest on any other Secured Obligation, the date specified in the related Supplemental Indenture as the date on which any installment of interest on such other Secured Obligation is due and payable.

“**Internal Revenue Code**” means the Internal Revenue Code of 1986, as amended.

“**Issuer**” means Jefferson County, Alabama, a political subdivision of the State.

“**JPMorgan Chase Bank**” means JPMorgan Chase Bank, National Association, the issuer of the Series 2013 Senior Lien Reserve Fund Letter of Credit and the Series 2013 Subordinate Lien Reserve Fund Letter of Credit.

“**Maturity Date**” means (i) when used with respect to any Warrant, the date specified herein and in such Warrant as the date on which principal or Accreted Value of such Warrant is due and payable, (ii) when used with respect to any other Secured Obligation, the date specified in the related Supplemental Indenture as the date on which the principal or Accreted Value of such Secured Obligation is due and payable.

“**Minute Clerk**” means the employee of the Issuer designated by the Commission as the custodian of the official records of the proceedings of the Commission.

“**Moody’s**” means Moody’s Investors Service, Inc.

“**Net Income Available for Senior Lien Debt Service**” means the excess of System Revenues, income and gains from the System over expenses (including Operating Expenses to the extent in excess of Sewer Tax Proceeds) and losses from the System for the Fiscal Year in question, calculated in accordance with generally accepted accounting principles as used in preparing the most recent audited financial statements of the Issuer; provided, however, that for purposes of computing Net Income Available for Senior Lien Debt Service the following items shall be excluded from this computation: (a) Debt Service paid on all Secured Obligations, (b) all amounts payable on Unsecured Obligations, (c) expenditures for Capital Improvements, (d) depreciation and amortization, (e) unrealized gains or losses on investments, (f) other non-cash expenses, and (g) customer security deposits.

“**Net Income Available for Subordinate Lien Debt Service**” means the excess of System Revenues, income and gains from the System over (i) expenses (including Operating Expenses to the extent in excess of Sewer Tax Proceeds) and losses from the System and (ii) Debt Service Requirements on Senior Lien Obligations for the Fiscal Year in question, calculated in accordance with generally accepted accounting principles as used in preparing the most recent audited financial statements of the Issuer; provided, however, that for purposes of computing Net Income Available for Subordinate Lien Debt Service, the following items shall be excluded from this computation: (a) Debt Service paid on all Subordinate Lien Obligations, (b) all amounts payable on Unsecured Obligations, (c) expenditures for Capital Improvements, (d) depreciation and amortization, (e) unrealized gains or losses on investments, (f) other non-cash expenses, and (g) customer security deposits.

“**Obligor Obligations**” means Secured Obligations registered in the name of (or in the name of a nominee for) the Issuer, or any Affiliate of the Issuer. The Trustee may assume that no Secured Obligations are Obligor Obligations unless it has actual notice to the contrary.

“**Office of the Trustee**” means the office of the Trustee for hand delivery of notices, as specified pursuant to *Section 16.1*.

“**Operating Account**” means an account established by the Issuer in accordance with the provisions of *Section 9.5*.

“**Operating Expenses**” means all reasonable and necessary direct or indirect expenses of operating and maintaining the System determined in accordance with generally accepted accounting principles.

“**Opinion of Counsel**” means an opinion from an attorney or firm of attorneys with experience in the matters to be covered in the opinion. Except as otherwise expressly provided in this Indenture, the attorney or attorneys rendering such opinion may be counsel for one or more of the Financing Participants, including counsel in the full-time employment of a Financing Participant.

“**Outstanding**”, when used with respect to Secured Obligations means, as of the date of determination, all Secured Obligations authenticated and delivered under this Indenture, except:

- (a) Secured Obligations cancelled by the Trustee or delivered to the Trustee for cancellation;
- (b) Secured Obligations for whose payment or redemption money in the necessary amount has been deposited with the Trustee in trust for the Holders of such Secured Obligations, provided that, if



such Secured Obligations are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and

(c) Secured Obligations in exchange for or in lieu of which other Secured Obligations have been authenticated and delivered under this Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of Secured Obligations Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Secured Obligations owned by the Issuer shall be disregarded and deemed not to be Outstanding. Obligor Obligations which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Warrants and that if such pledgee was the Holder such Warrants would not be considered Obligor Obligations.

**"Post-Default Rate"** means (a) when used with respect to any payment of Debt Service on any Warrant, the interest rate applicable to such Warrant on the date such Debt Service became due, (b) when used with respect to any payment of Debt Service on any additional Secured Obligation issued hereunder, the interest rate specified in the applicable Supplemental Indenture, and (c) when used with respect to all other payments due under this Indenture, a variable rate equal to the "Prime Rate" as published in *The Wall Street Journal* plus 2.0% (200 basis points), in each case computed on the basis of a 365 or 366-day year, as the case may be, for actual days elapsed; provided that the Post-Default Rate shall never exceed 12% per annum.

**"Qualified Investments"** means:

- (a) Federal Securities;
- (b) obligations of the State, or obligations of any county or municipal corporation of the State, provided such obligations are rated by a Rating Agency in the any one of the three highest rating categories (without regard to variations within a category);
- (c) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States;
- (d) Obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States:
  - (1) Farmers Home Administration,
  - (2) General Services Administration,
  - (3) U. S. Maritime Administration,
  - (4) Small Business Administration,
  - (5) Government National Mortgage Association (GNMA),
  - (6) U. S. Department of Housing and Urban Development (HUD), or
  - (7) Federal Housing Administration (FHA);
- (e) U. S. dollar denominated deposit accounts and certificates of deposit with banks or savings associations which are qualified public depositories under Chapter 14A of Title 41 of the Code of Alabama 1975;
- (f) Pre-refunded public obligations, defined as follows: Any bonds or other obligations of any state of the United States or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has

been given by the obligor to call on the date specified in the notice, and (ii) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in subdivision (b) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (iii) which fund is sufficient, as verified by an Independent Certified Public Accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this paragraph, as appropriate, and (iv) which are rated, based on the escrow, in the highest rating category of S&P and Moody's, or any successors thereto; or

(g) Interests, however evidenced, in any common trust fund or other collective investment fund maintained by any national or state chartered bank, trust company or savings association having trust powers (including the Trustee or an affiliate of the Trustee), or securities of or other interests in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, so long as all of the following requirements are met at the time of purchase and during the term of investment: (i) At least 65% of the portfolio of such common trust fund, collective investment fund or investment company or investment trust must consist of investments authorized in subdivisions (b), (c), (d), or (e) above, and (ii) the remainder of the portfolio (if any, but not more than 35%) may consist only of the following investments: (y) obligations issued or guaranteed by the following agencies (stripped securities are only permitted if such security is created by the agency itself): Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), including FNMA, and FHLMC participation certificates, Federal Land Banks, Central Bank for Cooperatives, Federal Intermediate Credit Banks, Student Loan Marketing Association, and Federal Home Loan Banks, or (z) repurchase agreements fully collateralized by obligations, securities or investments otherwise authorized under subclauses (i) and (ii) of this paragraph (g), so long as the common trust fund, collective investment fund, investment company or investment trust takes possession and delivery of the collateral for any repurchase agreement either directly or through an authorized custodian. The fact that any financial institution making such investment on behalf of the Issuer, or any affiliate of such financial institution, is providing services to the investment company or investment trust as an investment advisor, sponsor, distributor, custodian, transfer agent, registrar, or otherwise, and is receiving reasonable remuneration for such services, shall not preclude such institution from making the investment in the securities of such investment company or investment trust; provided, however, that with respect to any account for which fees are charged for such services, the said financial institution shall disclose (by prospectus, account statement or otherwise) to the Issuer or to any third party directing investments the basis (expressed as a percentage of asset value or otherwise) upon which the fee is calculated.

“**Rate Resolution**” means that certain resolution duly adopted by the Commission on September 23, 2013 and recorded in Minute Book 165, Pages 330 through 344 of the official records of the Commission.

“**Rating Agency**” means Moody’s, S&P, Fitch and any other nationally recognized securities rating agency specified by the Issuer.

“**Rebate Liability**” means the amount of any rebate due to the United States Treasury with respect to any series of Secured Obligations pursuant to Section 148(f) of the Internal Revenue Code.

“**Regular Record Date**” means the 15<sup>th</sup> day (whether or not a Business Day) of the month preceding each Interest Payment Date.

**“Required Coverage Ratios”** means the following ratios:

(1) *Senior Debt Ratio.* Net Income Available for Senior Lien Debt Service for the Fiscal Year in question must be not less than 125% of Debt Service Requirements on Senior Lien Obligations payable during such Fiscal Year.

(2) *Subordinate Debt Ratio.* Net Income Available for Subordinate Lien Debt Service for the Fiscal Year in question must be not less than 110% of Debt Service Requirements on Subordinate Lien Obligations payable during such Fiscal Year.

The Issuer must satisfy both ratios in order to be in compliance with the Required Coverage Ratios.

**“Required Operating Reserve”**, when used with respect to any Fiscal Year, means an amount equal to 1/4 of the total Budgeted System Costs projected by the Issuer’s operating budget for the System for such Fiscal Year prepared pursuant to *Section 10.8(f)*.

**“Required Transfer or Deposit”** means any payment, transfer or deposit provided for in *Sections 9.2(a)(1)* through *(5)*.

**“Reserve Fund Requirement”** means the sum of the Series 2013 Senior Lien Reserve Fund Requirement, the Series 2013 Subordinate Lien Reserve Fund Requirement and any Additional Secured Obligation Reserve Fund Requirement.

**“Reserve Fund Warrants”** means, collectively, the Issuer’s Senior Reserve Fund Reimbursement Warrants and Subordinate Lien Reserve Fund Reimbursement Warrants, secured by and authorized to be issued pursuant to the First Supplemental Indenture.

**“Retired Warrants”** means the Issuer’s (1) Sewer Revenue Warrants, Series 1997-A, (2) Sewer Revenue Capital Improvement Warrants, Series 2001-A, (3) Sewer Revenue Capital Improvement Warrants, Series 2002-A, (4) Sewer Revenue Warrants, Series 2002-C, (5) Sewer Revenue Warrant, Series 2003-A, (6) Sewer Revenue Warrants, Series 2003-B, and (7) Sewer Revenue Warrants, 2003-C.

**“Retired Warrants Trustee”** means The Bank of New York Mellon Trust Company, N.A., Birmingham, Alabama.

**“Revenue Fund”** means the fund established pursuant to *Section 9.1*.

**“S&P”** means Standard & Poor’s Financial Services, LLC.

**“Secured Obligation Debt Service Funds”** means the Series 2013 Senior Lien Debt Service Fund, the Series 2013 Subordinate Lien Debt Service Fund and any fund established pursuant to a Supplemental Indenture in accordance with the provisions of *Section 8.2(a)(1)(F)* for the payment of Debt Service on Secured Obligations.

**“Secured Obligation Documents”** means this Indenture (including all Supplemental Indentures) and the Secured Obligations.

**“Secured Obligation Reserve Funds”** means the Series 2013 Senior Lien Reserve Fund, the Series 2013 Subordinate Lien Reserve Fund and any other fund established pursuant to a Supplemental Indenture in accordance with the provisions of *Section 8.2(a)(1)(G)* to secure payment of Secured Obligations.

**“Secured Obligations”** means Senior Lien Obligations and Subordinate Lien Obligations.

**“Senior Lien Debt Service Fund”** means the Series 2013 Senior Lien Debt Service Fund and any other fund established pursuant to a Supplemental Indenture in accordance with the provisions of *Section 8.2(a)(1)(F)* for the payment of Debt Service on Senior Lien Obligations.

“**Senior Lien Obligations**” means warrants or other debt obligations that are payable pursuant to the priority established by *Section 9.2(a)(1)* whether issued under this Indenture or pursuant to a Supplemental Indenture.

“**Senior Lien Reserve Fund**” means the Series 2013 Senior Lien Reserve Fund and any other fund established pursuant to a Supplemental Indenture in accordance with the provisions of *Section 8.2(a)(1)(G)* to secure payment of Senior Lien Obligations.

“**Series 2013 Clearing Account**” means the account established pursuant to *Section 5.7(a)* for the initial receipt and distribution of proceeds from the initial sale and delivery of the Warrants and of amounts remitted by the Refunded Warrants Trustee pursuant to the Confirmed Plan of Adjustment.

“**Series 2013 Collateral Support Agreement**” means that certain Series 2013 Collateral Support Agreement between the Trustee and JPMorgan Chase Bank dated the date of this Indenture governing [JPMorgan entity’s] collateral delivery obligations with respect to the Series 2013 Senior Lien Reserve Fund Letter of Credit and the Series 2013 Subordinate Lien Reserve Fund Letter of Credit.

“**Series 2013 Insurance Policy**” means that certain municipal bond insurance policy numbered [\_\_\_\_\_] issued by the Series 2013 Insurer guaranteeing the scheduled payment of principal of and interest on the Insured Series 2013 Warrants when due. The Series 2013 Insurance Policy shall constitute Credit Enhancement.

“**Series 2013 Insurer**” shall mean Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

“**Series 2013 Senior Lien Debt Service Fund**” means the fund established pursuant to *Section 9.3*.

“**Series 2013 Senior Lien Indenture Funds**” has the meaning assigned in *Section 3.1(b)*.

“**Series 2013 Senior Lien Obligations**” means the Series 2013-A Warrants, the Series 2013-B Warrants, and the Series 2013-C Warrants.

“**Series 2013 Senior Lien Reserve Fund**” means the fund established pursuant to *Section 9.6*.

“**Series 2013 Senior Lien Reserve Fund Letter of Credit**” means that certain irrevocable letter of credit no. \_\_\_\_\_ issued by JPMorgan Chase Bank and delivered to the Trustee as security for the Series 2013 Senior Lien Reserve Fund. The Series 2013 Senior Lien Reserve Fund Letter of Credit shall constitute Credit Enhancement.

“**Series 2013 Senior Lien Reserve Fund Requirement**”, as determined on the date of initial delivery of the Series 2013 Senior Lien Obligations pursuant to *Section 9.6*, means the lesser of (a) 125% of the average annual Debt Service Requirements on the Series 2013 Senior Lien Obligations Outstanding, (b) maximum annual Debt Service Requirements on the Series 2013 Senior Lien Obligations Outstanding, or (c) 10% of the principal amount of the Series 2013 Senior Lien Obligations Outstanding. On the date of initial delivery of the Series 2013 Senior Lien Obligations, the Series 2013 Senior Lien Reserve Fund Requirement is \$\_\_\_\_\_.

“**Series 2013 Senior Lien Trust Estate**” has the meaning assigned in *Section 3.1(b)*.

“**Series 2013 Subordinate Lien Debt Service Fund**” means the fund established pursuant to *Section 9.4*.

“**Series 2013 Subordinate Lien Indenture Funds**” has the meaning assigned in *Section 3.1(c)*.

“**Series 2013 Subordinate Lien Obligations**” means the Series 2013-D Warrants, the Series 2013-E Warrants, and the Series 2013-F Warrants.

“**Series 2013 Subordinate Lien Reserve Fund**” means the fund established pursuant to *Section 9.7*.

“**Series 2013 Subordinate Lien Reserve Fund Letter of Credit**” means that certain irrevocable letter of credit no. \_\_\_\_\_ issued by JPMorgan Chase Bank and delivered to the Trustee as security for the Series 2013 Subordinate Lien Reserve Fund. The Series 2013 Subordinate Lien Reserve Fund Letter of Credit shall constitute Credit Enhancement.

“**Series 2013 Subordinate Lien Reserve Fund Requirement**” as determined on the date of initial delivery of the Series 2013 Subordinate Lien Obligations pursuant to *Section 9.7*, means the lesser of (a) 125% of the average annual Debt Service Requirements on the Series 2013 Subordinate Lien Obligations Outstanding, (b) maximum annual Debt Service Requirements on the Series 2013 Senior Lien Obligations Outstanding, or (c) 10% of the principal amount of the Series 2013 Subordinate Lien Obligations Outstanding as of the date of original issuance. On the date of initial delivery of the Series 2013 Subordinate Lien Obligations, the Series 2013 Subordinate Lien Reserve Fund Requirement is \$\_\_\_\_\_.

“**Series 2013 Subordinate Lien Trust Estate**” has the meaning assigned in *Section 3.1(c)*.

“**Series 2013-A Warrants**” means the Issuer’s [\$375,000,000] Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A, issued pursuant to this Indenture. The Series 2013-A Warrants are being issued as Senior Lien Obligations and as Current Interest Obligations.

“**Series 2013-B Warrants**” means the Issuer’s [\$55,693,095.85] Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B, issued pursuant to this Indenture. The Series 2013-B Warrants are being issued as Senior Lien Obligations and as Capital Appreciation Obligations.

“**Series 2013-C Warrants**” means the Issuer’s [\$69,308,272.15] Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C issued pursuant to this Indenture. The Series 2013-C Warrants are being issued as Senior Lien Obligations and as Convertible Capital Appreciation Obligations.

“**Series 2013-D Warrants**” means the Issuer’s [\$750,155,000] Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D, issued pursuant to this Indenture. The Series 2013-D Warrants are being issued as Subordinate Lien Obligations and as Current Interest Obligations.

“**Series 2013-E Warrants**” means the Issuer’s [\$71,935,073.95] Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E issued pursuant to this Indenture. The Series 2013-E Warrants are being issued as Subordinate Lien Obligations and as Capital Appreciation Obligations.

“**Series 2013-F Warrants**” means the Issuer’s [\$416,317,273] Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F issued pursuant to this Indenture. The Series 2013-F Warrants are being issued as Subordinate Lien Obligations and as Convertible Capital Appreciation Obligations.

“**Sewer Tax Proceeds**” means the proceeds from the ad valorem tax levied by the Issuer pursuant to authority granted by the Act.

“**Special Record Date**” for the payment of any Defaulted Interest on the Warrants means a date fixed by the Trustee pursuant to *Section 4.1(b)(7)* or *Section 4.2(l)*. The Special Record Date for additional Secured Obligations shall be set forth in a Supplemental Indenture pursuant to which such Secured Obligations are issued

“**State**” means the State of Alabama.

“**Subordinate Lien Debt Service Fund**” means the Series 2013 Subordinate Lien Debt Service Fund and any other fund established pursuant to a Supplemental Indenture in accordance with the provisions of *Section 8.2(a)(I)(F)* for the payment of Debt Service on Subordinate Lien Obligations.

“**Subordinate Lien Obligations**” means warrants or other debt obligations that are payable pursuant to the priority established by *Section 9.2(a)(3)* whether issued pursuant to this Indenture or pursuant to a Supplemental Indenture.

“**Subordinate Lien Reserve Fund**” means the Series 2013 Subordinate Lien Reserve Fund and any other fund established pursuant to a Supplemental Indenture in accordance with the provisions of *Section 8.2(a)(I)(G)* to secure payment of Subordinate Lien Obligations.

“**Supplemental Indenture**” means a supplement to this Indenture authorizing the issuance of Secured Obligations that meets the requirements of *Article 8*.

“**System**” means the sanitary sewer system owned and operated by the Issuer, as now or hereafter constituted.

“**System Revenues**” means all revenues derived from the ownership or operation of the System.

“**Tax Certificate and Agreement**” means (a) that certain Tax Certificate and Agreement entered into by the Issuer contemporaneously with the issuance of the Warrants and (b) any similar agreement entered into by the Issuer contemporaneously with the issuance of additional Secured Obligations the interest on which is excluded from gross income of the holders of such Secured Obligations for purposes of federal income taxation.

“**Tenor**”, when used to describe the distinguishing characteristics of a Secured Obligation or group of Secured Obligations, means the series designation, Maturity Date, interest rate and CUSIP number of such Secured Obligation or group of Secured Obligations. Secured Obligations of the same Tenor have the same series designation, Maturity Date, interest rate and CUSIP number.

“**Term Warrants**” means Warrants subject to scheduled mandatory redemption in accordance with the provisions of *Section 7.1(b)* or *7.1(f)*.

“**Trust Estate**” means the General Trust Estate, the Series 2013 Senior Lien Trust Estate and the Series 2013 Subordinate Lien Trust Estate, and for any particular series of Secured Obligations, the funds designated pursuant to *Section 8.2(a)(I)(H)*.

“**Trustee**” means Wells Fargo Bank, National Association, a national banking association, as trustee, until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” means such successor.

“**Unsecured Obligations**” means any (a) debt, (b) contract entered into with respect to interest rate exchange agreements with respect to debt, or (c) other contractual obligations of the Issuer (other than Operating Expenses) that are undertaken for the benefit of the System and are either (i) payable from System Revenues but are not secured by a pledge of the System Revenues or (ii) payable from System Revenues but are secured by a pledge of the System Revenues that is subject and subordinate to the lien of this Indenture.

“**Warrant Payment Date**” means each date on which Debt Service is payable on Warrants, including any date fixed for redemption of Warrants.

“**Warrant Register**” means the register or registers for the registration and transfer of Warrants maintained by the Issuer at the Office of the Trustee pursuant to *Sections 4.1(b)(I)* and *4.2(c)*.

“**Warrants**” means, collectively, the Series 2013-A Warrants, the Series 2013-B Warrants, the Series 2013-C Warrants, the Series 2013-D Warrants, the Series 2013-E Warrants, and the Series 2013-F Warrants issued pursuant to this Indenture.

## **SECTION 1.2 General Rules of Construction**

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (a) Defined terms in the singular shall include the plural as well as the singular, and vice versa.

(b) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.

(c) All accounting terms not otherwise defined herein have the meaning assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles applicable to the Issuer. All references herein to “generally accepted accounting principles” refer to such principles as they exist as of the date of application thereof.

(d) All references in this instrument to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(e) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) The term “person” shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

(h) The term “including” means “including without limitation” and “including, but not limited to”.

### **SECTION 1.3 Effect of Action by Holders of Secured Obligations**

Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Secured Obligation shall bind every future Holder of the same Secured Obligation and the Holder of every Secured Obligation issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Secured Obligation.

### **SECTION 1.4 Effect of Headings and Table of Contents**

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

### **SECTION 1.5 Date of Indenture**

The date of this Indenture is intended as and for a date for the convenient identification of this Indenture and is not intended to indicate that this Indenture was executed and delivered on said date.

### **SECTION 1.6 Separability Clause**

If any provision in this Indenture or in the Secured Obligations shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

### **SECTION 1.7 Governing Law**

This Indenture shall be construed in accordance with and governed by the laws of the State. The provisions of this Indenture, all covenants contained herein, and all actions to be taken hereunder shall be subject to the laws of the State.

## **SECTION 1.8 Counterparts**

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

## **SECTION 1.9 Designation of Time for Performance**

Except as otherwise expressly provided herein, any reference in this Indenture to the time of day means (i) if the Book Entry System is in effect, the time of day in the city where DTC maintains its place of business for the performance of its obligations under the Book Entry System or (ii) if the Book Entry System is no longer in effect, the time of day in the city where the Trustee maintains its place of business for the performance of its obligations under this Indenture.

# **ARTICLE 2**

## **Source of Payment**

### **SECTION 2.1 Limited Source of Payment of Secured Obligations**

The Secured Obligations and any other payment obligations under this Indenture are limited obligations of the Issuer payable solely out of the Trust Estate. The Secured Obligations and any other payment obligations under this Indenture shall not constitute or give rise to a general indebtedness or liability of, and shall not constitute a charge against the general credit or taxing powers of, the Issuer. The State shall have no liability whatsoever to make any payment under this Indenture.

### **SECTION 2.2 Officials, Officers and Employees of the Issuer Exempt from Individual Liability**

No recourse under or upon any covenant or agreement of this Indenture, or of any Secured Obligations, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future public official, officer or employee of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the Secured Obligations issued hereunder are solely the limited obligations of the Issuer, and that no personal or pecuniary liability whatsoever shall attach to, or is or shall be incurred by, any public official, officer or employee of the Issuer or any successor, or any of them, because of the issuance of the Secured Obligations, or under or by reason of the covenants or agreements contained in this Indenture or in any Secured Obligations or implied therefrom. The provisions of this *Section 2.2* are not intended to preclude the enforcement of remedies provided for in *Article 11* against the Trust Estate secured by this Indenture.

# **ARTICLE 3**

## **Security for Payment**

### **SECTION 3.1 Pledge and Assignment**

(a) **General Trust Estate for Benefit of all Secured Obligations.** To secure the payment of Debt Service on the Secured Obligations and the performance of the covenants contained in this Indenture that are for the benefit of all Secured Obligations, and in consideration of the premises and of the purchase of the Secured Obligations by the Holders thereof, the Issuer hereby pledges and assigns to the Trustee, and grants to the Trustee a security interest in, the following property:

(1) **System Revenues.** All right, title and interest of the Issuer in and to the System Revenues and all rights to receive the same.

(2) **General Indenture Funds.** Money and investments from time to time on deposit in, or forming a part of, the following Indenture Funds: the Revenue Fund, the Operating Account, the Costs of Issuance Fund and the Capital Improvement Fund (collectively, the "General Indenture Funds").



(3) **Other Property.** Any and all property of every kind or description which may, from time to time hereafter, by delivery or by writing of any kind, be specifically subjected to the lien of this Indenture as additional security for the Secured Obligations by the Issuer or anyone on its part or with its consent, or which pursuant to any of the provisions hereof may come into the possession or control of the Trustee or a receiver appointed pursuant to this Indenture. The Trustee is hereby authorized to receive any and all such property as and for additional security for the obligations secured hereby and to hold and apply all such property subject to the terms hereof.

*To Have and to Hold* all such property, rights and privileges (collectively referred to as the “General Trust Estate”) unto the Trustee and its successors and assigns.

*But in Trust Nevertheless*, for the benefit and security of the Holders from time to time of all Secured Obligations without any priority of any such Senior Lien Obligation over any other Senior Lien Obligation, and (subject to the priority of Senior Lien Obligations over Subordinate Lien Obligations) without any priority of any Subordinate Lien Obligation over any other Subordinate Lien Obligation.

*Provided, However*, that (i) Holders of Senior Lien Obligations have a first priority lien with respect to right of payment from the General Trust Estate, (ii) Holders of Subordinate Lien Obligations have a second priority lien with respect to right of payment from the General Trust Estate, (iii) money and investments in the General Indenture Funds may be applied for the purposes and on the terms and conditions set forth in this Indenture, and (iv) the lien of the General Trust Estate in favor of Secured Obligations is subject to the provisions of **Section 12.7(b)**.

(b) **Trust Estate for Benefit of the Series 2013 Senior Lien Obligations.** To secure the payment of Debt Service on the Series 2013 Senior Lien Obligations and the performance of the covenants contained in this Indenture that are for the benefit of the Series 2013 Senior Lien Obligations, and in consideration of the premises and of the purchase of the Series 2013 Senior Lien Obligations by the Holders thereof, the Issuer hereby pledges and assigns to the Trustee, and grants to the Trustee a security interest in, the Series 2013 Senior Lien Debt Service Fund and the Series 2013 Senior Lien Reserve Fund (the Series 2013 Senior Lien Debt Service Fund and the Series 2013 Senior Lien Reserve Fund being sometimes collectively referred to herein as the “Series 2013 Senior Lien Indenture Funds”).

*To Have and to Hold* all such property, rights and privileges (collectively referred to as the “Series 2013 Senior Lien Trust Estate”) unto the Trustee and its successors and assigns.

*But in Trust Nevertheless*, for the equal and proportionate benefit and security of the Holders from time to time of the Series 2013 Senior Lien Obligations (without any priority of any such Series 2013 Senior Lien Obligation over any other Series 2013 Senior Lien Obligation).

*Provided, However*, that money and investments in the Series 2013 Senior Lien Indenture Funds may be applied for the purposes and on the terms and conditions set forth in this Indenture.

(c) **Trust Estate for Benefit of the Series 2013 Subordinate Lien Obligations.** To secure the payment of Debt Service on the Series 2013 Subordinate Lien Obligations and the performance of the covenants contained in this Indenture that are for the benefit of the Series 2013 Subordinate Lien Obligations, and in consideration of the premises and of the purchase of the Series 2013 Subordinate Lien Obligations by the Holders thereof, the Issuer hereby pledges and assigns to the Trustee, and grants to the Trustee a security interest in, the Series 2013 Subordinate Lien Debt Service Fund and the Series 2013 Subordinate Lien Reserve Fund (the Series 2013 Subordinate Lien Debt Service Fund and the Series 2013 Subordinate Lien Reserve Fund being sometimes collectively referred to herein as the “Series 2013 Subordinate Lien Indenture Funds”).

*To Have and to Hold* all such property, rights and privileges (collectively referred to as the “Series 2013 Subordinate Lien Trust Estate”) unto the Trustee and its successors and assigns.

*But in Trust Nevertheless*, for the equal and proportionate benefit and security of the Holders from time to time of the Series 2013 Subordinate Lien Obligations (without any priority of any such Series 2013 Subordinate Lien Obligation over any other Series 2013 Subordinate Lien Obligation).

*Provided, However*, that money and investments in the Series 2013 Subordinate Lien Indenture Funds may be applied for the purposes and on the terms and conditions set forth in this Indenture.

(d) **Sewer Tax Proceeds.** For the avoidance of doubt, Sewer Tax Proceeds shall not be part of, subject to the lien of, or in any way pledged to the Trust Estate.

## ARTICLE 4

### Registration, Transfer, Exchange and Payment of the Warrants

#### SECTION 4.1 The Book Entry System for the Warrants

(a) The ownership, transfer, exchange and payment of Warrants shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to *Section 4.1(c)*.

(b) Except as otherwise expressly provided in this Indenture, while Warrants are in the Book Entry System the following provisions shall apply:

(1) In order to facilitate the Book Entry System, a physical certificate or physical certificates for the Warrants shall be executed and authenticated, registered in the Warrant Register in the name of DTC or its nominee, and delivered to DTC for safekeeping (including safekeeping by the Trustee pursuant to the “FAST” system or other procedures of the Book Entry System).

(2) The term “Warrant” means each separate security credited to a beneficial owner, or entitlement holder, pursuant to the Book Entry System, and the term “Holder” means the person identified pursuant to the Book Entry System as the beneficial owner of the related security.

(3) The terms and limitations of this Indenture with respect to each separate Warrant shall be applicable to each separate security credited to a beneficial owner under the Book Entry System.

(4) All payments of Debt Service on the Warrants shall be made by the Trustee through the Book Entry System, and payments by such method shall be valid and effective fully to satisfy and discharge the Issuer’s obligations with respect to such payments.

(5) Transfers and exchanges of Warrants shall be reflected on the records of DTC in accordance with the Book Entry System.

(6) No service charge shall be made for any transfer or exchange of Warrants, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Warrants.

(7) Any Defaulted Interest shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the Issuer to the persons in whose names such Warrants are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee of the amount of Defaulted Interest proposed to be paid on each Warrant and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subsection provided and not to be deemed part of the Trust

Estate. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given pursuant to the Book Entry System to each Holder as listed in the Warrant Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been given as aforesaid payment of such Defaulted Interest shall be made through the Book Entry System.

(8) Subject to the foregoing provisions of this Section, each Warrant delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Warrant shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Warrant and each such Warrant shall bear interest from such date so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(c) The Trustee shall discontinue the Book Entry System at the request of the Issuer. The Trustee may terminate the Book Entry System without direction from, or consent of, the Issuer if the Trustee determines in good faith that termination is in the best interest of the Holders. Notice of termination of the Book Entry System shall be given to Holders not less than 20 days before such termination is effective.

(d) If the Book Entry System is discontinued, (i) a physical certificate or physical certificates shall be executed, authenticated and delivered to each beneficial owner, or entitlement holder, under the Book Entry System in accordance with such holder's ownership of Warrants, (ii) such certificates shall be registered in the Warrant Register maintained by the Trustee, and (iii) the remaining provisions of this Article shall govern the registration, transfer, exchange and payment of Warrants.

#### **SECTION 4.2      Alternate Provisions Regarding Payment, Registration, Transfer and Exchange of Warrants**

(a) If the Book Entry System is discontinued, the provisions of this Section shall control the registration, transfer, exchange and payment of Warrants.

(b) Payment of Debt Service on the Warrants shall be made as follows:

(1) Payment of interest on the Warrants which is due on any Interest Payment Date shall be made by check or draft mailed by the Trustee to the persons entitled thereto at their addresses appearing in the Warrant Register. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date).

(2) Payment of the principal of (and premium, if any, on) the Warrants and payment of accrued or accreted interest on the Warrants due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender thereof at the Office of the Trustee.

(3) Upon the written request of any Holder, the Trustee shall make payments of Debt Service by wire transfer, provided that (i) such request contains adequate instructions for the method of payment, and (ii) payment of the principal of (and redemption premium, if any, on) such Warrants and payment of the accrued interest on such Warrants due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender of such Warrants to the Trustee.

(c) Subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Warrants and registration of transfers of Warrants entitled to be registered or transferred as herein provided in the Warrant Register.

(d) Upon surrender for transfer of any Warrant at the Office of the Trustee, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Warrants of the same Tenor, of any Authorized Denominations and of a like aggregate principal amount.

(e) At the option of the Holder, Warrants may be exchanged for other Warrants of the same Tenor, of any Authorized Denominations and of a like aggregate principal amount, upon surrender of the Warrants to be exchanged at the Office of the Trustee. Whenever any Warrants are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Warrants which the Holder making the exchange is entitled to receive.

(f) Subject to **Section 7.9**, all Warrants surrendered for payment or redemption (after the payment or redemption thereof) or for transfer or exchange, shall be promptly cancelled by the Trustee. The Trustee may destroy cancelled certificates. No Warrant shall be authenticated in lieu of or in exchange for any Warrant cancelled as provided in this Section, except as expressly provided by this Indenture.

(g) All Warrants issued upon any transfer or exchange of Warrants shall be the valid obligations of the Issuer and entitled to the same security and benefits under this Indenture as the Warrants surrendered upon such transfer or exchange.

(h) Every Warrant presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer.

(i) No service charge shall be made for any transfer or exchange of Warrants, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Warrants.

(j) The Issuer shall not be required (i) to transfer or exchange any Warrant during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Warrants and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Warrant so selected for redemption in whole or in part.

(k) Interest on any Warrant which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that Warrant is registered at the close of business on the Regular Record Date for such Interest Payment Date.

(l) Any Defaulted Interest shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the Issuer to the persons in whose names such Warrants are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee of the amount of Defaulted Interest proposed to be paid on each Warrant and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subsection provided and not to be deemed part of the Trust Estate. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears in the Warrant Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Warrants are registered on such Special Record Date.

(m) Subject to the foregoing provisions of this Section, each Warrant delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Warrant shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Warrant and each such Warrant shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(n) In the event any Warrant is mutilated, lost, stolen or destroyed, the Issuer may execute, and the Trustee shall thereupon authenticate and deliver, a replacement Warrant of like Tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case of any such mutilated Warrant, such Warrant is first surrendered to the Trustee, and (b) in the case of any such lost, stolen or destroyed Warrant, there is first furnished to the Issuer and the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to each of them. The Issuer may charge the Holder with the expense of issuing any such replacement Warrant.

#### **SECTION 4.3 Persons Deemed Owners**

The Holder of a Warrant shall be treated as the owner of such Secured Obligation for purposes of this Indenture.

#### **SECTION 4.4 Trustee as Paying Agent and Registrar**

Debt Service on the Warrants shall be payable on behalf of the Issuer by the Trustee, which is hereby designated as the paying agent of the Issuer for purposes of this Indenture. The Trustee is hereby appointed as agent of the Issuer solely for the purpose of registering Warrants and transfers of Warrants as provided in this Indenture.

#### **SECTION 4.5 Payments Due on Non-Business Days**

Except as otherwise expressly provided by this Indenture, if any payment on the Warrants is due on a day which is not a Business Day, such payment may be made on the first succeeding day which is a Business Day with the same effect as if made on the day such payment was due.

### **ARTICLE 5**

#### **Specific Terms for Warrants and Disposition of Proceeds**

##### **SECTION 5.1 Specific Title and Terms of Series 2013-A Warrants**

(a) **Title, Amount and Lien Status.** The first series of Warrants issued hereunder shall be issued as Current Interest Obligations and shall be entitled "Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A". The Series 2013-A Warrants shall be issued in the aggregate principal amount of [\$375,000,000]. The Series 2013-A Warrants shall be issued as Senior Lien Obligations.

(b) **Authorized Denominations.** The Series 2013-A Warrants shall be in Authorized Denominations.

(c) **Form and Number.** The Series 2013-A Warrants shall be issuable as registered warrants without coupons. The Series 2013-A Warrants shall be numbered separately from 1 upward. In order to facilitate the Book Entry System, a single Series 2013-A Warrant certificate for all Series 2013-A Warrants of the same Tenor shall be delivered to the Trustee. The Series 2013-A Warrants and the certificate of authentication shall be substantially as set forth in *Exhibit 5.1(c)*, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture.

(d) **Maturity Dates and Interest Rates.** The Series 2013-A Warrants shall be issued with fixed interest rates and shall mature on October 1 in the years and principal amounts as follows:

<b>Year of Maturity (October 1)</b>	<b>Principal Amount Maturing</b>	<b>Initial CUSIP Number</b>	<b>Applicable Interest Rate</b>
[2053]	[\$375,000,000]		

(e) **Date.** The Series 2013-A Warrants shall be dated as of the date of initial delivery of the Warrants.

(f) **Interest Payment Dates.** Interest on the Series 2013-A Warrants shall be payable in arrears on (i) [April 1] and [October 1] in each year, beginning on [April 1, 2014], and (ii) the Maturity Date.

(g) **Person to Whom Interest Payable.** If the Book Entry System is in effect, the Trustee shall pay interest to DTC, and interest payments shall be distributed by DTC to Holders in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date for the Series 2013-A Warrants shall be payable to Holders as of the Regular Record Date or any Special Record Date for such Interest Payment Date.

(h) **Computation of Interest Accrual.** The Series 2013-A Warrants shall bear interest from their date, or the most recent date to which interest has been paid or duly provided for, at the applicable rate per annum set forth in this Section. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each.

(i) **Interest on Overdue Payments.** Interest shall be payable on overdue principal of the Series 2013-A Warrants and (to the extent legally enforceable) on any overdue installment of interest on the Series 2013-A Warrants at the Post-Default Rate.

(j) **Execution and Authentication.** Physical certificates evidencing the Series 2013-A Warrants shall be executed on behalf of the Issuer by the President of the Commission under its official seal reproduced or impressed thereon and attested by its Minute Clerk and shall be registered as claims against the County (payable solely from the sources specified herein) by the Treasurer of the Issuer. The signature of either of these officers on the Series 2013-A Warrants may be manual or, to the extent permitted by law, facsimile. Series 2013-A Warrants bearing the manual or facsimile signatures of individuals who, at the time of issuance or later, were the proper officers of the Issuer shall bind the Issuer, notwithstanding the fact that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Series 2013-A Warrants. No Series 2013-A Warrant shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Series 2013-A 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 2013-A Warrant shall be conclusive evidence, and the only evidence, that such Series 2013-A Warrant has been duly authenticated and delivered hereunder.

(k) **Currency for Payment.** Payment of Debt Service on the Series 2013-A Warrants 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.

**SECTION 5.2 Specific Title and Terms of Series 2013-B Warrants**

(a) **Title, Amount and Lien Status.** The second series of warrants issued hereunder shall be issued as Capital Appreciation Obligations and shall be entitled "Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B". The maximum Accreted Value of the Series 2013-B Warrants which may be Outstanding is limited to [\$55,693,095.85]. The Series 2013-B Warrants shall be issued as Senior Lien Obligations.

(b) **Initial Principal Amount.** The Initial Principal Amount of the Series 2013-B Warrants shall be [\$55,693,095.85].

(c) **Form and Number; Authorized Denominations.** The Series 2013-B Warrants shall be issuable as registered warrants without coupons in Authorized Denominations. The Series 2013-B Warrants shall be numbered separately from 1 upward. In order to facilitate the Book Entry System, a single physical certificate for

all Series 2013-B Warrants of the same Tenor shall be delivered to the Trustee. The Series 2013-B Warrants and the certificate of authentication shall be substantially as set forth in *Exhibit 5.2(c)*, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture.

(d) **Date.** The Series 2013-B Warrants shall be dated as of the date of initial delivery of the Warrants. The Compounding Dates applicable to the Series 2013-B Warrants shall be [April 1] and [October 1] of each year, commencing [April 1, 2014].

(e) **Accretion of Interest.** The Series 2013-B Warrants are payable only at maturity or upon optional redemption and will not pay interest on a current basis. The Series 2013-B Warrants shall accrete from and including the date of initial delivery, compounded semiannually on each Compounding Date, until the Maturity Date or earlier redemption at the effective per annum rate required to produce the yield to maturity indicated below:

Year of Maturity (October 1)	Initial Principal Amount	Yield to Maturity	[Accreted Value of \$5,000 at Maturity]	Initial CUSIP Number
[2025]	[\$2,373,171.00]			
[2026]	[4,504,512.00]			
[2027]	[6,383,478.25]			
[2028]	[8,025,286.50]			
[2029]	[5,967,770.40]			
[2030]	[5,492,284.80]			
[2031]	[5,106,866.75]			
[2032]	[4,746,655.20]			
[2033]	[4,406,402.40]			
[2034]	[4,085,139.75]			
[2035]	[3,786,196.80]			
[2036]	[815,332.00]			

Calculation of accretion on the Series 2013-B Warrants shall be performed on the basis of a 360-day year with 12 months of 30 days each. [A schedule of compound accreted values at six month intervals for each maturity of the Series 2013-B Warrants from issuance to the applicable Maturity Date is set forth in *Exhibit 5.2(e)*.] Accretion between such dates shall be determined using linear interpolation.

(f) **Person to Whom Accreted Value Payable.** If the Book Entry System is in effect, the Trustee shall pay the Accreted Value on the Series 2013-B Warrants due on the Maturity Date or earlier redemption to DTC, and the Accreted Value of the Series 2013-B Warrants shall be distributed by DTC to Holders in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the Accreted Value due on the Maturity Date or earlier redemption for the Series 2013-B Warrants shall be payable to the Holders of such Series 2013-B Warrants on the date of payment of the Series 2013-B Warrants.

(g) **Interest on Overdue Payments.** Interest shall be payable on overdue Accreted Value of the Series 2013-B Warrants at the Post-Default Rate.

(h) **Execution and Authentication.** Physical certificates evidencing the Series 2013-B Warrants shall be executed on behalf of the Issuer by the President of the Commission under its official seal reproduced or impressed thereon and attested by its Minute Clerk and shall be registered as claims against the County (payable solely from the sources specified herein) by the Treasurer of the Issuer. The signature of either of these officers on the Series 2013-B Warrants may be manual or, to the extent permitted by law, facsimile. Series 2013-B Warrants bearing the manual or facsimile signatures of individuals who, at the time of issuance or later, were the proper officers of the Issuer shall bind the Issuer, notwithstanding the fact that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Series 2013-B Warrants. No Series 2013-B Warrant shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or

obligatory for any purpose, unless there appears on such 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 2013-B Warrant shall be conclusive evidence, and the only evidence, that such Series 2013-B Warrant has been duly authenticated and delivered hereunder.

(i) **Currency for Payment.** Payment of Debt Service on the Series 2013-B Warrants 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.

**SECTION 5.3 Specific Title and Terms of Series 2013-C Warrants**

(a) **Title, Amount and Lien Status.** The third series of warrants issued hereunder shall be issued as Convertible Capital Appreciation Obligations and shall be entitled “Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C”. The aggregate principal amount of the Series 2013-C Warrants which may be Outstanding is limited to [\$69,308,272.15]. The Series 2013-C Warrants shall be issued as Senior Lien Obligations.

(b) **Initial Principal Amount.** The Initial Principal Amount of the Series 2013-C Warrants shall be [\$69,308,272.15].

(c) **Form and Number; Authorized Denominations.** The Series 2013-C Warrants shall be issuable as registered warrants without coupons in Authorized Denominations. The Series 2013-C Warrants shall be numbered separately from 1 upward. In order to facilitate the Book Entry System, a single physical certificate for all Series 2013-C Warrants of the same Tenor shall be delivered to the Trustee. The Series 2013-C Warrants and the certificate of authentication shall be substantially as set forth in *Exhibit 5.3(c)*, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture.

(d) **Dates.** The Series 2013-C Warrants shall be dated as of the date of initial delivery of the Warrants. The Compounding Dates applicable to the Series 2013-C Warrants shall be [April 1] and [October 1] of each year, commencing [April 1, 2014]. The Current Interest Commencement Date applicable to the Series 2013-C Warrants shall be \_\_\_\_\_, 2023.

(e) **Accretion of Interest.** Prior to the Current Interest Commencement Date, the Series 2013-C Warrants will not pay interest on a current basis. The Series 2013-C Warrants shall accrete from and including the date of initial delivery, compounded semiannually on each Compounding Date, until, but not including, the Current Interest Commencement Date at the effective per annum rate required to produce the yield and Accreted Value indicated below:

Year of Maturity (October 1)	Initial Principal Amount	Yield to Current Interest Commencement Date	Accreted Value on Current Interest Commencement Date	Initial CUSIP Number
[2036]	[\$ 6,576,817.50]			
[2037]	[8,933,796.60]			
[2038]	[9,498,240.00]			
[2039]	[10,099,559.55]			
[2040]	[10,722,227.45]			
[2041]	[11,383,035.20]			
[2042]	[12,094,595.85]			

Calculation of accretion on the Series 2013-C Warrants shall be performed on the basis of a 360-day year consisting of 12 consecutive 30-day months. [A schedule of compound accreted values at six month intervals for each maturity of the Series 2013-C Warrants from issuance to the Current Interest Commencement Date is set forth in *Exhibit 5.3(e)*.] Accretion between such dates shall be determined using linear interpolation.



(f) **Conversion from Accretion to Current Interest Rate Accrual.** On the Current Interest Commencement Date, the Accreted Value of the Series 2013-C Warrants shall be fixed as the principal amount of such Warrants, and the Series 2013-C Warrants shall not accrete in value from such date. On and after the Current Interest Commencement Date, principal of and interest on the Series 2013-C Warrants shall be paid currently in accordance with the schedule contained in *Section 5.3(g)* on the dates specified in *Section 5.3(h)*.

(g) **Maturity Dates and Interest Rates.** From the Current Interest Commencement Date, the Series 2013-C Warrants shall bear interest at fixed interest rates and shall mature on October 1 in the years and amounts and bear interest at the rates per annum as follows:

Year of Maturity (October 1)	Principal Amount Maturing	Initial CUSIP Number	Applicable Interest Rate
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(h) **Interest Payment Dates.** From the Current Interest Commencement Date, interest on the Series 2013-C Warrants shall be payable in arrears on (i) [April 1] and [October 1] in each year, beginning on [April 1, 2014], and (ii) the Maturity Date.

(i) **Person to Whom Interest Payable.** From and after the Current Interest Commencement Date, if the Book Entry System is in effect, the Trustee shall pay interest to DTC, and interest payments shall be distributed by DTC to Holders in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date for the Series 2013-C Warrants shall be payable to Holders as of the Regular Record Date or any Special Record Date for such Interest Payment Date.

(j) **Computation of Interest Accrual.** On and after the Current Interest Commencement Date, the Series 2013-C Warrants shall bear interest from the Current Interest Commencement Date, or the most recent date to which interest has been paid or duly provided for, at the applicable rate per annum set forth in *Section 5.3(g)* above. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each.

(k) **Interest on Overdue Payments.** Prior to the Current Interest Commencement Date, interest shall be payable on overdue Accreted Value of the Series 2013-C Warrants at the Post-Default Rate. From and after the Current Interest Commencement Date, interest shall be payable on overdue principal of the Series 2013-C Warrants and (to the extent legally enforceable) on any overdue installment of interest on the Series 2013-C Warrants at the Post-Default Rate.

(l) **Execution and Authentication.** Physical certificates evidencing the Series 2013-C Warrants shall be executed on behalf of the Issuer by the President of the Commission under its official seal reproduced or impressed thereon and attested by its Minute Clerk and shall be registered as claims against the County (payable solely from the sources specified herein) by the Treasurer of the Issuer. The signature of any of these officers on the

Series 2013-C Warrants may be manual or, to the extent permitted by law, facsimile. Series 2013-C Warrants bearing the manual or facsimile signatures of individuals who, at the time of issuance or later, were the proper officers of the Issuer shall bind the Issuer, notwithstanding the fact that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Series 2013-C Warrants. No Series 2013-C Warrant shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such 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 2013-C Warrant shall be conclusive evidence, and the only evidence, that such Series 2013-C Warrant has been duly authenticated and delivered hereunder.

(m) **Currency for Payment.** Payment of Debt Service on the Series 2013-C Warrants 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.

**SECTION 5.4 Specific Title and Terms of Series 2013-D Warrants**

(a) **Title, Amount and Lien Status.** The fourth series of Warrants issued hereunder shall be issued as Current Interest Obligations and shall be entitled “Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D”. The Series 2013-D Warrants shall be issued in the aggregate principal amount of [\$750,155,000]. The Series 2013-D Warrants shall be issued as Subordinate Lien Obligations.

(b) **Authorized Denominations.** The Series 2013-D Warrants shall be in Authorized Denominations.

(c) **Form and Number.** The Series 2013-D Warrants shall be issuable as registered warrants without coupons. The Series 2013-D Warrants shall be numbered separately from 1 upward. In order to facilitate the Book Entry System, a single Series 2013-D Warrant certificate for all Series 2013-D Warrants of the same Tenor shall be delivered to the Trustee. The Series 2013-D Warrants and the certificate of authentication shall be substantially as set forth in *Exhibit 5.4(c)*, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture.

(d) **Maturity Dates and Interest Rates.** The Series 2013-D Warrants shall be issued with fixed interest rates and shall mature on October 1 in the years and principal amounts as follows:

<b>Year of Maturity (October 1)</b>	<b>Principal Amount Maturing</b>	<b>Initial CUSIP Number</b>	<b>Applicable Interest Rate</b>
[2015]	[\$ 2,215,000]		
[2016]	[7,265,000]		
[2017]	[12,920,000]		
[2018]	[13,290,000]		
[2023]	[34,530,000]		
[2042]	[29,930,000]		
[2051]	[283,920,000]		
[2053]	[366,085,000]		

(e) **Date.** The Series 2013-D Warrants shall be dated as of the date of initial delivery of the Warrants.

(f) **Interest Payment Dates.** Interest on the Series 2013-D Warrants shall be payable in arrears on (i) [April 1] and [October 1] in each year, beginning on [April 1, 2014], and (ii) the Maturity Date.

(g) **Person to Whom Interest Payable.** If the Book Entry System is in effect, the Trustee shall pay interest to DTC, and interest payments shall be distributed by DTC to Holders in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date for the Series 2013-D Warrants shall be payable to Holders as of the Regular Record Date or any Special Record Date for such Interest Payment Date.

(h) **Computation of Interest Accrual.** The Series 2013-D Warrants shall bear interest from their date, or the most recent date to which interest has been paid or duly provided for, at the applicable rate per annum set forth in this Section. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each.

(i) **Interest on Overdue Payments.** Interest shall be payable on overdue principal on the Series 2013-D Warrants and (to the extent legally enforceable) on any overdue installment of interest on the Series 2013-D Warrants at the Post-Default Rate.

(j) **Execution and Authentication.** Physical certificates evidencing the Series 2013-D Warrants shall be executed on behalf of the Issuer by the President of the Commission under its official seal reproduced or impressed thereon and attested by its Minute Clerk and shall be registered as claims against the County (payable solely from the sources specified herein) by the Treasurer of the Issuer. The signature of either of these officers on the Series 2013-D Warrants may be manual or, to the extent permitted by law, facsimile. Series 2013-D Warrants bearing the manual or facsimile signatures of individuals who, at the time of issuance or later, were the proper officers of the Issuer shall bind the Issuer, notwithstanding the fact that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Series 2013-D Warrants. No Series 2013-D Warrant shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Series 2013-D 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 2013-D Warrant shall be conclusive evidence, and the only evidence, that such Series 2013-D Warrant has been duly authenticated and delivered hereunder.

(k) **Currency for Payment.** Payment of Debt Service on the Series 2013-D Warrants 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.

#### **SECTION 5.5 Specific Title and Terms of Series 2013-E Warrants**

(a) **Title, Amount and Lien Status.** The fifth series of warrants issued hereunder shall be issued as Capital Appreciation Obligations and shall be entitled "Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E". The maximum Accreted Value of the Series 2013-E Warrants which may be Outstanding is limited to [\$71,935,073.95]. The Series 2013-E Warrants shall be issued as Subordinate Lien Obligations.

(b) **Initial Principal Amount.** The Initial Principal Amount of the Series 2013-E Warrants shall be [\$71,935,073.95].

(c) **Form and Number; Authorized Denominations.** The Series 2013-E Warrants shall be issuable as registered warrants without coupons in Authorized Denominations. The Series 2013-E Warrants shall be numbered separately from 1 upward. In order to facilitate the Book Entry System, a single physical certificate for all Series 2013-E Warrants of the same Tenor shall be delivered to the Trustee. The Series 2013-E Warrants and the certificate of authentication shall be substantially as set forth in *Exhibit 5.5(c)*, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture.

(d) **Date.** The Series 2013-E Warrants shall be dated as of the date of initial delivery of the Warrants. The Compounding Dates applicable to the Series 2013-E Warrants shall be [April 1] and [October 1] of each year, commencing [April 1, 2014].

(e) **Accretion of Interest.** The Series 2013-E Warrants are payable only at maturity or upon optional redemption and will not pay interest on a current basis. The Series 2013-E Warrants shall accrete from and including the date of initial delivery, compounded semiannually on each Compounding Date, until the Maturity Date or earlier redemption at the effective per annum rate required to produce the yield to maturity indicated below:

<b>Year of Maturity (October 1)</b>	<b>Initial Principal Amount</b>	<b>Yield to Maturity</b>	<b>[Accreted Value of \$5,000 at Maturity]</b>	<b>Initial CUSIP Number</b>
[2029]	[\$ 3,122,842.40]			
[2030]	[4,637,803.50]			
[2031]	[5,963,928.00]			
[2032]	[7,109,403.40]			
[2033]	[8,087,574.95]			
[2034]	[8,913,450.00]			
[2035]	[9,597,644.25]			
[2036]	[10,161,186.75]			
[2037]	[10,604,189.70]			
[2038]	[3,737,051.00]			

Calculation of accretion on the Series 2013-E Warrants shall be performed on the basis of a 360-day year with 12 months of 30 days each. [A schedule of compound accreted values at six month intervals for each maturity of the Series 2013-E Warrants from issuance to the applicable Maturity Date is set forth in *Exhibit 5.5(e)*.] Accretion between such dates shall be determined using linear interpolation.

(f) **Person to Whom Accreted Value Payable.** If the Book Entry System is in effect, the Trustee shall pay the Accreted Value on the Series 2013-E Warrants due on the Maturity Date or earlier redemption to DTC, and the Accreted Value of the Series 2013-E Warrants shall be distributed by DTC to Holders in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the Accreted Value due on the Maturity Date or earlier redemption for the Series 2013-E Warrants shall be payable to the Holders of such Series 2013-E Warrants on the date of payment of the Series 2013-E Warrants.

(g) **Interest on Overdue Payments.** Interest shall be payable on overdue Accreted Value of the Series 2013-E Warrants at the Post-Default Rate.

(h) **Execution and Authentication.** Physical certificates evidencing the Series 2013-E Warrants shall be executed on behalf of the Issuer by the President of the Commission under its official seal reproduced or impressed thereon and attested by its Minute Clerk and shall be registered as claims against the County (payable solely from the sources specified herein) by the Treasurer of the Issuer. The signature of either of these officers on the Series 2013-E Warrants may be manual or, to the extent permitted by law, facsimile. Series 2013-E Warrants bearing the manual or facsimile signatures of individuals who, at the time of issuance or later, were the proper officers of the Issuer shall bind the Issuer, notwithstanding the fact that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Series 2013-E Warrants. No Series 2013-E Warrant shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such 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 2013-E Warrant shall be conclusive evidence, and the only evidence, that such Series 2013-E Warrant has been duly authenticated and delivered hereunder.

(i) **Currency for Payment.** Payment of Debt Service on the Series 2013-E Warrants 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.

## **SECTION 5.6 Specific Title and Terms of Series 2013-F Warrants**

(a) **Title, Amount and Lien Status.** The sixth series of warrants issued hereunder shall be issued as Convertible Capital Appreciation Obligations and shall be entitled "Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F". The aggregate principal amount of the Series 2013-F Warrants which may be Outstanding is limited to [\$416,317,273]. The Series 2013-F Warrants shall be issued as Subordinate Lien Obligations.

(b) **Initial Principal Amount.** The Initial Principal Amount of the Series 2013-F Warrants shall be [\$416,317,273].

(c) **Form and Number; Authorized Denominations.** The Series 2013-F Warrants shall be issuable as registered warrants without coupons in Authorized Denominations. The Series 2013-F Warrants shall be numbered separately from 1 upward. In order to facilitate the Book Entry System, a single physical certificate for all Series 2013-F Warrants of the same Tenor shall be delivered to the Trustee. The Series 2013-F Warrants and the certificate of authentication shall be substantially as set forth in *Exhibit 5.6(c)*, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture.

(d) **Dates.** The Series 2013-F Warrants shall be dated as of the date of initial delivery of the Warrants. The Compounding Dates applicable to the Series 2013-F Warrants shall be [April 1] and [October 1] of each year, commencing [April 1, 2014]. The Current Interest Commencement Date applicable to the Series 2013-F Warrants shall be \_\_\_\_\_, 2023.

(e) **Accretion of Interest.** Prior to the Current Interest Commencement Date, the Series 2013-F Warrants will not pay interest on a current basis. The Series 2013-F Warrants shall accrete from and including the date of initial delivery, compounded semiannually on each Compounding Date, until, but not including, the Current Interest Commencement Date at the effective per annum rate required to produce the yield and Accreted Value indicated below:

Year of Maturity (October 1)	Initial Principal Amount	Yield to Current Interest Commencement Date	Accreted Value on Current Interest Commencement Date	Initial CUSIP Number
[2038]	[\$21,968,946.80]			
[2039]	[38,709,204.70]			
[2040]	[45,205,079.40]			
[2041]	[45,001,195.20]			
[2042]	[2,187,010.80]			
[2043]	[21,081,489.00]			
[2044]	[25,853,080.10]			
[2045]	[30,715,465.00]			
[2046]	[36,419,071.90]			
[2047]	[42,204,805.50]			
[2048]	[49,048,179.50]			
[2049]	[55,903,397.50]			
[2050]	[2,020,347.60]			

Calculation of accretion on the Series 2013-F Warrants shall be performed on the basis of a 360-day year consisting of 12 consecutive 30-day months. [A schedule of compound accreted values at six month intervals for each maturity of the Series 2013-F Warrants from issuance to the Current Interest Commencement Date is set forth in *Exhibit 5.6(e)*.] Accretion between such dates shall be determined using linear interpolation.

(f) **Conversion from Accretion to Current Interest Rate Accrual.** On the Current Interest Commencement Date, the Accreted Value of the Series 2013-F Warrants shall be fixed as the principal amount of such Warrants, and the Series 2013-F Warrants shall not accrete in value from such date. On and after the Current Interest Commencement Date, principal of and interest on the Series 2013-F Warrants shall be paid currently in accordance with the schedule contained in *Section 5.6(g)* on the dates specified in *Section 5.6(h)*.

(g) **Maturity Dates and Interest Rates.** From the Current Interest Commencement Date, the Series 2013-F Warrants shall bear interest at fixed interest rates and shall mature on [\_\_\_\_\_ 1] in the years and amounts and bear interest at the rates per annum as follows:

Year of Maturity (_____ 1)	Principal Amount Maturing	Initial CUSIP Number	Applicable Interest Rate
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(h) **Interest Payment Dates.** From the Current Interest Commencement Date, interest on the Series 2013-F Warrants shall be payable in arrears on (i) [April 1] and [October 1] in each year, beginning on [April 1, 2014], and (ii) the Maturity Date.

(i) **Person to Whom Interest Payable.** From and after the Current Interest Commencement Date, if the Book Entry System is in effect, the Trustee shall pay interest to DTC, and interest payments shall be distributed by DTC to Holders in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date for the Series 2013-F Warrants shall be payable to Holders as of the Regular Record Date or any Special Record Date for such Interest Payment Date.

(j) **Computation of Interest Accrual.** On and after the Current Interest Commencement Date, the Series 2013-F Warrants shall bear interest from the Current Interest Commencement Date, or the most recent date to which interest has been paid or duly provided for, at the applicable rate per annum set forth in *Section 5.6(g)* above. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each.

(k) **Interest on Overdue Payments.** Prior to the Current Interest Commencement Date, interest shall be payable on overdue Accreted Value of the Series 2013-F Warrants at the Post-Default Rate. From and after the Current Interest Commencement Date, interest shall be payable on overdue principal of the Series 2013-F Warrants and (to the extent legally enforceable) on any overdue installment of interest on the Series 2013-F Warrants at the Post-Default Rate.

(l) **Execution and Authentication.** Physical certificates evidencing the Series 2013-F Warrants shall be executed on behalf of the Issuer by the President of the Commission under its official seal reproduced or impressed thereon and attested by its Minute Clerk and shall be registered as claims against the County (payable solely from the sources specified herein) by the Treasurer of the Issuer. The signature of any of these officers on the Series 2013-F Warrants may be manual or, to the extent permitted by law, facsimile. Series 2013-F Warrants bearing the manual or facsimile signatures of individuals who, at the time of issuance or later, were the proper officers of the Issuer shall bind the Issuer, notwithstanding the fact that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Series 2013-F Warrants. No Series 2013-F Warrant shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such 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 2013-F Warrant shall be conclusive evidence, and the only evidence, that such Series 2013-F Warrant has been duly authenticated and delivered hereunder.

(m) **Currency for Payment.** Payment of Debt Service on the Series 2013-F Warrants 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.

#### **SECTION 5.7 Proceeds From Sale of Warrants**

(a) The proceeds from the sale of the Warrants to the original purchaser or purchasers thereof shall be deposited initially into the Series 2013 Clearing Account and shall then be applied as follows:

(1) *First*, the amounts to be used under the Confirmed Plan of Adjustment for the retirement or payment of past due debt service on the Retired Warrants shall be paid to the Retired Warrants Trustee.

(2) *Second*, the amount necessary to pay the Series 2013 Insurer its premium for issuance of the Series 2013 Insurance Policy shall be paid to the Series 2013 Insurer.

(3) *Third*, the remaining proceeds of the Warrants shall be deposited in the Costs of Issuance Fund.

(b) The amount of proceeds from each series of Warrants to be applied to each purpose identified in this Section shall be specified by directions from an Authorized Issuer Representative delivered to the Trustee on the date of issuance of the Warrants.

(c) Funds received from the Retired Warrants Trustee pursuant to the Confirmed Plan of Adjustment shall be deposited initially into the Series 2013 Clearing Account and shall then be applied as specified by directions from an Authorized Issuer Representative delivered to the Trustee on the date of issuance of the Warrants.

(d) Proceeds from the sale of the Warrants deposited in the Series 2013 Clearing Account shall be subject to the lien of this Indenture pursuant to *Section 3.1(a)(3)*.

## ARTICLE 6

### Repurchases and Tenders

#### SECTION 6.1 No Optional Tender Rights for Holders

The Holders of the Warrants will not have the right or the obligation to tender Warrants for purchase by the Issuer.

#### SECTION 6.2 Purchase or Tender for Cancellation

(a) The Issuer may, at its sole option, purchase any Secured Obligations made available to it by whatever means, or solicit or make tender offer(s) for the purchase of any Secured Obligations, whether directly or through securities dealers. The Issuer may exercise this option with respect to all or less than all of a particular series or maturity of Secured Obligations and whether or not Secured Obligations which the Issuer may seek to acquire are subject to optional redemption. Any Secured Obligations so purchased may be delivered by the Issuer to the Trustee for cancellation, and upon such delivery and cancellation, shall no longer be Outstanding. The Issuer may exercise the option granted in this section through whatever means are legally available to the Issuer.

(b) Notwithstanding any provision of *Section 6.2(a)*, so long as the Series 2013 Insurance Policy is in effect and the Series 2013 Insurer is not in payment default thereunder, (1) the provisions of this Section shall be subject in all respects to *Section 15.5*, and (2) any Insured Series 2013 Warrants so purchased by the Issuer shall be delivered to the Trustee for cancellation.

## ARTICLE 7

### Redemption of Warrants

#### SECTION 7.1 Redemption Provisions

The Warrants shall be subject to redemption prior to maturity as follows:

(a) **Optional Redemption of Series 2013-A Warrants.** Any Series 2013-A Warrant that matures after [December 1, 2023] may be redeemed at the option and direction of the Issuer in whole or in part on any Business Day on or after [December 1, 2023] at a redemption price equal to [\_\_\_\_\_] ([\_\_\_\_\_]%) of the principal amount of such Warrant redeemed) plus accrued interest thereon to the date of redemption.

(b) **Scheduled Mandatory Redemption of Series 2013-A Term Warrants.** The Series 2013-A Warrants maturing in [\_\_\_\_\_] and [\_\_\_\_\_] (collectively, the “Series 2013-A Term 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 the dates and in the principal amounts (after credit as provided below) as follows:

**Series 2013-A Term Warrants Maturing in [Year 1]**

<b>Redemption Date (_____ 1)</b>	<b>Principal Amount to be Redeemed</b>
--	--

(maturity)

**Series 2013-A Term Warrants Maturing in [Year 2]**

<b>Redemption Date (_____ 1)</b>	<b>Principal Amount to be Redeemed</b>
--	--

(maturity)

Not later than the date on which notice of scheduled mandatory redemption is to be given, the Trustee shall select affected Series 2013-A Term Warrants for redemption by lot; provided, however, that the Issuer may, at its discretion by timely notice delivered to the Trustee, direct that any or all of the following amounts be credited against the principal amount of Series 2013-A Term Warrants scheduled for redemption on such date: (i) the principal amount of Series 2013-A Term Warrants of such Tenor delivered by the Issuer to the Trustee for cancellation and not previously claimed as a credit; (ii) the principal amount of Series 2013-A Term Warrants of such Tenor previously redeemed (other than Series 2013-A Term Warrants of such Tenor redeemed pursuant to the scheduled mandatory redemption requirement) and not previously claimed as a credit; and (iii) the principal amount of Series 2013-A Term Warrants of such Tenor otherwise Defeased and not previously claimed as a credit.

(c) **Optional Redemption of Series 2013-B Warrants.** Any Series 2013-B Warrant that matures after [December 1, 2023] may be redeemed at the option and direction of the Issuer in whole or in part on any Business Day on or after [December 1, 2023] at a redemption price equal to [\_\_\_\_\_] % of the Accreted Value of such Series 2013-B Warrant as of the date of redemption.

(d) **Optional Redemption of Series 2013-C Warrants.** Any Series 2013-C Warrant that matures after [December 1, 2023] may be redeemed at the option and direction of the Issuer in whole or in part on any Business Day on or after [December 1, 2023] at a redemption price equal to [\_\_\_\_\_] ([\_\_\_\_\_] % of the principal amount of such Warrant redeemed) plus accrued interest thereon to the date of redemption.

(e) **Optional Redemption of Series 2013-D Warrants.** Any Series 2013-D Warrant that matures after [December 1, 2023] may be redeemed at the option and direction of the Issuer in whole or in part on any



Business Day on or after [December 1, 2023] at a redemption price equal to [\_\_\_\_\_] ([\_\_\_\_\_]%) of the principal amount of such Warrant redeemed) plus accrued interest thereon to the date of redemption.

(f) **Scheduled Mandatory Redemption of Series 2013-D Term Warrants.** The Series 2013-D Warrants maturing in [\_\_\_\_\_] and [\_\_\_\_\_] (collectively, the “Series 2013-D Term 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 the dates and in the principal amounts (after credit as provided below) as follows:

**Series 2013-D Term Warrants Maturing in [Year 1]**

<b>Redemption Date (_____ 1)</b>	<b>Principal Amount to be Redeemed</b>
--	--

(maturity)

**Series 2013-D Term Warrants Maturing in [Year 2]**

<b>Redemption Date (_____ 1)</b>	<b>Principal Amount to be Redeemed</b>
--	--

(maturity)

Not later than the date on which notice of scheduled mandatory redemption is to be given, the Trustee shall select affected Series 2013-D Term Warrants for redemption by lot; provided, however, that the Issuer may, at its discretion by timely notice delivered to the Trustee, direct that any or all of the following amounts be credited against the principal amount of Series 2013-D Term Warrants scheduled for redemption on such date: (i) the principal amount of Series 2013-D Term Warrants of such Tenor delivered by the Issuer to the Trustee for cancellation and not previously claimed as a credit; (ii) the principal amount of Series 2013-D Term Warrants of such Tenor previously redeemed (other than Series 2013-D Term Warrants of such Tenor redeemed pursuant to the scheduled mandatory redemption requirement) and not previously claimed as a credit; and (iii) the principal amount of Series 2013-D Term Warrants of such Tenor otherwise Defeased and not previously claimed as a credit.

(g) **Optional Redemption of Series 2013-E Warrants.** Any Series 2013-E Warrant that matures after [December 1, 2023] may be redeemed at the option and direction of the Issuer in whole or in part on any Business Day on or after [December 1, 2023] at a redemption price equal to [\_\_\_\_\_] % of the Accreted Value of such Series 2013-E Warrant as of the date of redemption.

(h) **Optional Redemption of Series 2013-F Warrants.** Any Series 2013-F Warrant that matures after [December 1, 2023] may be redeemed at the option and direction of the Issuer in whole or in part on any Business Day on or after [December 1, 2023] at a redemption price equal to [\_\_\_\_\_] ([\_\_\_\_\_]%) of the principal amount of such Warrant redeemed) plus accrued interest thereon to the date of redemption.

(i) **Limitation on Optional Redemption of Warrants.** Notwithstanding any provision of this Section, so long as the Series 2013 Insurance Policy is in effect and the Series 2013 Insurer is not in payment default thereunder, the provisions of *Sections 7.1(a), (c), (d), (e), (g) and (h)* shall be subject in all respects to *Section 15.5*.

## **SECTION 7.2 Mandatory Redemption**

Warrants shall be redeemed in accordance with the applicable mandatory redemption provisions without any direction from or consent by the Issuer. Unless the date fixed for such mandatory redemption is otherwise specified by this Indenture, the Trustee shall select the date for mandatory redemption, subject to the provisions of this Indenture with respect to the permitted period for such redemption.

## **SECTION 7.3 Election to Redeem**

The election of the Issuer to exercise any right of optional redemption of the Warrants shall be authorized by resolution of the Commission and shall be evidenced by notice from an Authorized Issuer Representative to the Trustee at least three Business Days prior to the date when notice of the redemption must be given to Holders (unless a shorter notice is acceptable to the Trustee). An election to redeem shall specify (i) the principal amount or Accreted Value of Warrants to be redeemed (if less than all Warrants Outstanding are to be redeemed pursuant to such option), (ii) the Tenor of Warrants to be redeemed, (iii) the redemption date, and (iv) any conditions to such redemption specified in accordance with the provisions of *Section 7.5(d)*.

## **SECTION 7.4 Selection by Trustee of Warrants to be Redeemed**

(a) Except as otherwise provided in the specific redemption provisions for the Warrants, if less than all Warrants Outstanding are to be redeemed, the principal amount or Accreted Value of Warrants of each Tenor to be redeemed may be specified by the Issuer by notice delivered to the Trustee not less than three Business Days prior to the date when the Trustee must give notice of the redemption to Holders (unless a shorter notice is acceptable to the Trustee), or, in the absence of timely receipt by the Trustee of such notice, shall be determined in accordance with the Book Entry System or, if the Book Entry System is no longer in effect, by lot or by such other method as the Trustee shall deem fair and appropriate; provided, however, that the principal amount or Accreted Value of Warrants of each Tenor to be redeemed may not be larger than the principal amount or Accreted Value of Warrants of such Tenor then eligible for redemption and may not be smaller than the smallest Authorized Denomination.

(b) Except as otherwise provided in the specific redemption provisions for the Warrants, if less than all Warrants with the same Tenor are to be redeemed, the particular Warrants of such Tenor to be redeemed shall be selected from the Outstanding Warrants of such Tenor then eligible for redemption in accordance with the Book Entry System or, if the Book Entry System is no longer in effect, by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal or Accreted Value of Warrants of such Tenor of a denomination larger than the smallest Authorized Denomination.

(c) The Trustee shall promptly notify the Issuer of the Warrants selected for redemption and, in the case of any Warrant selected for partial redemption, the principal amount or Accreted Value thereof to be redeemed.

(d) For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Warrants shall relate, in the case of any Warrant redeemed or to be redeemed only in part, to the portion of the principal or Accreted Value of such Warrant which has been or is to be redeemed.

## **SECTION 7.5 Notice of Redemption**

(a) Notice of redemption shall be given to the affected Holder not less than 20 days prior to the redemption date. If the Book Entry System is in effect, notice of redemption shall be given to DTC and shall be forwarded by DTC to Holders through methods established by the rules and operational arrangements of DTC. If the Book Entry System is not in effect, notice of redemption shall be given to Holders by certified mail.

- (b) All notices of redemption shall state:
- (1) the redemption date,
  - (2) the redemption price,
  - (3) the principal amount or Accreted Value of Warrants to be redeemed, and, if less than all Outstanding Warrants are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts or Accreted Values) of the Warrants to be redeemed,
  - (4) that on the redemption date the redemption price of each of the Warrants to be redeemed will become due and payable and that the interest thereon shall cease to accrue or accrete from and after said date, and
  - (5) any conditions to such redemption specified in accordance with the provisions of *Section 7.5(d)*.

(c) Notice of optional redemption shall be given by the Trustee on behalf of the Issuer unless the Issuer elects to give such notice itself. If the Issuer gives notice of optional redemption, it shall deliver a copy of such notice to the Trustee on the following Business Day. Notice of redemption of Warrants in accordance with the scheduled mandatory redemption provisions of the Warrants shall be given by the Trustee on behalf of the Issuer without any notice to, or consent of, the Issuer.

(d) A notice of optional redemption may state that the redemption of Warrants is contingent upon specified conditions, such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the Issuer shall not be required to redeem the Warrants (or portions thereof) identified in such notice, and any Warrants surrendered on the specified redemption date shall be returned to the Holders of such Warrants.

#### **SECTION 7.6 Deposit of Redemption Price**

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Warrants which are to be redeemed on that date shall be deposited with the Trustee, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

#### **SECTION 7.7 Warrants Payable on Redemption Date**

If notice of redemption is given and any conditions to such redemption specified pursuant to *Section 7.5(d)* are met, the Warrants to be redeemed shall become due and payable on the redemption date at the applicable redemption price and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Warrants shall cease to bear interest.

#### **SECTION 7.8 Warrants Redeemed in Part**

(a) If the Book Entry System is in effect, partial redemption of any Warrant shall be effected in accordance with the Book Entry System.

(b) If the Book Entry System has been terminated, any Warrant which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Warrant, without service charge, a new Warrant or Warrants of the same Tenor and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount or Accreted Value equal to and in exchange for the unredeemed portion of the principal or Accreted Value of the Warrant surrendered.

## **SECTION 7.9 Purchase of Callable Warrants in Lieu of Redemption**

(a) The Issuer shall have the option to purchase Callable Warrants in lieu of optional redemption either directly or through a nominee designated by the Issuer. If a Callable Warrant has been called for optional redemption, the Issuer may exercise its right of purchase by delivery to the Trustee on or prior to the Business Day preceding the optional redemption date of written notice from the Issuer specifying that the Callable Warrants shall not be redeemed, but instead shall be purchased pursuant to this Section. If the Issuer desires to effect its right of purchase through a nominee, the written notice shall specify the Issuer's nominee and that the nominee is acting on behalf of the Issuer. Upon delivery of such notice from the Issuer, the Callable Warrants shall not be redeemed, but shall instead be subject to mandatory tender on the date that would have been the optional redemption date at a purchase price equal to the redemption price that would have been payable with respect to such Callable Warrants. The Issuer's option to purchase pursuant to this Section shall be effective whether or not the notice of optional redemption sent to Warrantholders indicates that the Issuer has exercised, or intends to exercise, such option. No further or additional notice to Warrantholders shall be required in connection with the purchase in lieu of redemption. The Callable Warrants purchased pursuant to this Section (i) shall not be cancelled or retired, but shall continue to be Outstanding, (ii) shall be delivered to, or as directed by, the Issuer, (iii) shall continue to bear interest or accrete value at the rate provided for in this Indenture, and (iv) may not be resold by the Issuer or its nominee without first delivering a Favorable Tax Opinion to the Trustee.

(b) Notwithstanding any provision of this *Section 7.9*, so long as the Series 2013 Insurance Policy is in effect and the Series 2013 Insurer is not in payment default thereunder, (1) the provisions of this Section shall be subject in all respects to *Section 15.5*, and (2) any Callable Warrant that is an Insured Series 2013 Warrant shall be cancelled upon purchase.

## **ARTICLE 8**

### **Additional Secured Obligations**

#### **SECTION 8.1 Authorization of Additional Secured Obligations**

(a) The Issuer reserves the right to issue additional debt obligations secured by the General Trust Estate if (i) no Indenture Default exists and (ii) the Issuer complies with the terms and conditions of this Article. Such additional debt obligations shall be Secured Obligations.

(b) Contemporaneously with this Indenture, the Issuer has authorized for future issuance the Reserve Fund Warrants pursuant to the First Supplemental Indenture as additional Secured Obligations. Notwithstanding any provision of this Indenture to the contrary, the Reserve Fund Warrants shall not be subject to the provisions of *Sections 8.1(a)(i), 8.1(c), 8.2(a)(2), 8.2(a)(3) and 8.2(a)(4)*.

(c) Notwithstanding any other provision of this *Article 8*, for so long as the Warrants are Outstanding, the Issuer may not issue additional Secured Obligations that are Senior Lien Obligations, unless both of the following provisions are satisfied:

(1) The additional Secured Obligations proposed to be issued as Senior Lien Obligations are issued for the purpose of refinancing existing Senior Lien Obligations; and

(2) The additional Secured Obligations proposed to be issued as Senior Lien Obligations do not provide for Debt Service Requirements in any Fiscal Year in which existing Senior Lien Obligations are Outstanding in amounts in excess of the existing Debt Service Requirements for the Senior Lien Obligations to be refinanced by the proposed additional Secured Obligations.

When the Warrants are no longer Outstanding, the provisions of this *Section 8.1(c)* shall no longer apply to the issuance of additional Secured Obligations.

## SECTION 8.2 Conditions to Issuance of Additional Secured Obligations

(a) The Issuer must deliver the following documentation to the Trustee prior to the issuance of additional Secured Obligations:

(1) **Supplemental Indenture.** The Issuer must deliver to the Trustee a Supplemental Indenture authorizing the issuance of additional Secured Obligations that meets each of the following requirements:

(A) The Supplemental Indenture shall be in the form of a supplement to this Indenture, and the Trustee under this Indenture must also be the trustee under the Supplemental Indenture. The Supplemental Indenture shall require that a certificate of authentication be included on each Secured Obligation, which shall be executed by the Trustee.

(B) The Supplemental Indenture shall designate the additional Secured Obligations as Senior Lien Obligations or Subordinate Lien Obligations. Such designation shall be noted on the certificate of authentication executed by the Trustee for such Secured Obligations. No Secured Obligations may be issued with a superior priority of lien to the Senior Lien Obligations hereunder.

(C) The Supplemental Indenture must provide the pricing terms of the Secured Obligations, including the principal amount, maturities, interest rates, principal and interest payment dates, and redemption or prepayment features. The Supplemental Indenture may also contain provisions for optional or mandatory tender for purchase and other provisions that are not contrary to, or prohibited by, the terms of this Indenture. The Supplemental Indenture may adopt by reference any portion of this Indenture relating to the form of the Secured Obligations, including provisions for transfer, exchange and payment, or may provide separate terms for such provisions.

(D) *Article 11* of this Indenture shall control for all Secured Obligations.

(E) The Supplemental Indenture may provide for Credit Enhancement for the benefit of such Secured Obligations, but the rights of the provider of such Credit Enhancement shall be limited as provided in *Section 9.2* and *Section 16.5*.

(F) The Supplemental Indenture shall establish a Senior Lien Debt Service Fund for payment of Debt Service on Senior Lien Obligations authorized by such Supplemental Indenture and shall establish a Subordinate Lien Debt Service Fund for payment of Subordinate Lien Obligations authorized by such Supplemental Indenture. Deposits to any such Secured Obligation Debt Service Fund shall be subject to the terms and conditions of *Section 9.2(a)(1)* or *(3)*, as the case may be. Any such Secured Obligation Debt Service Funds shall be part of the Trust Estate that is for the sole benefit of the related Secured Obligations.

(G) The Supplemental Indenture may establish a Senior Lien Reserve Fund to secure payment of Debt Service on Senior Lien Obligations authorized by such Supplemental Indenture and may establish a Subordinate Lien Reserve Fund to secure payment of Subordinate Lien Obligations authorized by such Supplemental Indenture. The Issuer may make an initial deposit to any such Secured Obligation Reserve Funds from (i) proceeds of such Secured Obligations, (ii) money on deposit in the Capital Improvement Fund, or (iii) other funds legally available to the Issuer. The Supplemental Indenture may require monthly transfers from the Revenue Fund to such Secured Obligation Reserve Funds as necessary to accumulate, maintain or restore the required balance in such Secured Obligation Reserve Funds; provided, however, that (i) the required balance may not exceed 10% of the principal amount of such Secured Obligations (as specified in such Supplemental Indenture) and (ii) monthly deposits to accumulate, maintain or restore the required balance may not exceed 1/12 of the required balance.

(H) The Supplemental Indenture shall designate the Secured Obligation Debt Service Funds and any Secured Obligation Reserve Funds established for any such series of Secured Obligations as part of the Trust Estate that is for the sole benefit of such Secured Obligations.

(2) **Coverage Requirements.** Subject to *Section 8.1(b)*, the Issuer must demonstrate compliance with each of following three tests as provided in paragraphs (A), (B) and (C) of this *Section 8.2(a)(2)*:

(A) *Historical Compliance.* The Issuer shall deliver to the Trustee a certificate signed by an Authorized Issuer Representative and an Independent Certified Public Accountant containing (i) the actual amounts of Net Income Available for Senior Lien Debt Service and Net Income Available for Subordinate Lien Debt Service realized by the System in the most recently completed audited Fiscal Year, (ii) the actual Debt Service Requirements due and payable during such Fiscal Year on both Senior Lien Obligations and Subordinate Lien Obligations, and (iii) a calculation proving the resulting coverage ratios satisfy the Required Coverage Ratios.

(B) *Historical Pro Forma Test Assuming Issuance of Additional Secured Obligations.* The Issuer shall deliver to the Trustee a certificate signed by an Authorized Issuer Representative and an Independent Certified Public Accountant containing (i) the projected amounts of Net Income Available for Senior Lien Debt Service and Net Income Available for Subordinate Lien Debt Service realized by the System in the most recently completed audited Fiscal Year as modified by this paragraph, (ii) the projected Debt Service Requirements due and payable during such Fiscal Year on both then currently outstanding Senior Lien Obligations and Subordinate Lien Obligations and the additional Secured Obligations to be issued (as specified in this paragraph), and (iii) a calculation proving the resulting coverage ratios satisfy the Required Coverage Ratios. For purposes of the calculations required by clause (i) of this paragraph, if the Issuer adopted a revised schedule of rates and charges for System services after the beginning of the prior audited Fiscal Year (or during the then current Fiscal Year) that are in effect as of the date of calculation, the Issuer and the Independent Certified Public Accountant shall take such rates into account in computing Net Income Available for Senior Lien Debt Service and Net Income Available for Subordinate Lien Debt Service realized by the System as if such rates had actually been in effect for the entire prior audited Fiscal Year. For purposes of the calculations required by clause (ii) of this paragraph, the calculation of the Debt Service Requirements for the additional Secured Obligations to be issued shall be based upon the Debt Service Requirements for the first twelve months such additional Secured Obligations are outstanding.

(C) *Forecast Test.* The Issuer shall deliver to the Trustee a report of an Authorized Issuer Representative forecasting (i) the amounts of Net Income Available for Senior Lien Debt Service and Net Income Available for Subordinate Lien Debt Service expected to be realized by the System in the then current and each of the following four Fiscal Years, based on rates and charges for the System already adopted by the Issuer and in effect on the date of calculation, (ii) the projected Debt Service Requirements on both Senior Lien Obligations and Subordinate Lien Obligations in the then current and each of the following four Fiscal Years (taking into account the additional Secured Obligations to be issued), and (iii) the resulting coverage ratios (calculated in accordance with the Required Coverage Ratios). For purposes of the calculations required by clause (i) of this paragraph, (a) the Issuer may also take into account any increase in revenues reasonably projected by implementation of any improvements to the System financed with the proceeds of such additional Secured Obligations after such improvements are placed into service, and (b) the Issuer may also take into account any increase in rates charged for System services reasonably expected to be implemented by the Issuer during the then current or any of the following four Fiscal Years. For purposes of the calculations required by clause (ii) of this paragraph, the Issuer shall take into account Debt Service Requirements on additional Secured Obligations reasonably expected to be issued during the then current or the following four Fiscal Years as if such additional Secured Obligations (x) were issued within such time period, (y) have

amortization schedules similar to and (z) bear interest at the same rate as the additional Secured Obligations for which the calculations required by this paragraph are made.

Notwithstanding the foregoing, additional Secured Obligations may be issued or incurred to refinance Outstanding Secured Obligations without compliance with the foregoing tests if, after giving effect to the application of the proceeds of such refunding Secured Obligations, Debt Service Requirements on all Secured Obligations outstanding on the date of issuance or incurrence of such refunding Secured Obligations (but excluding the refinanced Secured Obligations) will not be increased in the then current or any future Fiscal Year in which any Secured Obligations not being refunded are Outstanding.

(3) **Opinion of Counsel.** The Issuer must deliver to the Trustee (A) a Favorable Tax Opinion with respect to the issuance of the additional Secured Obligations, and (B) an Opinion of Counsel stating in effect that the documentation delivered to the Trustee complies in form and scope with the requirements of this *Article 8*, provided, however, that the delivery of such Opinion of Counsel shall not be construed as a verification by such Counsel of financial data, expectations or estimates contained in the supporting documentation delivered to the Trustee.

(4) **Certificate of Issuer.** The Issuer must deliver to the Trustee a certificate of an Authorized Issuer Representative stating in effect that (A) no Indenture Default exists, (B) the issuance of the additional Secured Obligations will not cause or result in an Indenture Default, and (C) if the provisions of *Section 15.5* are in effect, evidence of compliance with *Section 15.5*.

(b) Upon receipt of the documentation required by *Article 8* the Trustee shall (i) execute the Supplemental Indenture and (ii) authenticate the additional Secured Obligations authorized under this Indenture.

### **SECTION 8.3 Effect of Issuance of Additional Secured Obligations**

(a) Secured Obligations issued as Senior Lien Obligations shall be secured by the General Trust Estate on an equal, ratable and proportionate basis with the Series 2013 Senior Lien Obligations and all other Senior Lien Obligations issued under this Indenture and from time to time Outstanding. Secured Obligations issued as Subordinate Lien Obligations shall be secured by the General Trust Estate on an equal, ratable and proportionate basis with the Series 2013 Subordinate Lien Obligations and all other Subordinate Lien Obligations issued under this Indenture and from time to time Outstanding.

(b) The Secured Obligation Debt Service Funds and any Secured Obligation Reserve Funds established with respect to a related series of Secured Obligations shall be for the sole benefit of such Secured Obligations.

## **ARTICLE 9**

### **Indenture Funds**

#### **SECTION 9.1 Revenue Fund**

(a) There is hereby established a special trust fund which shall be designated the "Revenue Fund". The Trustee shall be the depository, custodian and sole disbursing agent for the Revenue Fund. The Revenue Fund shall be part of the General Trust Estate and shall be held by the Trustee for the benefit of the Holders of all Secured Obligations.

(b) All System Revenues shall be deposited in the Revenue Fund promptly as received by the Issuer.

(c) The Trustee shall make payments and transfers from the Revenue Fund as required by *Section 9.2*. The Issuer may make withdrawals from the Revenue Fund only to the extent permitted by *Section 9.2(a)(8)* and *(9)*.

## SECTION 9.2 Application of System Revenues

(a) During each calendar month the System Revenues on deposit in the Revenue Fund shall be applied as follows, in the order of priority indicated:

(1) *Senior Lien Debt Service.* First, the Trustee shall deposit in each Senior Lien Debt Service Fund the amount required for the payment of Debt Service due on Senior Lien Obligations. The related provisions of this Indenture (including any Supplemental Indenture with respect to Senior Lien Obligations) may require such deposits on or before the due date of such Debt Service, or in the month prior to the due date of such Debt Service, or may require monthly deposits for the accumulation of funds to pay Debt Service on such Senior Lien Obligations; provided, however, that such monthly deposits may not exceed the sum of (i) the pro rata amount of interest payable on the next Interest Payment Date and (ii) if principal matures or is subject to scheduled mandatory redemption within one year from the deposit date, the pro rata amount of principal payable on the next Maturity Date or scheduled mandatory redemption date, as the case may be. Investment earnings on deposit in, or transferred to, a Senior Lien Debt Service Fund shall be credited against the required deposits. If money available in the Revenue Fund is not sufficient to make all deposits otherwise required by this paragraph (1), then deposits to each Senior Lien Debt Service Fund shall be made on a proportionate basis.

(2) *Trustee Fees, Credit Enhancement Fees and Related Fees for Senior Lien Obligations.* Second, the Trustee shall, (i) pay fees and expenses of the Trustee (including amounts payable under **Section 12.7**), (ii) at the direction of the Issuer, which may be standing instructions, pay fees and other amounts due during such month with respect to Credit Enhancement for Senior Lien Obligations, and (iii) at the direction of the Issuer, which may be standing instructions, pay fees during such month to remarketing agents or entities performing similar functions with respect to Senior Lien Obligations. If money available in the Revenue Fund (after making deposits with priority) is not sufficient to make all payments required by this paragraph (2), such payments shall be made on a proportionate basis.

(3) *Subordinate Lien Debt Service.* Third, the Trustee shall deposit in each Subordinate Lien Debt Service Fund the amount required for the payment of Debt Service due on Subordinate Lien Obligations. The related provisions of this Indenture (including any Supplemental Indenture with respect to Subordinate Lien Obligations) may require such deposits on or before the due date of such Debt Service, or in the month prior to the due date of such Debt Service, or may require monthly deposits for the accumulation of funds to pay Debt Service on such Subordinate Lien Obligations; provided, however, that such monthly deposits may not exceed the sum of (i) the pro rata amount of interest payable on the next Interest Payment Date and (ii) if principal matures or is subject to scheduled mandatory redemption within one year from the deposit date, the pro rata amount of principal payable on the next Maturity Date or scheduled mandatory redemption date, as the case may be. Investment earnings on deposit in, or transferred to, a Subordinate Lien Debt Service Fund shall be credited against the required deposits. If money available in the Revenue Fund (after making deposits with priority) is not sufficient to make all deposits otherwise required by this paragraph (3), then deposits to each Subordinate Lien Debt Service Fund shall be made on a proportionate basis.

(4) *Credit Enhancement Fees and Related Fees for Subordinate Lien Obligations.* Fourth, the Trustee shall at the direction of the Issuer, which may be standing instructions, (i) pay fees and other amounts due during such month with respect to Credit Enhancement for Subordinate Lien Obligations and (ii) pay fees during such month to remarketing agents or entities performing similar functions with respect to Subordinate Lien Obligations. If money available in the Revenue Fund (after making deposits with priority) is not sufficient to make all payments required by this paragraph (4), such payments shall be made on a proportionate basis.

(5) *Operating Expenses.* Fifth, the Trustee shall deposit in the Operating Account the amount required to make the balance in the Operating Account equal to the Required Operating Reserve, as specified in writing by the Issuer.



(6) *Senior Lien Reserve Funds.* Sixth, the Trustee shall deposit in each Senior Lien Reserve Fund the amount required by this Indenture or the related Supplemental Indenture to accumulate, maintain or restore the required balance in such Senior Lien Reserve Fund, subject to the terms and conditions of *Section 8.2(a)(1)(G)* and *Section 9.6(d)*. If money available in the Revenue Fund (after making deposits with priority) is not sufficient to make all deposits required by this paragraph (6), deposits to each Senior Lien Reserve Fund shall be made on a proportionate basis.

(7) *Subordinate Lien Reserve Funds.* Seventh, the Trustee shall deposit in each Subordinate Lien Reserve Fund the amount required by this Indenture or the related Supplemental Indenture to accumulate, maintain or restore the required balance in such Subordinate Lien Reserve Fund, subject to the terms and conditions of *Section 8.2(a)(1)(G)* and *Section 9.7(d)*. If money available in the Revenue Fund (after making deposits with priority) is not sufficient to make all deposits required by this paragraph (7), deposits to each Subordinate Lien Reserve Fund shall be made on a proportionate basis.

(8) *Rebate Liability.* Eighth, on or before the twenty-fifth day of each month, the Issuer may request withdrawal of amounts due for Rebate Liability as provided in *Section 9.2(b)*.

(9) *Unsecured Obligations.* Ninth, the Issuer may request withdrawal of amounts due on Unsecured Obligations as provided in *Section 9.2(b)*.

(10) *Capital Improvement Fund.* Tenth, the Trustee shall transfer the entire amount remaining in the Revenue Fund to the Capital Improvement Fund.

(b) Withdrawals by the Issuer pursuant to *Section 9.2(a)(8)* or (9) shall be made pursuant to a requisition substantially in the form provided in *Exhibit 9.2(b)*, duly executed by an Authorized Issuer Representative.

### **SECTION 9.3 Series 2013 Senior Lien Debt Service Fund**

(a) There is hereby established a special trust fund which shall be designated the "Series 2013 Senior Lien Debt Service Fund". The Trustee shall be the depository, custodian and sole disbursing agent for the Series 2013 Senior Lien Debt Service Fund. The Series 2013 Senior Lien Debt Service Fund shall be part of the Series 2013 Senior Lien Trust Estate and shall be held by the Trustee for the sole benefit of the Holders of the Series 2013 Senior Lien Obligations.

(b) Deposits shall be made to the Series 2013 Senior Lien Debt Service Fund as follows:

(1) On or before the twenty-fifth day of each month, the Trustee shall deposit in the Series 2013 Senior Lien Debt Service Fund an amount equal to 1/6 of the interest payable on the Series 2013 Senior Lien Obligations on the next Interest Payment Date (plus any prior deficiencies); provided, however, that if the period from the date of issuance of the Series 2013 Senior Lien Obligations until the first Interest Payment Date is more or less than six months, such transfers during such initial period shall be sufficient on a monthly pro rata basis to provide for payment of interest on the first Interest Payment Date.

(2) On or before the twenty-fifth day of each month, if the principal or Accreted Value of Series 2013 Senior Lien Obligations is payable within the next 12 months (whether at maturity or pursuant to scheduled mandatory redemption requirements), the Trustee shall deposit in the Series 2013 Senior Lien Debt Service Fund an amount equal to 1/12 of such principal amount or Accreted Value (plus any prior deficiencies); provided, however, that if the period from the date of issuance of the Series 2013 Senior Lien Obligations until such principal or Accreted Value is payable is less than 12 months, such transfers during such initial period shall be sufficient on a monthly pro rata basis to provide for payment of principal or Accreted Value on such first principal or Accreted Value payment date.

(3) On or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Senior Lien Obligations, if the amount on deposit in the Series 2013 Senior Lien Debt Service Fund is not sufficient for any reason to pay Debt Service due on Series 2013 Senior Lien

Obligations on such Warrant Payment Date, the Trustee shall transfer money to the Series 2013 Senior Lien Debt Service Fund from the Series 2013 Senior Lien Reserve Fund as provided in *Section 9.6(c)*.

The Trustee may claim a credit against such deposits for the amount of investment earnings realized in, or transferred to, the Series 2013 Senior Lien Debt Service Fund that have not been credited against prior deposits.

(c) On each Warrant Payment Date, money in the Series 2013 Senior Lien Debt Service Fund shall be applied by the Trustee to pay Debt Service due on the Series 2013 Senior Lien Obligations.

(d) If money on deposit in the Series 2013 Senior Lien Debt Service Fund on any Warrant Payment Date is sufficient to pay Debt Service on the Series 2013 Senior Lien Obligations due and payable on such Date, but the Holder of any Series 2013 Senior Lien Obligation that matures on such Date or that is subject to redemption on such Date fails to surrender such Series 2013 Senior Lien Obligation to the Trustee for payment of Debt Service due and payable on such Date, the Trustee shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay the Debt Service due and payable on such Series 2013 Senior Lien Obligation on such Date. Money so segregated and held in trust shall not be a part of the Series 2013 Senior Lien Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Debt Service.

(e) The Trustee may transfer funds on deposit in the Series 2013 Senior Lien Debt Service Fund for the payment of particular Series 2013 Senior Lien Obligations to a trust created pursuant to *Article 14* for the benefit of such Series 2013 Senior Lien Obligations.

#### **SECTION 9.4 Series 2013 Subordinate Lien Debt Service Fund**

(a) There is hereby established a special trust fund which shall be designated the "Series 2013 Subordinate Lien Debt Service Fund". The Trustee shall be the depository, custodian and sole disbursing agent for the Series 2013 Subordinate Lien Debt Service Fund. The Series 2013 Subordinate Lien Debt Service Fund shall be part of the Series 2013 Subordinate Lien Trust Estate and shall be held by the Trustee for the sole benefit of the Holders of the Series 2013 Subordinate Lien Obligations.

(b) Deposits shall be made to the Series 2013 Subordinate Lien Debt Service Fund as follows:

(1) On or before the twenty-fifth day of each month, the Trustee shall deposit in the Series 2013 Subordinate Lien Debt Service Fund an amount equal to 1/6 of the interest payable on the Series 2013 Subordinate Lien Obligations on the next Interest Payment Date; provided, however, that if the period from the date of issuance of the Series 2013 Subordinate Lien Obligations until the first Interest Payment Date is more or less than six months, such transfers during such initial period shall be sufficient on a monthly pro rata basis to provide for payment of interest on the first Interest Payment Date.

(2) On or before the twenty-fifth day of each month, if the principal or Accreted Value of Series 2013 Subordinate Lien Obligations is payable within the next 12 months (whether at maturity or pursuant to scheduled mandatory redemption requirements), the Trustee shall deposit in the Series 2013 Subordinate Lien Debt Service Fund an amount equal to 1/12 of such principal amount or Accreted Value; provided, however, that if the period from the date of issuance of the Series 2013 Subordinate Lien Obligations until such principal or Accreted Value is payable is less than 12 months, such transfers during such initial period shall be sufficient on a monthly pro rata basis to provide for payment of principal or Accreted Value on such first principal or Accreted Value payment date.

(3) On or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Subordinate Lien Obligations, if the amount on deposit in the Series 2013 Subordinate Lien Debt Service Fund is not sufficient for any reason to pay Debt Service due on Series 2013 Subordinate Lien Obligations on such Warrant Payment Date, the Trustee shall transfer money to the Series 2013 Subordinate Lien Debt Service Fund from the Series 2013 Subordinate Lien Reserve Fund as provided in *Section 9.7(c)*.

The Trustee may claim a credit against such deposits for the amount of investment earnings realized in, or transferred to, the Series 2013 Subordinate Lien Debt Service Fund that have not been credited against prior deposits.

(c) On each Warrant Payment Date, money in the Series 2013 Subordinate Lien Debt Service Fund shall be applied by the Trustee to pay Debt Service due on the Series 2013 Subordinate Lien Obligations.

(d) If money on deposit in the Series 2013 Subordinate Lien Debt Service Fund on any Warrant Payment Date is sufficient to pay Debt Service on the Series 2013 Subordinate Lien Obligations due and payable on such Date, but the Holder of any Series 2013 Subordinate Lien Obligation that matures on such Date or that is subject to redemption on such Date fails to surrender such Series 2013 Subordinate Lien Obligation to the Trustee for payment of Debt Service due and payable on such Date, the Trustee shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay the Debt Service due and payable on such Series 2013 Subordinate Lien Obligation on such Date. Money so segregated and held in trust shall not be a part of the Series 2013 Subordinate Lien Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Debt Service.

(e) The Trustee may transfer funds on deposit in the Series 2013 Subordinate Lien Debt Service Fund for the payment of particular Series 2013 Subordinate Lien Obligations to a trust created pursuant to **Article 14** for the benefit of such Series 2013 Subordinate Lien Obligations.

#### **SECTION 9.5 Operating Account**

(a) The Issuer shall maintain an account (an “Operating Account”) in its own name with a bank or financial institution selected by the Issuer (which may include the Trustee’s commercial banking department) for the payment of Operating Expenses.

(b) On or before the twenty-fifth day of each month, the Trustee shall transfer money to the Operating Account from the Revenue Fund as required by **Section 9.2(a)(5)**.

(c) The Issuer shall use money in the Operating Account solely for the payment of Operating Expenses. Each payment or transfer from the Operating Account by the Issuer shall constitute an implied representation or warranty by the Issuer that the purpose of such payment or transfer is authorized by this Indenture. The Issuer shall provide copies of monthly bank statements for the Operating Account and such additional information and documentation with respect to the Operating Account as the Trustee shall reasonably request; provided, however, that the Trustee shall be entitled to rely upon the Issuer’s implied representation or warranty with respect to the purpose of payments or transfers from the Operating Account, and neither a request for information or documentation nor any provision of this Indenture shall impose on the Trustee any duty or responsibility to verify that payments or transfers by the Issuer from the Operating Account are authorized by this Indenture.

(d) If an Indenture Default exists, the Trustee may direct the Issuer to transfer possession and control of the Operating Account to the Trustee. The Issuer shall complete such transfer within five Business Days after receipt of such notice. While the Operating Account is in the possession and control of the Trustee as described in this **Section 9.5(d)**, payments from the Operating Account may be made by the Issuer pursuant to such procedures as the Trustee shall establish in its discretion. If an Indenture Default which causes a transfer of control of the Operating Account pursuant to the provisions of this **Section 9.5(d)** no longer exists or is cured, then upon request of the Issuer the Trustee shall transfer control of the Operating Account back to the Issuer within five Business Days after receipt of such request.

#### **SECTION 9.6 Series 2013 Senior Lien Reserve Fund**

(a) There is hereby established a special trust fund which shall be designated the “Series 2013 Senior Lien Reserve Fund”. The Trustee shall be the depository, custodian and sole disbursing agent for the Series 2013 Senior Lien Reserve Fund. The Series 2013 Senior Lien Reserve Fund shall be part of the Series 2013 Senior Lien

Trust Estate and shall be held by the Trustee for the sole benefit of the Holders of the Series 2013 Senior Lien Obligations.

(b) On the date of issuance of the Series 2013 Senior Lien Obligations, the Issuer shall deliver to the Trustee the Series 2013 Senior Lien Reserve Fund Letter of Credit. The Series 2013 Senior Lien Reserve Fund Letter of Credit shall be part of the Series 2013 Senior Lien Reserve Fund. The Series 2013 Senior Lien Reserve Fund Letter of Credit shall meet each of the following requirements:

(1) The Series 2013 Senior Lien Reserve Fund Letter of Credit shall be irrevocable so long as Series 2013 Senior Lien Obligations are Outstanding and shall be irrevocably payable to the Trustee, as trustee for the benefit of the Holders of Series 2013 Senior Lien Obligations.

(2) The Series 2013 Senior Lien Reserve Fund Letter of Credit shall provide for payment at sight of a properly completed draw request by wire transfer in accordance with the written instructions of the Trustee.

(3) The Series 2013 Senior Lien Reserve Fund Letter of Credit shall provide for delivery of collateral to the Trustee should a rating maintained by any one Rating Agency with respect to [the long-term obligations of] JPMorgan Chase Bank fall to or below one of following rating categories: [\_\_\_\_\_] (or its equivalent)] assigned by a Rating Agency at any time the Series 2013 Senior Lien Obligations are Outstanding. Collateral delivery shall not create an obligation of the Issuer to reimburse JPMorgan Chase Bank, unless such collateral is withdrawn as provided in **Section 9.6(c)**. The required collateral shall be in the form of cash or Qualified Investments, which shall be deposited in a segregated account within the Series 2013 Senior Lien Reserve Fund, to be held or returned by the Trustee subject to the provisions of the Series 2013 Collateral Support Agreement.

JPMorgan Chase Bank may deliver cash in substitution of its Series 2013 Senior Lien Reserve Fund Letter of Credit at any time, provided that the amount of such cash delivered in substitution therefor is equal to the then available stated amount under the Series 2013 Senior Lien Reserve Fund Letter of Credit. Any money delivered by JPMorgan Chase Bank as provided in this Section shall be deposited in a segregated account of the Series 2013 Senior Lien Reserve Fund, to be held or returned by the Trustee pursuant to the provisions of **Section 9.6(e)**.

(c) Withdrawals from the Series 2013 Senior Lien Reserve Fund shall be made in the following order:

(1) On or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Senior Lien Obligations, the Trustee shall withdraw money in the Series 2013 Senior Lien Reserve Fund (other than collateral (if any) provided by JPMorgan Chase Bank pursuant to **Section 9.6(b)(3)**) and use such money to pay Debt Service on the Series 2013 Senior Lien Obligations, but only if money on deposit in the Series 2013 Senior Lien Debt Service Fund for the payment of such Debt Service is not sufficient for such purpose and payment from the Series 2013 Senior Lien Reserve Fund is necessary to prevent a default in the payment of such Debt Service.

(2) If the amount available under **Section 9.6(c)(1)** is insufficient to provide the funds necessary to prevent a default in the payment of Debt Service on the Series 2013 Senior Lien Obligations, on or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Senior Lien Obligations, the Trustee shall either (i) draw upon the Series 2013 Senior Lien Reserve Fund Letter of Credit in the minimum amount of \$100,000, or (ii) transfer cash delivered by JPMorgan Chase Bank in substitution of its Series 2013 Senior Lien Reserve Fund Letter of Credit, and the proceeds of such draw or transfer shall be used to pay Debt Service on the Series 2013 Senior Lien Obligations, but only if money on deposit in the Series 2013 Senior Lien Debt Service Fund for the payment of such Debt Service is not sufficient for such purpose and payment from the Series 2013 Senior Lien Reserve Fund is necessary to prevent a default in the payment of such Debt Service. The balance of the proceeds of any draw not needed for transfer to the Series 2013 Senior Lien Debt Service Fund shall be deposited in the Series 2013 Senior Lien Reserve Fund.

(3) If the Trustee draws upon the Series 2013 Senior Lien Reserve Fund Letter of Credit and JPMorgan Chase Bank fails to honor such draw, on or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Senior Lien Obligations, the Trustee shall withdraw collateral (if any) provided by JPMorgan Chase Bank pursuant to **Section 9.6(b)(3)** in an amount up to the amount requested in such dishonored draw request and use such money to pay Debt Service on the Series 2013 Senior Lien Obligations, but only if money on deposit in the Series 2013 Senior Lien Debt Service Fund for the payment of such Debt Service is not sufficient for such purpose and payment from the Series 2013 Senior Lien Reserve Fund is necessary to prevent a default in the payment of such Debt Service.

(d) If any withdrawal from the Series 2013 Senior Lien Reserve Fund is made pursuant to **Section 9.6(c)**, the Trustee shall, on or before the twenty-fifth day of each month after such withdrawal (in accordance with the priority specified in **Section 9.2**), transfer money from the Revenue Fund to the Series 2013 Senior Lien Reserve Fund in an amount equal to the lesser of (i) 1/12 of the amount withdrawn or (ii) the amount required to restore the balance in the Series 2013 Senior Lien Reserve Fund to the Series 2013 Senior Lien Reserve Fund Requirement; provided that withdrawals made pursuant to **Section 9.6(e)**, **9.6(f)** or **9.6(g)** need not be reimbursed by the Issuer.

(e) On or before October 1 of each year and on or before the date of any optional redemption or Defeasance of Series 2013 Senior Lien Obligations, the Trustee shall determine the balance in the Series 2013 Senior Lien Reserve Fund. The balance in the Series 2013 Senior Lien Reserve Fund shall be determined by valuing Qualified Investments on deposit at fair market value as of the date of determination (exclusive of accrued interest) and by valuing the Series 2013 Senior Lien Reserve Fund Letter of Credit on deposit at the then current amount of permissible draws available thereunder on the date of determination. The Trustee may value Qualified Investments or the Series 2013 Senior Lien Reserve Fund Letter of Credit on any Business Day up to three Business Days prior to the date of any transfer or withdrawal permitted by this **Section 9.6**. The amount, if any, by which the balance in the Series 2013 Senior Lien Reserve Fund on any such determination date exceeds the Series 2013 Senior Lien Reserve Fund Requirement shall be applied by the Trustee as follows:

(1) Excess money attributable to funds deposited into the Series 2013 Senior Lien Reserve Fund from System Revenues shall be transferred to the Series 2013 Senior Lien Debt Service Fund, or

(2) Excess money attributable to funds deposited into the Series 2013 Senior Lien Reserve Fund by JPMorgan Chase Bank in substitution of the Series 2013 Senior Lien Reserve Fund Letter of Credit shall be returned to JPMorgan Chase Bank.

Losses attributable investment of cash deposited into the Series 2013 Senior Lien Reserve Fund by JPMorgan Chase Bank in substitution of its Series 2013 Senior Lien Reserve Fund Letter of Credit shall be reimbursed by JPMorgan Chase Bank within 15 business days of written demand therefor by the Trustee. Subject to the Series 2013 Collateral Support Agreement, to the extent collateral has been delivered by JPMorgan Chase Bank pursuant to **Section 9.6(b)(3)**, the Trustee shall not transfer the amount of such collateral under the provisions of this **Section 9.6(e)**.

(f) The Trustee may transfer funds on deposit in the Series 2013 Senior Lien Reserve Fund to a trust created pursuant to **Article 14** for the benefit of the Series 2013 Senior Lien Obligations, so long as the balance in the Series 2013 Senior Lien Reserve Fund, after giving effect to such transfer, is not less than the Series 2013 Senior Lien Reserve Fund Requirement, provided that (i) draws on the Series 2013 Senior Lien Reserve Fund Letter of Credit, (ii) cash delivered by JPMorgan Chase Bank in substitution for the Series 2013 Senior Lien Reserve Fund Letter of Credit or (iii) any collateral delivered by JPMorgan Chase Bank pursuant to **Section 9.6(b)(3)** may not be used for this purpose.

(g) Notwithstanding the provisions of this **Section 9.6**, if the terms of the Series 2013 Senior Lien Reserve Fund Letter of Credit allow for reinstatement, the Issuer may direct the Trustee to make a withdrawal from the Series 2013 Senior Lien Reserve Fund by delivering a certificate in substantially the form attached hereto as **Exhibit 9.6(g)** for the purpose of optionally redeeming Senior Lien Reserve Fund Warrants, but only if (i) redemption of such Senior Lien Reserve Fund Warrants will have the effect of reinstating coverage under the Series 2013 Senior Lien Reserve Fund Letter of Credit in the amount of such withdrawal, and (ii) the result of such

withdrawal immediately after giving effect to reinstatement of the Series 2013 Senior Lien Reserve Fund Letter of Credit is that the Issuer meets the Series 2013 Senior Lien Reserve Fund Requirement, taking into account amounts held in the Series 2013 Senior Lien Reserve Fund and the coverage provided by the Series 2013 Senior Lien Reserve Fund Letter of Credit; provided that cash delivered by JPMorgan Chase Bank in substitution for the Series 2013 Senior Lien Reserve Fund Letter of Credit or collateral (if any) delivered by JPMorgan Chase Bank pursuant to **Section 9.6(b)(3)** shall not be used for this purpose.

(h) For the avoidance of doubt, none of the Series 2013 Senior Lien Reserve Fund Letter of Credit nor cash delivered by JPMorgan Chase Bank in substitution for the Series 2013 Senior Lien Reserve Fund Letter of Credit nor collateral (if any) delivered by JPMorgan Chase Bank pursuant to **Section 9.6(b)(3)** may be drawn upon to pay Debt Service due on optional redemption of the Series 2013 Senior Lien Obligations.

#### **SECTION 9.7 Series 2013 Subordinate Lien Reserve Fund**

(a) There is hereby established a special trust fund which shall be designated the "Series 2013 Subordinate Lien Reserve Fund". The Trustee shall be the depository, custodian and sole disbursing agent for the Series 2013 Subordinate Lien Reserve Fund. The Series 2013 Subordinate Lien Reserve Fund shall be part of the Series 2013 Subordinate Lien Trust Estate and shall be held by the Trustee for the sole benefit of the Holders of the Series 2013 Subordinate Lien Obligations.

(b) On the date of issuance of the Series 2013 Subordinate Lien Obligations, the Issuer shall deliver to the Trustee the Series 2013 Subordinate Lien Reserve Fund Letter of Credit. The Series 2013 Subordinate Lien Reserve Fund Letter of Credit shall be part of the Series 2013 Subordinate Lien Reserve Fund. The Series 2013 Subordinate Lien Reserve Fund Letter of Credit shall meet each of the following requirements:

(1) The Series 2013 Subordinate Lien Reserve Fund Letter of Credit shall be irrevocable so long as Series 2013 Subordinate Lien Obligations are Outstanding and shall be irrevocably payable to the Trustee, as trustee for the benefit of the Holders of Series 2013 Subordinate Lien Obligations.

(2) The Series 2013 Subordinate Lien Reserve Fund Letter of Credit shall provide for payment at sight of a properly completed draw request by wire transfer in accordance with the written instructions of the Trustee.

(3) The Series 2013 Subordinate Lien Reserve Fund Letter of Credit shall provide for delivery of collateral to the Trustee should a rating maintained by any one Rating Agency with respect to [the long-term obligations of] JPMorgan Chase Bank fall to or below one of following rating categories: [\_\_\_\_\_] (or its equivalent)] assigned by a Rating Agency at any time the Series 2013 Subordinate Lien Obligations are Outstanding. Collateral delivery shall not create an obligation of the Issuer to reimburse JPMorgan Chase Bank, unless such collateral is withdrawn as provided in **Section 9.7(c)**. The required collateral shall be in the form of cash or Qualified Investments, which shall be deposited in a segregated account within the Series 2013 Subordinate Lien Reserve Fund, to be held or returned by the Trustee subject to the provisions of the Series 2013 Collateral Support Agreement.

JPMorgan Chase Bank may deliver cash in substitution of its Series 2013 Subordinate Lien Reserve Fund Letter of Credit at any time, provided that the amount of such cash delivered in substitution therefor is equal to the then available stated amount under the Series 2013 Subordinate Lien Reserve Fund Letter of Credit. Any money delivered by JPMorgan Chase Bank as provided in this Section shall be deposited in a segregated account of the Series 2013 Subordinate Lien Reserve Fund, to be held or returned by the Trustee pursuant to the provisions of **Section 9.7(e)**.

(c) Withdrawals from the Series 2013 Subordinate Lien Reserve Fund shall be made in the following order:

(1) On or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Subordinate Lien Obligations, the Trustee shall withdraw money in the Series 2013 Subordinate Lien Reserve Fund (other than collateral (if any) provided by JPMorgan Chase Bank

pursuant to **Section 9.7(b)(3)**) and use such money to pay Debt Service on the Series 2013 Subordinate Lien Obligations, but only if money on deposit in the Series 2013 Subordinate Lien Debt Service Fund for the payment of such Debt Service is not sufficient for such purpose and payment from the Series 2013 Subordinate Lien Reserve Fund is necessary to prevent a default in the payment of such Debt Service.

(2) If the amount available under **Section 9.7(c)(1)** is insufficient to provide the funds necessary to prevent a default in the payment of Debt Service on the Series 2013 Subordinate Lien Obligations, on or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Subordinate Lien Obligations, the Trustee shall either (i) draw upon the Series 2013 Subordinate Lien Reserve Fund Letter of Credit in the minimum amount of \$100,000, or (ii) transfer cash delivered by JPMorgan Chase Bank in substitution of its Series 2013 Subordinate Lien Reserve Fund Letter of Credit, and the proceeds of such draw or transfer shall be used to pay Debt Service on the Series 2013 Subordinate Lien Obligations, but only if money on deposit in the Series 2013 Subordinate Lien Debt Service Fund for the payment of such Debt Service is not sufficient for such purpose and payment from the Series 2013 Subordinate Lien Reserve Fund is necessary to prevent a default in the payment of such Debt Service. The balance of the proceeds of any draw not needed for transfer to the Series 2013 Subordinate Lien Debt Service Fund shall be deposited in the Series 2013 Subordinate Lien Reserve Fund.

(3) If the Trustee draws upon the Series 2013 Subordinate Lien Reserve Fund Letter of Credit and JPMorgan Chase Bank fails to honor such draw, on or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Subordinate Lien Obligations, the Trustee shall withdraw collateral (if any) provided by JPMorgan Chase Bank pursuant to **Section 9.7(b)(3)** in an amount up to the amount requested in such dishonored draw request and use such money to pay Debt Service on the Series 2013 Subordinate Lien Obligations, but only if money on deposit in the Series 2013 Subordinate Lien Debt Service Fund for the payment of such Debt Service is not sufficient for such purpose and payment from the Series 2013 Subordinate Lien Reserve Fund is necessary to prevent a default in the payment of such Debt Service.

(d) If any withdrawal from the Series 2013 Subordinate Lien Reserve Fund is made pursuant to **Section 9.7(c)**, the Trustee shall, on or before the twenty-fifth day of each month after such withdrawal (in accordance with the priority specified in **Section 9.2**), transfer money from the Revenue Fund to the Series 2013 Subordinate Lien Reserve Fund in an amount equal to the lesser of (i) 1/12 of the amount withdrawn or (ii) the amount required to restore the balance in the Series 2013 Subordinate Lien Reserve Fund to the Series 2013 Subordinate Lien Reserve Fund Requirement; provided that withdrawals made pursuant to **Section 9.7(e)**, **9.7(f)** or **9.7(g)** need not be reimbursed by the Issuer.

(e) On or before October 1 of each year and on or before the date of any optional redemption or Defeasance of Series 2013 Subordinate Lien Obligations, the Trustee shall determine the balance in the Series 2013 Subordinate Lien Reserve Fund. The balance in the Series 2013 Subordinate Lien Reserve Fund shall be determined by valuing Qualified Investments on deposit at fair market value as of the date of determination (exclusive of accrued interest) and by valuing the Series 2013 Subordinate Lien Reserve Fund Letter of Credit on deposit at the then current amount of permissible draws available thereunder on the date of determination. The Trustee may value Qualified Investments or the Series 2013 Subordinate Lien Reserve Fund Letter of Credit on any Business Day up to three Business Days prior to the date of any transfer or withdrawal permitted by this **Section 9.7**. The amount, if any, by which the balance in the Series 2013 Subordinate Lien Reserve Fund on any such determination date exceeds the Series 2013 Subordinate Lien Reserve Fund Requirement shall be applied by the Trustee as follows:

(1) Excess money attributable to funds deposited into the Series 2013 Subordinate Lien Reserve Fund from System Revenues shall be transferred to the Series 2013 Subordinate Lien Debt Service Fund, or

(2) Excess money attributable to funds deposited into the Series 2013 Subordinate Lien Reserve Fund by JPMorgan Chase Bank in substitution of the Series 2013 Subordinate Lien Reserve Fund Letter of Credit shall be returned to JPMorgan Chase Bank.

Losses attributable investment of cash deposited into the Series 2013 Subordinate Lien Reserve Fund by JPMorgan Chase Bank in substitution of its Series 2013 Subordinate Lien Reserve Fund Letter of Credit shall be reimbursed by JPMorgan Chase Bank within 15 business days of written demand therefor by the Trustee. Subject to the Series 2013 Collateral Support Agreement, to the extent collateral has been delivered by JPMorgan Chase Bank pursuant to **Section 9.7(b)(3)**, the Trustee shall not transfer the amount of such collateral under the provisions of this **Section 9.7(e)**.

(f) The Trustee may transfer funds on deposit in the Series 2013 Subordinate Lien Reserve Fund to a trust created pursuant to **Article 14** for the benefit of the Series 2013 Subordinate Lien Obligations, so long as the balance in the Series 2013 Subordinate Lien Reserve Fund, after giving effect to such transfer, is not less than the Series 2013 Subordinate Lien Reserve Fund Requirement, provided that (i) draws on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, (ii) cash delivered by JPMorgan Chase Bank in substitution for the Series 2013 Subordinate Lien Reserve Fund Letter of Credit or (iii) any collateral delivered by JPMorgan Chase Bank pursuant to **Section 9.7(b)(3)** may not be used for this purpose.

(g) Notwithstanding the provisions of this **Section 9.7**, if the terms of the Series 2013 Subordinate Lien Reserve Fund Letter of Credit allow for reinstatement, the Issuer may direct the Trustee to make a withdrawal from the Series 2013 Subordinate Lien Reserve Fund by delivering a certificate in substantially the form attached hereto as **Exhibit 9.7(g)** for the purpose of optionally redeeming Subordinate Lien Reserve Fund Warrants, but only if (i) redemption of such Subordinate Lien Reserve Fund Warrants will have the effect of reinstating coverage under the Series 2013 Subordinate Lien Reserve Fund Letter of Credit in the amount of such withdrawal, and (ii) the result of such withdrawal immediately after giving effect to reinstatement of the Series 2013 Subordinate Lien Reserve Fund Letter of Credit is that the Issuer meets the Series 2013 Subordinate Lien Reserve Fund Requirement, taking into account amounts held in the Series 2013 Subordinate Lien Reserve Fund and the coverage provided by the Series 2013 Subordinate Lien Reserve Fund Letter of Credit; provided that cash delivered by JPMorgan Chase Bank in substitution for the Series 2013 Subordinate Lien Reserve Fund Letter of Credit or collateral (if any) delivered by JPMorgan Chase Bank pursuant to **Section 9.7(b)(3)** shall not be used for this purpose.

(h) For the avoidance of doubt, none of the Series 2013 Subordinate Lien Reserve Fund Letter of Credit nor cash delivered by JPMorgan Chase Bank in substitution for the Series 2013 Subordinate Lien Reserve Fund Letter of Credit nor collateral (if any) delivered by JPMorgan Chase Bank pursuant to **Section 9.7(b)(3)** may be drawn upon to pay Debt Service due on optional redemption of the Series 2013 Subordinate Lien Obligations.

## **SECTION 9.8 Capital Improvement Fund**

(a) There is hereby established with the Trustee a trust fund which shall be designated the "Capital Improvement Fund". The Trustee shall be the depository, custodian and disbursing agent for the Capital Improvement Fund. The Capital Improvement Fund shall be part of the General Trust Estate and shall be held by the Trustee for the benefit of the Holders of all Secured Obligations.

(b) On or before the twenty-fifth day of each month, if all payments and deposits required during such month by **Section 9.2(a)(1)** through (7) have been made, the Trustee shall deposit the remaining money in the Capital Improvement Fund pursuant to **Section 9.2(a)(10)**, but only to the extent the Issuer has not requested funds from the Trustee for the purposes described in **Sections 9.2(a)(8)** and (9).

(c) Money in the Capital Improvement Fund may be used for the following purposes:

(1) If no Indenture Default exists, the Issuer may withdraw money from the Capital Improvement Fund from time to time for the purpose of paying (A) costs of Capital Improvements to the System, (B) the purchase price of Secured Obligations purchased pursuant to the provisions of **Section 6.2**, (C) the purchase price of Callable Warrants purchased in lieu of optional redemption pursuant to the provisions of **Section 7.9**, (D) amounts needed for optional redemption of Secured Obligations, or (E) amounts necessary to pay Rebate Liability, if the Issuer delivers to the Trustee a requisition substantially in the form attached as **Exhibit 9.8(c)**, executed by an Authorized Issuer Representative.



(2) If money on deposit with the Trustee in the related Debt Service Fund is not sufficient for the timely payment of Debt Service due on Secured Obligations, the Trustee may transfer money from the Capital Improvement Fund to the related Debt Service Fund to the extent necessary for payment of such Debt Service.

(3) If money on deposit in the Operating Account is not sufficient for the timely payment of Operating Expenses, the Issuer may direct the Trustee to transfer money from the Capital Improvement Fund to the Operating Account for the payment of Operating Expenses.

(4) On the date of issuance of any Secured Obligations, the Issuer may direct the Trustee to transfer money from the Capital Improvement Fund to any related Secured Obligation Reserve Fund, subject to the terms and conditions of *Section 8.2(a)(I)(G)*.

#### **SECTION 9.9 Costs of Issuance Fund**

(a) There is hereby established with the Trustee a trust fund which shall be designated the "Costs of Issuance Fund". The Trustee shall be the depository, custodian and disbursing agent for the Costs of Issuance Fund. The Costs of Issuance Fund shall be part of the General Trust Estate.

(b) A deposit to the Costs of Issuance Fund shall be made from the proceeds of the Warrants, as provided in *Section 5.7*. Any Supplemental Indenture with respect to the issuance of Secured Obligations may provide for additional deposits to the Costs of Issuance Fund.

(c) Money in the Costs of Issuance Fund shall be paid by the Trustee from time to time for the purpose of paying Costs of Issuance with respect to Secured Obligations upon delivery to the Trustee of a written direction executed by an Authorized Issuer Representative, together with a copy of each invoice to which such request relates.

(d) At the request of the Issuer, the Trustee shall establish a separate account within the Costs of Issuance Fund for the proceeds of any series of Secured Obligations.

(e) After an Authorized Issuer Representative certifies to the Trustee that money remaining in the Costs of Issuance Fund is not needed to pay Costs of Issuance with respect to the Warrants, any balance remaining in the Costs of Issuance Fund shall be transferred to the Revenue Fund.

#### **SECTION 9.10 Clearing Accounts and Fund Subaccounts**

(a) In connection with the issuance of any Secured Obligations hereunder, at the direction of the Issuer, the Trustee shall create a clearing account to receive and disburse initial proceeds from the sale of any Secured Obligations hereunder and other funds of the Issuer delivered to the Trustee in connection with the issuance of such Secured Obligations.

(b) At the direction of the Issuer, the Trustee shall create one or more accounts within any Indenture Fund, which account or accounts shall, for all purposes, constitute a part of the Indenture Fund to which they relate.

#### **SECTION 9.11 Investment of Indenture Funds**

(a) Except as otherwise expressly provided in this Indenture, any money held as part of an Indenture Fund (other than the Operating Account) shall be invested or reinvested in Qualified Investments by the Trustee in accordance with the instructions of the Issuer. The Trustee may rely on the direction of the Issuer as to both the legality and suitability of the directed investment. In the absence of such instructions, the Trustee may hold such money in cash or in the investments described in paragraph (g) of the definition of Qualified Investments. Interest and profits on investments in the Series 2013 Senior Lien Reserve Fund shall be transferred to the Series 2013 Senior Lien Debt Service Fund, as provided in *Section 9.6(e)*. Interest and profits on investments in the Series 2013 Subordinate Lien Reserve Fund shall be transferred to the Series 2013 Subordinate Lien Debt Service Fund, as provided in *Section 9.7(e)*. Except as provided with respect to investment earnings on the Series 2013 Senior Lien

Reserve Fund and the Series 2013 Subordinate Lien Reserve Fund, any investment made with money on deposit in an Indenture Fund shall be held by or under control of the Trustee and shall be deemed at all times a part of the Indenture Fund where such money was on deposit, and the interest and profits realized from such investment shall be credited to such Indenture Fund and any loss resulting from such investment shall be charged to such Indenture Fund. The Issuer may invest funds in the Operating Account in only Qualified Investments.

(b) Any investment of money in the Indenture Funds may be made by the Trustee through its own bond department, investment department or other commercial banking department providing investment services.

(c) The Trustee shall follow the instructions of the Issuer with respect to investments of the Indenture Funds as provided in this Section, and the Trustee shall not be responsible for (i) determining that any such investment complies with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code, or (ii) calculating the amount of any Rebate Liability. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it at the direction of the Issuer or for whether any such investment is a Qualified Investment.

(d) If the Trustee shall have actual notice that any Qualified Investments held by the Trustee shall no longer have the required rating, the Trustee shall promptly notify the Issuer of the downgrade or withdrawal of such investment's rating.

#### **SECTION 9.12 Application of Funds After Indenture Indebtedness Defeased**

(a) After any series of Secured Obligations has been paid or Defeased, any money or investments remaining in the related Secured Obligation Debt Service Funds or the related Secured Obligation Reserve Funds shall be transferred to the Revenue Fund.

(b) After all Indenture Indebtedness has been paid or Defeased, any money or investments remaining in the Indenture Funds or otherwise constituting part of the Trust Estate shall be paid to the Issuer if no Indenture Default exists.

(c) Notwithstanding the provisions of this Section, any collateral deposited in the Series 2013 Senior Lien Reserve Fund pursuant to *Section 9.6(b)(3)* or any collateral deposited in the Series 2013 Subordinate Lien Reserve Fund pursuant to *Section 9.7(b)(3)* shall be directed as provided in the Series 2013 Collateral Support Agreement.

### **ARTICLE 10**

#### **Representations and Covenants**

##### **SECTION 10.1 General Representations**

The Issuer makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Under the provisions of the Enabling Law and its organizational documents, it has the power to consummate the transactions described in the Secured Obligation Documents.

(b) The Secured Obligation Documents to which it is a party constitute legal, valid and binding obligations of the Issuer and are enforceable against it in accordance with the terms of such Secured Obligation Documents, except as enforcement thereof may be limited by (i) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases.

(c) The lien imposed by this Indenture is a first-priority valid, binding lien on System Revenues and on the Trust Estate. The Issuer's title to the System as it presently exists is free and clear of any encumbrance or other lien, other than liens permitted by *Section 10.8(c)*.

## **SECTION 10.2 Encumbrances on Trust Estate**

The Issuer will not create any pledge, charge, encumbrance or lien of any kind on the Trust Estate or any part thereof prior to or on a parity with the lien of this Indenture and will not create or permit any other lien on the Trust Estate or any part thereof except as permitted by *Article 8* and *Section 10.8*.

## **SECTION 10.3 Payment of Secured Obligations**

The Issuer will, from funds constituting part of the Trust Estate, duly and punctually pay, or cause to be paid, the Debt Service on the Secured Obligations as and when the same shall become due and will, from funds constituting a part of the Trust Estate, duly and punctually deposit, or cause to be deposited, in the Indenture Funds the amounts required to be deposited therein, all in accordance with the terms of the Secured Obligations and this Indenture.

## **SECTION 10.4 Inspection of Records**

The Issuer will at any and all times, upon the request of the Trustee, afford and procure a reasonable opportunity for the Trustee by its representatives to inspect any books, records, reports and other papers of the Issuer relating to the performance by the Issuer of its covenants in this Indenture, and the Issuer will furnish to the Trustee any and all information as the Trustee may reasonably request with respect to the performance by the Issuer of its covenants in this Indenture.

## **SECTION 10.5 Advances by Trustee**

If the Issuer shall fail to perform any of its covenants in this Indenture, the Trustee may, but shall not be required, at any time and from time to time, to make advances to effect performance of any such covenant on behalf of the Issuer. Any money so advanced by the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand and such advances shall be secured under this Indenture prior and senior in right to any Secured Obligations.

## **SECTION 10.6 Transfer of System**

(a) The Issuer may transfer the System substantially as an entirety to another person if

(1) the person who acquires by conveyance or transfer the System substantially as an entirety (the "Successor") shall execute and deliver to the Trustee an instrument in form recordable and acceptable to the Trustee containing an assumption by such Successor of the due and punctual payment of the Debt Service on the Secured Obligations and the performance and observance of every covenant and condition of the Secured Obligation Documents to be performed or observed by the Issuer; and

(2) the Issuer shall deliver to the Trustee a Favorable Tax Opinion.

(b) Upon any conveyance or transfer of the System substantially as an entirety in accordance with this Section, the Successor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Successor had been named as the Issuer herein. Upon any conveyance or transfer of the System substantially as an entirety in accordance with this Section, the Issuer shall be released from all further obligations of whatsoever type hereunder.

## **SECTION 10.7 Compliance with the Tax Certificate and Agreement**

(a) The Issuer will comply with the covenants and agreements on its part contained in the Tax Certificate and Agreement.

(b) Pursuant to Section 148(f) of the Internal Revenue Code, the Issuer must monitor and pay over to the U.S. Treasury any Rebate Liability when due. *Section 9.2(a)(8)* permits the Issuer to make withdrawals from the Revenue Fund for the purpose of paying Rebate Liability with respect to Secured Obligations.

## SECTION 10.8 Covenants Regarding Ownership and Operation of the System

The Issuer covenants and agrees that:

(a) **Maintenance and Operation of the System.** The Issuer shall keep the System in good repair and efficient operating condition, making from time to time all needed repairs and replacements thereto, the cost of which shall be paid solely from System Revenues and the Sewer Tax Proceeds, and it will continuously operate the System in an economical and efficient manner. The Issuer shall maintain and operate the System in accordance with all applicable federal and state law, including the Consent Decree, and prudent industry practices.

(b) **Preservation of Priority of Pledge.** The Issuer will protect and preserve the priority of the pledge and assignment of the System Revenues imposed by this Indenture and will not grant or permit any encumbrance, pledge or lien on the System Revenues other than:

(1) a lien on revenues from any sewer system acquired by the Issuer after the date of delivery of this Indenture if such lien (i) was already in existence at the time of acquisition of such system by the Issuer, and (ii) is not renewed or extended by the Issuer so that such lien applies to the System as it existed immediately prior to such acquisition;

(2) a lien arising in the ordinary course of business described in *Section 10.8(c)(1)*; and

(3) a lien that is subject and subordinate to the lien of this Indenture.

(c) **Encumbrances on Other System Assets.** Liens on System Revenues are not permitted except as provided in *Section 10.8(b)*. The Issuer shall not grant or permit any encumbrance, pledge or lien on any other assets constituting part of the System other than:

(1) liens arising in the ordinary course of business of operating the System (other than liens to secure debt), including (i) pledges or deposits to secure obligations under workmen's compensation laws or similar legislation, including liens of judgments thereunder which are not currently dischargeable, (ii) pledges or deposits to secure performance in connection with bids, tenders, contracts (other than contracts for the payment of money) or leases made in the ordinary course of business to which the Issuer is a party as lessee, (iii) pledges or deposits to secure public or statutory obligations of the Issuer, (iv) materialmen's, mechanics', carriers', workmen's, repairmen's, or other similar liens arising in the ordinary course of business, or deposits to obtain the release of such liens, provided that payment of the amount secured by such lien is not delinquent or payment is being contested in good faith by appropriate proceedings, (v) liens resulting from any judgment that is being contested in good faith by appropriate proceedings if execution on such judgment is effectively stayed, and pledges or deposits to secure, or provided in lieu of, any surety, stay or appeal obligation with respect to any such judgment, (vi) leases made, or existing on assets acquired, in the ordinary course of business, (vii) zoning restrictions, easements, licenses, restrictions on the use of real property or minor irregularities in title thereto, which do not, in the opinion of the Issuer, materially impair the use of such property in the operation of the business of the Issuer or the value of such property for the purpose of such business, (viii) pledges or deposits to enable the Issuer to maintain self-insurance or to participate in any self-insurance pools or trusts, and (ix) liens on money deposited by users of utility services as security for, or as prepayment of, the cost of, utility services to be rendered by the Issuer;

(2) restrictions or other liens on an asset created prior to, or as a condition of, the transfer of such asset to the Issuer by an unrelated entity; and

(3) capitalized leases and other title retention agreements with respect to movable personal property or vehicles entered into in connection with the original acquisition of the asset.

(d) **Disposition of Portions of the System.** The Issuer shall not convey, transfer, sell, lease or otherwise dispose of any asset constituting part of the System (other than in the ordinary course of business) unless no Indenture Default exists when such disposition is made and such disposition meets one of the following tests:

(1) Such disposition is made pursuant to a transfer of substantially all of the assets of the Issuer permitted by *Section 10.6* of this Indenture.

(2) In the judgment of the Issuer, the asset to be disposed of consists of property, plant or equipment that is obsolete, worn out, unprofitable, unsuitable or surplus and such disposition will not materially impair the structural soundness, efficiency or economic value of the remaining operating assets of the System.

(3) The property disposed of is real property, no portion of the Issuer's operating assets are located on the property, and the Issuer receives consideration in an amount not less than the fair market value of such property. The proceeds of such disposition shall either be deposited in the Capital Improvement Fund or used to redeem, Defease or purchase Secured Obligations in the following order:

(A) *First*, Senior Lien Obligations.

(B) *Second*, Subordinate Lien Obligations.

(4) The property disposed of constitutes part of the Issuer's operating assets, and both of the following conditions are met:

(A) The Issuer receives consideration in an amount not less than the fair market value of the asset disposed of.

(B) If such asset being disposed of has a fair market value on disposition of less than 2.5% of the aggregate value of current and noncurrent assets of the System, prior to the disposition of such asset, the Issuer delivers to the Trustee a report of an Independent Consultant (i) expressing the opinion that such disposition will not impair the safe and efficient operation of the remaining portions of the System and (ii) demonstrating expected compliance with the Required Coverage Ratios for the then current and each of the following four Fiscal Years; provided that, if the value of the asset being disposed of is less than \$1,000,000, the Issuer may deliver a report of an Independent Certified Public Accountant. If the value of such asset being disposed of has a fair market value on disposition of an amount equal to or in excess of 2.5% of the aggregate value of current and noncurrent assets of the System, such report shall include a forecast of (x) the amount of Net Income Available for Debt Service to be realized by the System in the then current and each of the following four Fiscal Years, based on rates and charges for the System already adopted by the Issuer, (y) the projected Debt Service Requirements in the then current and each of the following four Fiscal Years, and (z) the resulting coverage ratios expressed in accordance with the definition of Required Coverage Ratios. Notwithstanding the foregoing, the fair market value of all assets disposed of in any Fiscal Year shall not exceed 5% of the aggregate value of current and noncurrent assets of the System.

The proceeds of such disposition shall either be deposited in the Capital Improvement Fund or used to redeem, Defease or purchase Secured Obligations in the following order:

(Y) *First*, Senior Lien Obligations.

(Z) *Second*, Subordinate Lien Obligations.

(e) **Books and Records.** The Issuer shall maintain complete books and records pertaining to the System and all receipts and disbursements with respect thereto. All transactions shall be recorded within thirty days after the transaction giving rise to the entry.

(f) **Budget and Related Financial Data.** Not later than the beginning of each Fiscal Year, the Issuer shall deliver to the Trustee:

- (1) the operating budget of the System for such Fiscal Year and the Issuer's calculation of the Required Operating Reserve for such Fiscal Year; and
- (2) the capital improvement budget of the System for such Fiscal Year.

The budget in effect for any Fiscal Year may be amended or revised by the Issuer in accordance with changed circumstances and conditions at any time during such Fiscal Year. Any revised budget shall be delivered to the Trustee.

(g) **Audit.** The Issuer shall deliver to the Trustee audited financial statements of the System for each Fiscal Year, including a report by the Issuer's auditors with respect to such financial statements, not later than 270 days after the date of issuance of the Warrants for the Fiscal Year ended September 30, 2013 and not later than 270 days after the end of each Fiscal Year thereafter.

(h) **No Free Service.** The Issuer shall not furnish any free utility service to any person, including the State or any other political subdivision, provided that the Issuer may waive impact fees for municipal facilities that will be used directly by a municipal governing body for carrying out their governmental functions.

(i) **Imposition of Liens for Failure to Pay.** To the extent permitted by law, if the account of any customer of utility service supplied by the System shall remain unpaid after such account shall become due (or such longer period, if any, as may be required for compliance with applicable federal and state law) after exhausting reasonable collection efforts, the Issuer shall promptly impose a lien upon the real property of such customer, but upon subsequent payment of the account, including any penalties which may be provided for in the applicable schedule of rates and charges, together with all costs associated with imposition of such lien, the Issuer may release the lien imposed upon the real property of such customer.

(j) **Insurance.** The Issuer shall maintain insurance with respect to the System against such risks as are customarily insured against by utility systems similar in size and character to the System, including:

- (1) Insurance against loss or damage by fire or other casualty covered by the standard form of extended coverage endorsement at the time in use in the State, with loss retention or deductible amounts from coverage that, in the judgment of the Issuer, are customary and prudent for the System;
- (2) Self-insurance against liability for bodily injury to or death of persons (including the operation of vehicles owned or leased by the Issuer and used in connection with the System), in the minimum amounts of \$100,000 for bodily injury or death for one person in any single occurrence or \$300,000 in the aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence; provided, however, that the coverage required by this paragraph shall be increased should the law limiting the Issuer's liability for such risks be amended to increase the Issuer's exposure to such liability; and
- (3) Workmen's compensation insurance respecting all employees of the System in such amount as is customarily carried by utility systems similar in size and character to the System; provided, that the Issuer may, at its election, be self-insured for such risk to the extent customary at the time for utility systems similar in size and character to the System.

#### **SECTION 10.9 Maintenance of Rates**

(a) The Confirmed Plan of Adjustment includes the Issuer's obligation to comply with the Rate Resolution. The Issuer hereby adopts the Rate Resolution as part of this Indenture and hereby covenants and agrees that, so long as any of the Secured Obligations are Outstanding, it will keep the Rate Resolution in full force and effect and will comply with the terms of the Rate Resolution. The Issuer's obligation to comply with the Rate

Resolution is cumulative and in addition to its separate and independent covenant and agreement to comply with the terms and conditions of **Section 10.9(b)** and **Section 10.9(c)**.

(b) If the results of operations for the System for any Fiscal Year fail to comply with the Required Coverage Ratios, within 90 days after the beginning of the following Fiscal Year, the Issuer shall deliver to the Trustee (i) a revised schedule of rates and charges for System services, duly adopted by the Issuer after the beginning of the prior Fiscal Year (or during the then current Fiscal Year), (ii) a forecast of results of operations for the then current Fiscal Year, and (iii) a certificate of the Issuer's County Manager and Chief Financial Officer stating in effect that, after taking into account remedial action approved by the Issuer (including such revised schedule of rates and charges), the Issuer reasonably expects in good faith to be in compliance with the Required Coverage Ratios as of the end of such Fiscal Year.

(c) If the results of operations of the System fail to comply with the Required Coverage Ratios for two consecutive Fiscal Years, within 60 days after the beginning of the following Fiscal Year, the Issuer shall retain an Independent Consultant to recommend a revised schedule of rates and charges for System services and other actions to improve the results of operations for the System in accordance with the following procedures.

(1) The Issuer shall notify the Trustee of the identity of the proposed Independent Consultant, and the Trustee shall send notice of such proposed engagement to the Holders containing information on how to object to the proposed Independent Consultant. If both the Holders of more than 50% of the outstanding principal amount of the Senior Lien Obligations and the Holders of more than 50% of the outstanding principal amount of the Subordinate Lien Obligations object to the identity of the Issuer's proposed Independent Consultant in writing in accordance with the instructions of the Trustee within 15 calendar days of the giving of such notice, the Trustee shall provide notice to the Issuer of the Holders' rejection of the Issuer's proposed Independent Consultant together with the results of voting. If the requisite percentages of Holders do not reject the Issuer's proposed Independent Consultant in writing, the Trustee shall notify the Issuer that the Holders have not rejected the Issuer's proposed Independent Consultant.

(2) If the Holders vote to reject the Issuer's proposed Independent Consultant, the Issuer shall propose a new Independent Consultant to the Trustee, and the process provided for in **Section 10.9(c)(1)** shall be repeated until the requisite percentages of Holders do not reject the Issuer's proposed Independent Consultant.

(3) Within 45 days after the end of the last Holder notice and voting period provided for in the previous subparagraphs, the Issuer shall deliver to the Trustee a report of the Independent Consultant containing (i) the Independent Consultant's recommendation for a revised schedule of rates and charges for System services, (ii) recommendations for other actions to improve the results of operations of the System, (iii) a forecast of results of operations for such Fiscal Year (taking into account the remedial actions recommended), and (iv) a statement by the Independent Consultant that, after taking into account remedial action recommended, it expects the Issuer to be in compliance with the Required Coverage Ratios as of the end of such Fiscal Year. The engagement of an Independent Consultant shall be continued or renewed each Fiscal Year until the Issuer has achieved compliance with the Required Coverage Ratios for a full Fiscal Year. A new or revised report must be delivered by the Independent Consultant in each Fiscal Year of the engagement. The Issuer shall adopt the Independent Consultant's recommended schedule of rates and charges not later than 30 days after the delivery of any such report to the Trustee and shall follow the other recommendations of the Independent Consultant to the extent feasible and lawful.

(d) If the Issuer undertakes the remedial action required by **Section 10.9(b)** and **Section 10.9(c)**, the failure to achieve the Required Coverage Ratios in any one Fiscal Year shall not constitute an Indenture Default; provided, however, that (i) any default in the payment of Debt Service on Secured Obligations shall constitute an Indenture Default under **Section 11.1(a)**; and (ii) the failure to make a Required Transfer or Deposit shall, after notice and the passage of time provided in **Section 11.1(b)**, constitute an Indenture Default under **Section 11.1(b)**. If the Issuer undertakes the remedial action required by **Section 10.9(b)** and **Section 10.9(c)**, the failure to achieve the Required Coverage Ratios in three consecutive Fiscal Years shall not constitute an Indenture Default if the Issuer demonstrates compliance with the Required Coverage Ratios by substituting "115%" for "125%" in the ratio

applicable to Senior Lien Obligations; otherwise, a failure to achieve the Required Coverage Ratios in three consecutive Fiscal Years shall constitute an Indenture Default under *Section 11.1(d)*, without regard to any provisions requiring notice or permitting an opportunity to cure, even if the Issuer is undertaking remedial action.

## ARTICLE 11

### Defaults and Remedies

#### SECTION 11.1 Events of Default

Any one or more of the following shall constitute an event of default (an “Indenture Default”) under this Indenture (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) failure to pay Debt Service on any Secured Obligation when such Debt Service becomes due and payable, whether at its scheduled due date, by declaration of acceleration or call for redemption or otherwise; or
- (b) failure by the Issuer to make any Required Transfer or Deposit for more than 10 days after notice from the Trustee of such failure; or
- (c) failure by the Issuer to restore the Reserve Fund Requirement to its required balance within 13 months of the latest withdrawal from any Secured Obligation Reserve Fund; or
- (d) default in the performance, or breach, of any covenant or warranty of the Issuer in this Indenture (other than a covenant or warranty a default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after written notice of such default or breach, stating that such notice is a “notice of default” hereunder, has been given to the Issuer by the Trustee, or to the Issuer and the Trustee by the Holders of at least 25% in principal amount of either (1) the Outstanding Secured Obligations or (2) the Outstanding Senior Lien Obligations, unless, in the case of a default or breach that cannot be cured by the payment of money, the Issuer initiates efforts to correct such default or breach within 30 days from the receipt of such notice and diligently pursues such action until the default or breach is corrected; or
- (e) an Act of Bankruptcy by the Issuer; or
- (f) an event of default, as therein defined, shall occur under any Supplemental Indenture and any applicable grace or notice period shall expire.

#### SECTION 11.2 Remedies

(a) **Acceleration of Maturity by Trustee.** If an Indenture Default exists, the Trustee may declare the principal of all Secured Obligations, the interest accrued thereon or the Accreted Value thereof to be due and payable immediately, by notice to the Issuer, and upon any such declaration such Debt Service shall become immediately due and payable. At any time after such a declaration of acceleration has been made pursuant to this *Section 11.2(a)*, the Holders of a majority in principal amount of the Secured Obligations Outstanding may, by notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if:

- (1) the Issuer has deposited with the Trustee a sum sufficient to pay
  - (A) all overdue installments of interest on all Secured Obligations,
  - (B) the principal of any Secured Obligations which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Secured Obligations,



(C) the Accreted Value of any Secured Obligations which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Secured Obligations,

(D) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Secured Obligations, and

(E) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Indenture Defaults, other than the nonpayment of the principal or Accreted Value of Secured Obligations which has become due solely by such declaration of acceleration, have been cured or have been waived as provided in *Section 11.10*; and

(3) no less than a majority in principal amount of the Senior Lien Obligations Outstanding consent to any rescission and annulment of acceleration of the Secured Obligations by the Trustee.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereupon.

(b) **Acceleration of Maturity by Holders.** If an Indenture Default exists, the Holders of not less than a majority in principal amount of the Outstanding Secured Obligations may declare the principal of all Secured Obligations, the interest accrued thereon or the Accreted Value thereof to be due and payable immediately, by notice to the Issuer and to the Trustee, and upon any such declaration such Debt Service shall become immediately due and payable, provided that no acceleration of any Secured Obligations may be declared by the Holders thereof unless no less than a majority in principal amount of the Outstanding Senior Lien Obligations declare, or consent to a declaration of, acceleration of the Secured Obligations. At any time after such a declaration of acceleration has been made pursuant to and in compliance with this *Section 11.2(b)*, the Holders of a majority in principal amount of the Secured Obligations Outstanding may, by notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if:

(1) the Issuer has deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest on all Secured Obligations,

(B) the principal of any Secured Obligations which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Secured Obligations,

(C) the Accreted Value of any Secured Obligations which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Secured Obligations,

(D) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Secured Obligations, and

(E) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Indenture Defaults, other than the nonpayment of the principal or Accreted Value of Secured Obligations which has become due solely by such declaration of acceleration, have been cured or have been waived as provided in *Section 11.10*; and

(3) no less than a majority in principal amount of the Senior Lien Obligations Outstanding consent to any rescission and annulment of acceleration of the Secured Obligations by the Holders.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereupon.

(c) **Receiver.** If an Indenture Default exists, the Trustee shall be entitled, upon the order of any court of competent jurisdiction, to the appointment of a receiver for the System and the System Revenues. The court appointing such receiver may grant to such receiver all powers and duties permitted by law, including the power to operate and maintain the System, the power to establish rates and charges for utility services provided by the System, and the power to collect all System Revenues.

(d) **Enforcement of the Confirmed Plan of Adjustment.** If an Indenture Default exists, the Trustee shall be entitled to petition the Bankruptcy Court or any other court of competent jurisdiction for an order enforcing the requirements of the Confirmed Plan of Adjustment, including an order compelling the Issuer to take one or more of the following remedial actions:

- (1) increase rates charged for System services so that the System generates sufficient revenues to cure any default under this Indenture, or
- (2) specifically perform the terms of the Rate Resolution or this Indenture.

(e) **Rights and Remedies Cumulative.** No right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Secured Obligations is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

(f) **Remedies Subject to Applicable Law.** All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

### **SECTION 11.3 Application of Money Collected**

(a) So long as an Indenture Default exists and so long as the Trustee or the Holders have not elected the remedies described in *Section 11.2(a)* or *11.2(b)*, any money collected by the Trustee from System Revenues and any other sums then held by the Trustee as part of the General Trust Estate, shall be applied by the Trustee in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any), Accreted Value, or interest on the Secured Obligations:

- (1) **First:** To the payment of all undeducted amounts due the Trustee under *Section 12.7*;
- (2) **Second:** To the payment to the Holders entitled thereto of all installments of interest (but not Accreted Value) then due on Senior Lien Obligations, in the order of the maturity of such amounts; and if the amount available shall not be sufficient to pay in full any particular installment or amount then due, then to payment ratably, according to the amounts due on such installment, to the Holders entitled thereto, without any preference or priority;
- (3) **Third:** To the payment to the Holders entitled thereto of the unpaid principal (or premium, if any), Accreted Value or redemption price of any Senior Lien Obligations which shall have become due (other than Senior Lien Obligations called for redemption for which moneys are held pursuant to the provisions of *Section 7.6* of this Indenture) in the order of their due dates; and if the amount available shall not be sufficient to pay in full all principal (or premium, if any) or Accreted Value due whether at maturity or by call for redemption on any particular date, then to the amount of such principal (or premium, if any) or Accreted Value, ratably, according to the amount of principal (or premium, if any) or Accreted Value due on such date, to the Holders entitled thereto, without any preference or priority;

(4) **Fourth:** To payment of all amounts described in *Section 9.2(a)(2)*, without regard to references to amounts due the Trustee, provided that, in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such amounts described in *Section 9.2(a)(2)*, then to the payment of such amounts due, without any preference or priority, ratably according to the aggregate amount so due;

(5) **Fifth:** To the payment to the Holders entitled thereto of all installments of interest (but not Accreted Value) then due on Subordinate Lien Obligations, in the order of the maturity of such amounts; and if the amount available shall not be sufficient to pay in full any particular installment or amount then due, then to payment ratably, according to the amounts due on such installment, to the Holders entitled thereto, without any preference or priority;

(6) **Sixth:** To the payment to the Holders entitled thereto of the unpaid principal (or premium, if any), Accreted Value or redemption price of any Subordinate Lien Obligations which shall have become due (other than Subordinate Lien Obligations called for redemption for which moneys are held pursuant to the provisions of *Section 7.6* of this Indenture) in the order of their due dates; and if the amount available shall not be sufficient to pay in full all principal (or premium, if any) or Accreted Value due whether at maturity or by call for redemption on any particular date, to the amount of such principal (or premium, if any) or Accreted Value, ratably, according to the amount of principal (or premium, if any) or Accreted Value due on such date, to the Holders entitled thereto, without any preference or priority;

(7) **Seventh:** To payment of all amounts described in *Section 9.2(a)(4)*, without regard to references to amounts due the Trustee, provided that, in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such amounts described in *Section 9.2(a)(4)*, then to the payment of such amounts due, without any preference or priority, ratably according to the aggregate amount so due;

(8) **Eighth:** To payment of amounts described in *Sections 9.2(a)(5)* through *9.2(a)(10)*, in the order specified in *Section 9.2*.

(b) So long as an Indenture Default exists and only upon the election of remedies described in *Section 11.2(a)* or *11.2(b)* and only for so long as the election of such remedies is not rescinded or annulled, any money collected by the Trustee from System Revenues and any other sums then held by the Trustee as part of the General Trust Estate, shall be applied by the Trustee in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any), Accreted Value or interest, on the Secured Obligations:

(1) **First:** To the payment of all undeducted amounts due the Trustee under *Section 12.7*;

(2) **Second:** To the payment of the whole amount then due and unpaid upon the Outstanding Senior Lien Obligations for principal or Accreted Value and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Senior Lien Obligations) on overdue principal or Accreted Value and on overdue installments of interest (including amounts due any provider of Credit Enhancement); and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Senior Lien Obligations, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

(3) **Third:** To the payment of the whole amount then due and unpaid upon the Outstanding Subordinate Lien Obligations for principal or Accreted Value and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Subordinate Lien Obligations) on overdue principal or Accreted Value and on overdue installments of interest (including amounts due any

provider of Credit Enhancement); and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Subordinate Lien Obligations, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

(4) **Fourth:** To the payment of the remainder, if any, to the Issuer or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

So long as an Indenture Default exists, if money in the General Trust Estate shall be insufficient to pay in full the whole amount so due and unpaid upon such Secured Obligations, then such amounts collected shall be applied by the Trustee in the order specified in *Section 11.3(b)(1)* through (4) to the payment of such amounts, and once such funds are insufficient to fully satisfy the Issuer's obligation with respect to amounts payable in the order specified, then such remaining funds shall be distributed by the Trustee on a pro rata basis to persons entitled thereto, without any preference or priority according to the aggregate amount so due. Payments with respect to Secured Obligations owned by or on behalf of the Issuer shall be made only after all other Secured Obligations have been Defeased.

(c) Any money held by the Trustee as part of the Trust Estate that is for the sole benefit of a specified series of Secured Obligations (including the Series 2013 Senior Lien Trust Estate and the Series 2013 Subordinate Lien Trust Estate) shall be applied to the amount due for principal (and premium, if any) and interest on such Secured Obligations without any preference or priority, ratably according to the aggregate amount so due on Secured Obligations of such series. The Trustee may apply funds on deposit for the sole benefit of a specified series of Secured Obligations prior to applying funds on deposit in the General Trust Estate to such series of Secured Obligations.

(d) Notwithstanding the provisions of *Section 9.2* and *Sections 11.3(a), 11.3(b)* and *11.3(c)*, if an Indenture Default exists and is continuing, the Trustee in its discretion (or a receiver on behalf of the Trustee) may apply System Revenues to the extent necessary to:

(1) allow the Issuer to preserve, maintain and operate the System prior to the payment of Debt Service on Secured Obligations and prior to payment of amounts owed providers of Credit Enhancement, or

(2) pay amounts described in *Section 9.2(a)(8)*.

#### **SECTION 11.4 Trustee May Enforce Claims without Possession of Secured Obligations**

All rights of action and claims under this Indenture or the Secured Obligations may be prosecuted and enforced by the Trustee without the possession of any of the Secured Obligations or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Secured Obligations subject to and pursuant to the terms of this Indenture.

#### **SECTION 11.5 Limitation on Suits**

No Holder of any Secured Obligation shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, unless

(a) such Holder has previously given notice to the Trustee of a continuing Indenture Default;

(b) the Holders of not less than a majority in principal amount of the Outstanding Secured Obligations shall have made request to the Trustee to institute proceedings in respect of such Indenture Default in its own name as Trustee hereunder;

(c) the Holders of not less than a majority in principal amount of the Senior Lien Obligations Outstanding deliver such request, or consent to any request, to the Trustee to institute proceedings in respect of such Indenture Default hereunder;

(d) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(e) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(f) no direction inconsistent with such request has been given to the Trustee during such 60-day period by either (1) the Holders of a majority in principal amount of the Outstanding Senior Lien Obligations or (2) the Holders of a majority in principal amount of the Outstanding Secured Obligations;

it being understood and intended that no one or more Holders of Secured Obligations shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights or priority of any other Holders of Secured Obligations, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and, except as otherwise expressly provided herein, for the equal and ratable benefit of all Outstanding Secured Obligations according to their respective priority under this Indenture.

#### **SECTION 11.6 Unconditional Right of Holders of Secured Obligations to Payment**

Notwithstanding any other provision in this Indenture, the Holder of any Secured Obligation shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Secured Obligation on the Maturity Date expressed in such Secured Obligation (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

#### **SECTION 11.7 Restoration of Positions**

If the Trustee or any Holder of a Secured Obligation has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Holder, then and in every such case the Issuer, the Trustee and the Holders of Secured Obligations shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders of Secured Obligations shall continue as though no such proceeding had been instituted.

#### **SECTION 11.8 Delay or Omission Not Waiver**

No delay or omission of the Trustee or of any Holder of Secured Obligations to exercise any right or remedy accruing upon an Indenture Default shall impair any such right or remedy or constitute a waiver of any such Indenture Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders of Secured Obligations may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by such Holders, as the case may be.

#### **SECTION 11.9 Control by Holders of Senior Lien Obligations**

The Holders of a majority in principal amount of the Outstanding Senior Lien Obligations shall have the right, during the continuance of an Indenture Default,

(a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Secured Obligations or otherwise, and

(b) to direct the choice of remedies and the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the

Trustee hereunder, including the power to direct or withhold directions with respect to any remedy available pursuant to *Section 11.2*; provided that

- (1) such direction shall not be in conflict with any rule of law or this Indenture,
- (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and
- (3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders of either Senior Lien Obligations or Subordinate Lien Obligations not taking part in such direction.

If there are no Senior Lien Obligations Outstanding during the continuance of an Indenture Default, the Holders of a majority in principal amount of Outstanding Subordinate Lien Obligations shall have the right to exercise the powers described in this Section.

#### **SECTION 11.10 Waiver of Past Defaults**

(a) Before any judgment or decree for payment of money due has been obtained by the Trustee, the Holders of not less than a majority in principal amount of the Outstanding Secured Obligations may, by notice to the Trustee and the Issuer, on behalf of all Holders of Secured Obligations waive in writing any past default hereunder or under any other Secured Obligation Document and its consequences, except a default

- (1) in the payment of Debt Service on any Secured Obligation, or
- (2) in respect of a covenant or provision hereof which under *Article 13* cannot be modified or amended without the consent of the Holder of each Outstanding Secured Obligation affected;

provided that no waiver of any past default may be effected by the Holders unless not less than a majority in principal amount of the Outstanding Senior Lien Obligations consent to such waiver.

(b) Upon any such waiver, such default shall cease to exist, and any Indenture Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

#### **SECTION 11.11 Suits to Protect the Trust Estate**

The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Holders of Secured Obligations in the Trust Estate and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Holders of Secured Obligations or the Trustee.

### **ARTICLE 12**

#### **The Trustee**

##### **SECTION 12.1 Certain Duties and Responsibilities of Trustee**

- (a) Except during the continuance of an Indenture Default,
- (1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) If an Indenture Default exists, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) The Trustee shall not incur liability for its action or inaction with respect to the performance of its duties and obligations under this Indenture unless such action or inaction constitutes willful misconduct or gross negligence under the circumstances. Liability of the Trustee for such action or inaction shall be further limited as follows:

(1) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts;

(2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in aggregate principal amount of the Outstanding Secured Obligations (or the Holders of a majority in aggregate principal amount of Senior Lien Obligations pursuant to *Section 11.9*) relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(3) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Written indemnity in a form satisfactory to the Trustee from any mutual fund with more than \$1 billion under management shall be deemed satisfactory, provided that the required indemnity is also provided from the Holders of the required amount of Outstanding Senior Lien Obligations.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

#### **SECTION 12.2 Notice of Defaults**

(a) If a notice event described in *Section 12.2(b)* exists, the Trustee shall notify Holders of Secured Obligations of such event within 30 days after the Trustee becomes aware of its existence; provided, however, that the Trustee shall be protected in withholding such notice if (1) the notice event has been cured or waived or otherwise ceases to exist before such notice is given; or (2) the Trustee determines in good faith that the withholding of such notice is in the interest of Holders of Secured Obligations.

(b) For purposes of this Section, the following shall constitute “notice events”:

- (1) the occurrence of an Indenture Default; and
- (2) any event which is, or after notice or lapse of time or both would become, an Indenture Default.

### **SECTION 12.3 Certain Rights of Trustee**

Subject to *Section 12.1*:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Issuer Representative.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate executed by an Authorized Issuer Representative.

(d) The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Secured Obligations pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Issuer, personally or by agent or attorney.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

### **SECTION 12.4 Trustee Not Responsible for Statements of Issuer**

The provisions of this Indenture and the Secured Obligations, except the certificate of authentication on any Secured Obligations, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Secured Obligations. The Trustee shall have no responsibility for statements of the Issuer contained in any securities disclosure document, continuing disclosure filing, or other public offering document or statement relating to the Warrants or any additional Secured Obligations.

### **SECTION 12.5 May Hold Secured Obligations**

The Trustee in its individual or any other capacity, may become the Holder or pledgee of Secured Obligations and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee.



## **SECTION 12.6 Money Held in Trust**

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent expressly provided in this Indenture or required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise expressly provided in *Article 9*.

## **SECTION 12.7 Compensation and Reimbursement**

(a) The Issuer agrees to pay to the Trustee, or to reimburse the Trustee for, but solely from the Trust Estate:

(1) reasonable compensation for all services rendered by the Trustee hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust); and

(2) all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's gross negligence or willful misconduct.

(b) As security for the performance of the obligations of the Issuer under this Section, the Trustee shall be secured under this Indenture by a lien prior and senior in right to Subordinate Lien Obligations, and for the payment of such compensation, expenses, reimbursements and indemnity the Trustee shall have the right to use and apply any money held by it as a part of the Trust Estate in accordance with *Section 9.2*; provided that, so long as an Indenture Default exists, the Trustee shall be secured under this Indenture by a lien prior and senior in right to all Secured Obligations, and for the payment of such compensation, expenses, reimbursements and indemnity the Trustee shall have the right to use and apply any money held by it as a part of the Trust Estate in accordance with *Section 11.3*.

(c) The Trustee shall provide the Issuer with itemized invoices for all expenses (including expenses of agents and its counsel) upon written request of the Issuer.

## **SECTION 12.8 Corporate Trustee Required; Eligibility**

There shall at all times be a Trustee hereunder which shall (i) be a commercial bank or trust company organized and doing business under the laws of the United States of America or of any state, (ii) be authorized under such laws to exercise corporate trust powers, (iii) be subject to supervision or examination by federal or state authority, and (iv) have an investment grade rating for its long-term deposits from each Rating Agency that provides a rating on any Secured Obligations or, if no Secured Obligations are rated, by any Rating Agency.

## **SECTION 12.9 Resignation and Removal; Appointment of Successor**

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under *Section 12.10*.

(b) The Trustee may resign at any time by giving notice thereof to the Issuer. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by the Holders of a majority in principal amount of the Outstanding Secured Obligations, only if approved by a majority in principal amount of the Outstanding Senior Lien Obligations, with or without cause, by notice delivered to the Trustee and the Issuer. If no Indenture Default exists, the Trustee may be removed at any time by the Issuer, with or without cause, by notice delivered to the Trustee.

(d) If at any time:

(1) the Trustee shall cease to be eligible under *Section 12.8* and shall fail to resign after request therefor by the Issuer or by any Holder of Secured Obligations who has been a bona fide Holder of a Secured Obligation for at least six months, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property (including any "orderly liquidation authority" under 12 U.S.C. §§ 5381-5394) shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case (i) the Issuer may remove the Trustee, or (ii) any Holder of Secured Obligations who has been a bona fide Holder for at least six months may, only if approved by a majority in principal amount of the Outstanding Senior Lien Obligations, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, a successor Trustee shall be appointed by the Issuer. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the Holders of Secured Obligations. If, within one year after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed by the Holders of a majority in principal amount of the Outstanding Secured Obligations, only if such action is approved by a majority in principal amount of the Outstanding Senior Lien Obligations, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer or by such receiver or trustee. If no successor Trustee shall have been so appointed by the Issuer or the Holders and accepted appointment in the manner hereinafter provided, any Holder of Secured Obligations who has been a bona fide Holder for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee only if such action is approved by a majority in principal amount of the Outstanding Senior Lien Obligations.

(f) The Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee, to the Holders of Secured Obligations and to the providers of Credit Enhancement.

#### **SECTION 12.10 Acceptance of Appointment by Successor**

(a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, upon request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in *Section 12.7*. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

(b) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article, to the extent operative.

#### **SECTION 12.11 Merger, Conversion, Consolidation or Succession to Business**

Any corporation or association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall

be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, or any purchaser of the Trustee or business unit exercising the duties of the Trustee under this Indenture shall be the successor of the Trustee hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Secured Obligations shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Secured Obligations so authenticated with the same effect as if such successor Trustee had itself authenticated such Secured Obligations.

#### **SECTION 12.12 Series 2013 Collateral Support Agreement**

The Trustee is entering into the Series 2013 Collateral Support Agreement solely at the direction of the Issuer. The Issuer agrees that this Article shall apply to the Trustee's actions, if any, under the Series 2013 Collateral Support Agreement to the same extent as this Indenture. The Trustee is entitled to compensation and reimbursement for its fees and expenses incurred under the Series 2013 Collateral Support Agreement as provided in *Section 12.7*.

### **ARTICLE 13**

#### **Amendment of Secured Obligation Documents**

##### **SECTION 13.1 General Requirements for Amendments**

The Trustee may, on its own behalf and on behalf of the Holders of Secured Obligations, from time to time enter into, or consent to, an amendment of any Secured Obligation Document only as permitted by this Article.

##### **SECTION 13.2 Amendments Without Consent of Holders of Secured Obligations**

An amendment of the Secured Obligation Documents for any of the following purposes may be made, or consented to, by the Trustee without the consent of the Holders of any Secured Obligations:

(a) to correct or amplify the description of any property at any time subject to the lien of the Secured Obligation Documents, or better to assure, convey and confirm unto any secured party any property subject or required to be subjected to the lien of the Secured Obligation Documents, or to subject to the lien of this Indenture, additional property; or

(b) to evidence the succession of another person to any Financing Participant and the assumption by any such successor of the covenants of such Financing Participant (provided that the requirements of this Indenture for such succession and assumption are otherwise satisfied); or

(c) to add to the covenants of any Financing Participant for the benefit of Holders of Secured Obligations and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants an event of default under the Secured Obligation Documents permitting the enforcement of all or any of the several remedies provided therein; provided, however, that with respect to any such covenant, such amendment may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available upon such default; or

(d) to surrender any right or power conferred upon any Financing Participant other than rights or powers for the benefit of Holders of Secured Obligations; or

(e) to cure any ambiguity or to correct any inconsistency, provided such action shall not adversely affect the interests of the Holders of Secured Obligations; or

(f) to appoint a separate agent of the Issuer or the Trustee to perform any one or more of the following functions: (i) registration of transfers and exchanges of Secured Obligations and (ii) payment of

Debt Service on the Secured Obligations; provided, however, that any such agent must be a bank or trust company with long-term obligations, at the time such appointment is made, in one of the three highest rating categories of at least one Rating Agency; or

(g) to facilitate and administer the addition of Credit Enhancement for the benefit of Holders of Secured Obligations, provided that such provisions do not adversely affect the interests of Holders of Secured Obligations not secured by such Credit Enhancement.

### **SECTION 13.3 Amendments Requiring Consent of All Affected Holders of Secured Obligations**

An amendment of the Secured Obligation Documents for any of the following purposes may be entered into, or consented to, by the Trustee only with the consent of the Holder of each Secured Obligation affected:

(a) to change the stated Maturity Date of the principal of, or any installment of interest on, any Secured Obligation, or reduce the principal amount or the interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which any Secured Obligation or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated Maturity Date thereof (or, in the case of redemption, on or after the redemption date); or

(b) to reduce the percentage in principal amount of the Outstanding Secured Obligations, the consent of whose Holders is required for any amendment of the Secured Obligation Documents, or the consent of whose Holders is required for any waiver provided for in the Secured Obligation Documents; or

(c) to modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(d) to modify any of the provisions of this Section or *Section 11.10*, except to increase any percentage provided thereby or to provide that certain other provisions of the Secured Obligation Documents cannot be modified or waived without the consent of the Holder of each Secured Obligation affected thereby; or

(e) to permit the creation of any lien ranking prior to or on a parity with the lien of the Secured Obligation Documents with respect to any of the Trust Estate or terminate the lien of the Secured Obligation Documents on any property at any time subject hereto or deprive the Holder of any Secured Obligation of the security afforded by the lien of the Secured Obligation Documents; or

(f) to change the priority of payment of Secured Obligations, including the provisions of *Section 9.2* and *Section 11.3* regarding priority of payment of Senior Lien Obligations and Subordinate Lien Obligations; or

(g) to eliminate, reduce or delay the obligation of the Issuer to make payments at times and in amounts sufficient to pay Debt Service on the Secured Obligations.

### **SECTION 13.4 Amendments Requiring Majority Consent of Holders of Secured Obligations**

An amendment of the Secured Obligation Documents for any purpose not described in *Sections 13.2* or *13.3* may be entered into, or consented to, by the Trustee only with the consent of both (a) the Holders of a majority in principal amount of Senior Lien Obligations Outstanding, and (b) the Holders of a majority in principal amount of all Secured Obligations Outstanding.

### **SECTION 13.5 Discretion of Trustee**

The Trustee may in its discretion determine whether or not any Secured Obligations would be affected by any amendment of the Secured Obligation Documents and any such determination shall be conclusive upon the Holders of all Secured Obligations (including persons deemed Holders by another provision of this Indenture, such as *Section 15.2(e)*), whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not

be liable for any such determination made in good faith, and the Trustee may conclusively rely on an Opinion of Counsel with respect to any such determination, so long as such reliance is in good faith.

**SECTION 13.6 Trustee Protected by Opinion of Counsel**

In executing or consenting to any amendment permitted by this Article, the Trustee shall be entitled to receive, and, subject to *Section 12.1*, shall be fully protected in relying upon, an Opinion of Counsel, so long as such reliance is in good faith, stating that the execution of such amendment is authorized or permitted by the Secured Obligation Documents.

**SECTION 13.7 Amendments Affecting Trustee's Personal Rights**

The Trustee may, but shall not be obligated to, enter into any amendment that affects the Trustee's own rights, duties or immunities under the Secured Obligation Documents.

**SECTION 13.8 Effect on Holders of Secured Obligations**

Upon the execution of any amendment under this Article, every Holder of Secured Obligations theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

**SECTION 13.9 Reference in Secured Obligations to Amendments**

Secured Obligations authenticated and delivered after the execution of any amendment under this Article shall, if required by such amendment or by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such amendment. New Secured Obligations so modified as to conform to any such amendment shall, if required by such amendment or by the Trustee, be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Secured Obligations.

**SECTION 13.10 Amendments Not to Affect Tax Exemption**

No amendment may be made to the Secured Obligation Documents unless the Trustee receives a Favorable Tax Opinion.

**ARTICLE 14**

**Defeasance**

**SECTION 14.1 Payment of Indenture Indebtedness; Satisfaction and Discharge of Indenture**

(a) Whenever all Indenture Indebtedness has been Defeased, then (i) this Indenture and all the liens, rights and interests created hereby shall cease, terminate and become null and void (except as to any surviving rights of transfer or exchange of Secured Obligations herein or therein provided for), and (ii) the Trustee shall, upon the request of the Issuer, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver to the Issuer or upon the order of the Issuer, all cash and securities then held by it hereunder as a part of the Trust Estate.

(b) A Secured Obligation shall be deemed "Defeased" if

(1) such Secured Obligation has been cancelled by the Trustee or delivered to the Trustee for cancellation, or

(2) such Secured Obligation shall have matured or been called for redemption and, on such Maturity Date or redemption date, money for the payment of Debt Service on such Secured Obligation is held by the Trustee in trust for the benefit of the person entitled thereto, or

(3) a trust for the payment of such Secured Obligation has been established in accordance with *Section 14.2*.

(c) Indenture Indebtedness other than Debt Service on the Secured Obligations shall be deemed “Defeased” whenever the Issuer has paid, or made provisions satisfactory to the Trustee for payment of, all such Indenture Indebtedness.

#### **SECTION 14.2 Trust for Payment of Debt Service**

(a) The Issuer may provide for the payment of any Secured Obligation by establishing a trust for such purpose with the Trustee and depositing therein cash and/or Federal Securities which (assuming the due and punctual payment of the principal of and interest on such Federal Securities, but without reinvestment) will provide funds sufficient to pay the Debt Service on such Secured Obligation as the same becomes due and payable until the Maturity or redemption of such Secured Obligation; provided, however, that:

(1) Such Federal Securities must not be subject to redemption prior to their respective maturities at the option of the issuer of such Securities.

(2) If such Secured Obligation is to be redeemed prior to its Maturity Date, either (i) the Trustee shall receive evidence that notice of such redemption has been given in accordance with the provisions of this Indenture and such Secured Obligation or (ii) the Issuer shall confer on the Trustee irrevocable authority for the giving of such notice.

(3) If such Secured Obligation bears interest at a variable rate, such trust must provide for payment of interest at the maximum rate payable on such Secured Obligation until such Secured Obligation is to be retired.

(4) Such Secured Obligation shall not be subject to repurchase by the Issuer or the provider of any Credit Enhancement with respect to such Secured Obligation during the period such trust will be in effect.

(5) Prior to the establishment of such trust the Trustee must receive a Favorable Tax Opinion.

(6) Prior to the establishment of such trust, the Trustee must receive verification from an independent third-party verification agent, experienced in the preparation of such reports, which may be an Independent Certified Public Accountant demonstrating that the principal and interest payments on the Federal Securities in such trust, without reinvestment, together with the cash balance in such trust remaining after purchase of such Securities, will be sufficient to make the required payments from such trust.

(b) Any trust established pursuant to this Section may provide for payment of less than all Secured Obligations outstanding including less than all Secured Obligations of any series or maturity; provided that, so long as the Series 2013 Insurance Policy is in effect and the Series 2013 Insurer is not in payment default thereunder, the provisions of this Section shall be subject in all respects to **Section 15.5**.

(c) If any trust provides for payment of less than all Secured Obligations of the same Tenor, the Secured Obligations of such Tenor to be paid from the trust shall be selected by the Trustee by lot by such method as shall provide for the selection of portions (in Authorized Denominations) of the principal of Secured Obligations of such Tenor of a denomination larger than the smallest Authorized Denomination or as otherwise required by the Book Entry System. Such selection shall be made within seven days after such trust is established. This selection process shall be in lieu of the selection process otherwise provided with respect to redemption of Secured Obligations. After such selection is made, Secured Obligations that are to be paid from such trust (including Secured Obligations issued in exchange for such Secured Obligations pursuant to the transfer or exchange provisions of this Indenture) shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The Trustee shall notify Holders whose Secured Obligations (or portions thereof) have been selected for payment from such trust and shall direct such Holders to surrender their Secured Obligations to the Trustee in

exchange for Secured Obligations with the appropriate designation. The selection of Secured Obligations for payment from such trust pursuant to this Section shall be conclusive and binding on the Financing Participants.

(d) Cash and/or Federal Securities deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate, irrevocable trust fund for the benefit of the Holder of the Secured Obligation to be paid from such fund.

## ARTICLE 15

### Provisions Relating to the Series 2013 Insurer

#### SECTION 15.1 Applicability of this Article

(a) Notwithstanding anything to the contrary contained in this Indenture, so long as the Series 2013 Insurance Policy remains in full force and effect and the Series 2013 Insurer is not then in payment default under the Series 2013 Insurance Policy, the provisions of this *Article 15* shall apply for the benefit of the Series 2013 Insurer; provided that to the extent that the Series 2013 Insurer has made any payment of principal of or interest on the Insured Series 2013 Warrants it shall retain its rights of subrogation hereunder and under the Series 2013 Insurance Policy.

(b) For purposes of this *Article 15*, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meaning indicated:

“**Series 2013 Fiscal Agent**” means the Series 2013 Insurer’s agent, as designated in writing to the Trustee pursuant to the Series 2013 Insurance Policy.

“**Series 2013 Insurer Advances**” means a sum equal to the total of all amounts paid by the Series 2013 Insurer under the Series 2013 Insurance Policy.

“**Series 2013 Insurer Reimbursement Amounts**” means interest on Series 2013 Insurer Advances from the date paid by the Series 2013 Insurer until payment thereof in full, payable to the Series 2013 Insurer at the Series 2013 Late Payment Rate.

“**Series 2013 Late Payment Rate**” means the greater of (A) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in New York, New York as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (B) the then applicable highest rate of interest on the Insured Series 2013 Warrants; provided that the Series 2013 Late Payment Rate shall never exceed 12% per annum. The Series 2013 Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

“**Series 2013 Payment Date**” means any date scheduled for the regular payment of interest or principal on the Insured Series 2013 Warrants.

“**Series 2013 Policy Payments Account**” means the separate special purpose trust account for the benefit of Holders of the Insured Series 2013 Warrants established by the Trustee in connection with a claim under the Series 2013 Insurance Policy.

#### SECTION 15.2 Requirements of the Series 2013 Insurer

(a) The Series 2013 Insurer shall be deemed to be the sole holder of the Insured Series 2013 Warrants for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holders of the Insured Series 2013 Warrants are entitled to take pursuant to this Indenture.

(b) Notwithstanding the provisions of *Section 11.2*, the maturity of Insured Series 2013 Warrants shall not be accelerated without the consent of the Series 2013 Insurer and in the event the maturity of the Insured

Series 2013 Warrants is accelerated, the Series 2013 Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Issuer) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Series 2013 Insurer's obligations under the Series 2013 Insurance Policy with respect to such Insured Series 2013 Warrants shall be fully discharged.

(c) No grace period for a covenant default under this Indenture shall exceed 60 days or be extended for more than 90 days without the prior written consent of the Series 2013 Insurer. No grace period shall be permitted for payment defaults without the prior written consent of the Series 2013 Insurer.

(d) The Series 2013 Insurer is a third party beneficiary to this Indenture.

(e) Any amendment, supplement, or modification to this Indenture or any Credit Enhancement applicable to Secured Obligations made pursuant to *Article 13* that requires the consent of Holders of the Insured Series 2013 Warrants or materially adversely affects the rights and interests of the Series 2013 Insurer shall be subject to the prior written consent of the Series 2013 Insurer.

(f) The rights granted to the Series 2013 Insurer under this Indenture to request, consent to or direct any action are rights granted to the Series 2013 Insurer in consideration of its issuance of the Series 2013 Insurance Policy.

(g) Amounts paid by the Series 2013 Insurer under the Series 2013 Insurance Policy shall not be deemed a payment of the principal of, Accreted Value of or interest on the Insured Series 2013 Warrants for purposes of this Indenture, and the Insured Series 2013 Warrants on which payments are made by the Series 2013 Insurer shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with this Indenture. This Indenture shall not be discharged with respect to the Insured Series 2013 Warrants unless all amounts due or to become due to the Series 2013 Insurer have been paid in full or duly provided for.

(h) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under this Indenture would adversely affect the security for the Insured Series 2013 Warrants or the rights of the Holders of the Insured Series 2013 Warrants, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Series 2013 Insurance Policy.

(i) At least 5 Business Days prior to Defeasance of the Insured Series 2013 Warrants, the Issuer shall cause to be delivered to the Series 2013 Insurer the following:

(1) a draft verification report furnished pursuant to *Section 14.2(a)(6)* that includes the Series 2013 Insurer as an addressee or upon which the Series 2013 Insurer is expressly entitled to rely upon such report;

(2) a draft escrow agreement or other documentation evidencing the trust to be established under *Section 14.2*; and

(3) a draft opinion of nationally recognized bond counsel addressed to the Series 2013 Insurer to the effect that, as a result of the Defeasance contemplated with respect to the Insured Series 2013 Warrants, the Insured Series 2013 Warrants will be no longer Outstanding under this Indenture.

The Issuer shall provide the Series 2013 Insurer final copies of the documents described in this *Section 15.2(i)* within a commercially reasonable period after Defeasance of the Insured Series 2013 Warrants.

### **SECTION 15.3 Claims and Payments under the Series 2013 Insurance Policy**

(a) If, on the third Business Day prior to the related scheduled Series 2013 Payment Date, there is not on deposit with the Trustee, after making all deposits, transfers, and draws on Credit Enhancement (other than the Series 2013 Insurance Policy) required under this Indenture, moneys sufficient to pay the principal of, Accreted Value of and interest on the Insured Series 2013 Warrants due on such Series 2013 Payment Date, the Trustee shall



give notice to the Series 2013 Insurer and to the Series 2013 Insurer Agent (if any) by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Series 2013 Payment Date, there continues to be a deficiency in the amount available to pay the principal of, Accreted Value of, and interest on the Insured Series 2013 Warrants due on such Series 2013 Payment Date, the Trustee shall make a claim under the Series 2013 Insurance Policy and give notice to the Series 2013 Insurer and the Series 2013 Insurer Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Series 2013 Warrants and the amount required to pay principal or Accreted Value of the Insured Series 2013 Warrants, if any, confirmed in writing to the Series 2013 Insurer and the Series 2013 Insurer Agent (if any) by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Series 2013 Insurance Policy.

(b) The Trustee shall designate any portion of payment of principal or Accreted Value of Insured Series 2013 Warrants paid by the Series 2013 Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount or Accreted Value of Insured Series 2013 Warrants registered to the then current holders of the Insured Series 2013 Warrants, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Series 2013 Warrant to the Series 2013 Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal or Accreted Value so paid; provided that the Trustee's failure to so designate any payment or issue any replacement Insured Series 2013 Warrants shall have no effect on the amount of principal, Accreted Value or interest payable by the Issuer on any Insured Series 2013 Warrants or the subrogation rights of the Series 2013 Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the Series 2013 Insurer into the Series 2013 Policy Payments Account and the allocation of such funds to payment of interest on and principal or Accreted Value of any Insured Series 2013 Warrants. The Series 2013 Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Series 2013 Insurance Policy, the Trustee shall establish a Series 2013 Policy Payments Account in the Series 2013 Senior Lien Debt Service Fund over which the Trustee shall have exclusive control and the sole right of withdrawal. The Trustee shall receive any amount paid under the Series 2013 Insurance Policy in trust on behalf of Holders of the Insured Series 2013 Warrants and shall deposit any such amount in the Series 2013 Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Holders of the Insured Series 2013 Warrants in the same manner as principal or Accreted Value and interest payments are to be made with respect to the Insured Series 2013 Warrants under the sections of this Indenture regarding payment of Insured Series 2013 Warrants. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

(e) Notwithstanding anything in this Indenture to the contrary:

(1) the Issuer agrees to pay to the Series 2013 Insurer a sum equal to the total Series 2013 Insurer Advances and Series 2013 Insurer Reimbursement Amounts,

(2) the Series 2013 Insurer Reimbursement Amounts shall be secured by a lien on and pledge of the General Trust Estate and the Series 2013 Senior Lien Trust Estate on a parity with the lien provided the Insured Series 2013 Warrants; and

(3) the Series 2013 Insurer Reimbursement Amounts shall be payable from the Senior Lien Debt Service Fund.

(f) Funds held in the Series 2013 Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Series 2013 Policy Payments Account following a Series 2013 Payment Date shall promptly be remitted to the Series 2013 Insurer.

(g) The Series 2013 Insurer shall, to the extent it makes any payment of principal or Accreted Value of or interest on the Insured Series 2013 Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2013 Insurance Policy.

(h) The Issuer shall pay or reimburse the Series 2013 Insurer any and all reasonable charges, fees, costs and expenses that the Series 2013 Insurer may reasonably pay or incur in connection with (1) the administration, enforcement, defense or preservation of any rights or security in this Indenture or any Credit Enhancement applicable to the Insured Series 2013 Warrants, (2) the pursuit of any remedies under this Indenture or otherwise afforded by law or equity, (3) any amendment, waiver or other action with respect to, or related to, this Indenture or whether or not executed or completed, or (4) any litigation or other dispute in connection with this Indenture or the transactions contemplated thereby, other than costs resulting from the failure of the Series 2013 Insurer to honor its obligations under the Series 2013 Insurance Policy.

(i) The Series 2013 Insurer shall be entitled to pay principal or interest on the Insured Series 2013 Warrants that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Series 2013 Insurance Policy), whether or not the Series 2013 Insurer has received a Notice of Nonpayment (as such terms are defined in the Series 2013 Insurance Policy) or a claim upon the Series 2013 Insurance Policy.

#### **SECTION 15.4 Reporting Requirements to Series 2013 Insurer**

(a) The notice address of the Series 2013 Insurer is:

Assured Guaranty Municipal Corp.  
31 West 52nd Street  
New York, New York 10019  
Attention: Managing Director – Surveillance,  
Re: Policy No. [\_\_\_\_\_] ,  
Telephone: (212) 826 0100;  
Telecopier: (212) 339 3556.

In each case in which notice or other communication refers to an Indenture Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the contact information listed in this Section and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

(b) The Series 2013 Insurer shall be provided with the following information:

(1) The Issuer shall provide: (A) annual audited financial statements within 270 days after the end of the Issuer’s Fiscal Year (together with a certification of the Issuer that it is not aware of any default or Indenture Default under this Indenture), and (B) the Issuer’s annual budget within 30 days after the approval thereof together with such other information, data or reports as the Series 2013 Insurer shall reasonably request from time to time;

(2) The Trustee shall provide notice of any draw upon the Series 2013 Senior Lien Reserve Fund within five Business Days after knowledge thereof other than (A) withdrawals of amounts in excess of the Series 2013 Senior Lien Reserve Fund Requirement and (B) withdrawals in connection with a refunding of the Senior Lien Obligations;

(3) The Issuer shall provide notice of any default known to the Issuer within five Business Days after knowledge thereof;

(4) The Issuer shall provide prior notice of the advance refunding or redemption of any of the Insured Series 2013 Warrants, including the principal amount, maturities and CUSIP numbers thereof;

(5) The Issuer shall provide notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(6) The Issuer shall provide a full, complete copy of the transcript of all proceedings relating to the execution of any amendment of or supplement to this Indenture; and

(7) The Issuer shall provide a copy of all reports, notices and correspondence delivered to the Holders of the Insured Series 2013 Warrants by it under the terms of this Indenture.

(c) To the extent that the Issuer has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Insured Series 2013 Warrants, all information furnished pursuant to such agreements also shall be provided to the Series 2013 Insurer, simultaneously with the furnishing of such information; provided that if the information described in this paragraph is posted on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") System, the Issuer shall only need provide the Series 2013 Insurer notice that such information is available from EMMA.

(d) The Issuer will permit the Series 2013 Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Series 2013 Insurer may reasonably request regarding the security for the Insured Series 2013 Warrants with appropriate officers of the Issuer and will use commercially reasonable efforts to enable the Series 2013 Insurer to have access to the facilities, books and records of the Issuer on any Business Day upon reasonable prior notice.

(e) If an Indenture Default has occurred and is continuing and the Trustee (or a receiver acting on behalf of the Trustee, if any) takes action pursuant to *Section 11.3(d)*, the Trustee (or a receiver acting on behalf of the Trustee, if any) will use commercially reasonable efforts to permit the Series 2013 Insurer to have access to the books and records relating to the System in its possession (or in the possession of a receiver acting on behalf of the Trustee, if any) on any Business Day upon reasonable prior notice.

#### **SECTION 15.5 Maintenance of Ratio between Senior Lien Obligations and Subordinate Lien Obligations**

For so long as the Series 2013 Insurance Policy is in effect and the Series 2013 Insurer is not in payment default thereunder, the Issuer shall not take the following actions, without the prior written consent of the Series 2013 Insurer:

(a) Call Secured Obligations for optional redemption so that the resulting ratio of Outstanding Senior Lien Obligations to all Secured Obligations Outstanding immediately after giving effect to such optional redemption exceeds the ratio specified for any one Fiscal Year, as provided in *Exhibit 15.5*; or

(b) Purchase, or cause to be purchased, Secured Obligations pursuant to *Section 6.2* or *7.9* so that the resulting ratio of Outstanding Senior Lien Obligations to all Secured Obligations Outstanding immediately after giving effect to such purchases exceeds the ratio specified for any one Fiscal Year, as provided in *Exhibit 15.5*.

#### **SECTION 15.6 Additional Covenants of the Issuer**

(a) Subject to the provisions of *Section 15.6(b)*, the Issuer covenants and agrees with the Series 2013 Insurer as follows:

(1) The Issuer shall not enter into any interest rate exchange agreement, cap, collar, floor, ceiling, or other agreement or instrument involving reciprocal payment obligations between the Issuer and a counterparty based on interest rates applied to a notional amount of principal entered into by or on behalf of the Issuer and payable from or secured in whole or in part by the Trust Estate, without the prior written consent of the Series 2013 Insurer. As evidenced by the issuance and delivery of the Series 2013 Insurance Policy to the Trustee and for the avoidance of doubt, the Series 2013 Insurer has consented to the issuance of the Reserve Fund Warrants in the maximum amount allowed for under the First Supplemental Indenture.

(2) The maximum principal amount of Unsecured Obligations payable in any one Fiscal Year shall not exceed 25% of the remaining proceeds of System Revenues after all payments and deposits have been made in accordance with *Sections 9.2(a)(1)* through *9.2(a)(8)*.

(3) The Issuer shall obtain the prior written consent of the Series 2013 Insurer for any transfer of the System described in *Section 10.6(a)*, unless upon such transfer the Insured Series 2013 Warrants shall be irrevocably paid in full or Defeased.

(4) The insurance described in *Section 10.8(j)(1)* shall be provided by an insurer (1) that is rated at least “A-” or higher (or the equivalent) by any Rating Agency or (2) that is assigned a financial strength rating of “B-” or higher by A.M. Best Company, Inc.

(5) The Issuer shall obtain the prior written consent of the Series 2013 Insurer for any transfer of operating assets that would exceed the limitations described in *Section 10.8(d)(4)*.

(b) Upon and for so long as the Insured Series 2013 Warrants are rated “A-” (or its equivalent), or better, without regard to any Credit Enhancement, by any one Rating Agency, the covenants provided for in *Sections 15.6(a)(2)* and *(a)(4)* shall no longer be applicable to the Issuer.

## ARTICLE 16

### Miscellaneous

#### SECTION 16.1 Notices to Financing Participants

(a) Notices and other communications to Financing Participants pursuant to this Indenture must be in writing except as otherwise expressly provided in this Indenture. Any specific reference in this Indenture to “written notice” shall not be construed to mean that any other notice may be oral, unless such oral notice is specifically permitted by this Indenture under the circumstances.

(b) Notices and other communications pursuant to this Indenture may be delivered by any method provided in the directions for notices attached as *Exhibit 16.1(b)*. A Financing Participant may change its directions for notices by giving notice to the other Financing Participants.

(c) Any notice shall be deemed given when actually received by the Financing Participant to whom the notice is addressed. In addition, any notice sent by certified mail shall be deemed received three Business Days after being sent by certified mail, addressed as provided in the notice directions included in *Exhibit 16.1(b)* or, if the designated Financing Participant has delivered a change notice, as specified in such change notice.

(d) Notice to any Financing Participant required by this Indenture may be waived in writing by such Financing Participant, either before or after the event, and such waiver shall be the equivalent of such notice.

#### SECTION 16.2 Notices to Holders of Warrants

(a) Notices and other communications to Holders of Warrants pursuant to this Indenture must be in writing except as otherwise expressly provided in this Indenture. Any specific reference in this Indenture to “written notice” shall not be construed to mean that any other notice may be oral, unless such oral notice is specifically permitted by this Indenture under the circumstances.

(b) If the Book Entry System is in effect, notices and other communications to Holders of Warrants will be delivered through the Book Entry System and shall be deemed delivered upon receipt by DTC.

(c) If the Book Entry System is terminated, notices and other communications to Holders of Warrants shall be delivered to each Holder at the address as it then appears in the Warrant Register. If such notice or other communication is sent by certified mail, such notice shall be deemed given when mailed; if given by first-class mail, such notice shall be deemed given five days after mailing.

(d) Any defect in a notice to any particular Holder shall not affect the sufficiency of such notice with respect to other Holders.

(e) Notice to any Holder required by this Indenture may be waived in writing by such Holder, either before or after the event, and such waiver shall be the equivalent of such notice.

(f) Notices to Holders of additional Secured Obligations shall be specified in the Supplemental Indenture pursuant to which such Secured Obligations are issued.

### **SECTION 16.3 Successors and Assigns**

All covenants and agreements in this Indenture by the Issuer shall bind its successors and assigns, whether so expressed or not.

### **SECTION 16.4 Benefits of Indenture**

Except as expressly provided herein (including, without limitation, *Article 15*), nothing in this Indenture or in the Secured Obligations, express or implied, shall give to any person, other than the parties hereto and their successors hereunder and the Holders of the Secured Obligations any benefit or legal or equitable right, remedy or claim under this Indenture.

### **SECTION 16.5 Rights or Powers of Providers of Credit Enhancement**

(a) If expressly permitted by the terms of this Indenture (including any Supplemental Indenture with respect to Secured Obligations), the provider of any Credit Enhancement with respect to Secured Obligations may, on behalf of the Holders of the Secured Obligations secured by such Credit Enhancement (and without notice to or consent of such Holders), exercise the following rights and powers of such Holders under this Indenture:

(a) the right or power to provide directions with respect to the pursuit of remedies available to the Trustee if an Indenture Default exists, including the right or power to direct the acceleration of the Maturity Date of Secured Obligations;

(b) the right or power to waive any Indenture Default and its consequences; and

(c) the right or power to consent to, or approve, any amendment of this Indenture requiring the consent of Holders of Secured Obligations, other than an amendment described in *Section 13.3*;

provided, however, that the provider of such Credit Enhancement may not exercise such rights and powers if the provider of such Credit Enhancement has defaulted under the terms of such Credit Enhancement or any similar instrument.

(b) No rights described in *Section 16.5(a)* are provided JPMorgan Chase Bank pursuant to this Indenture, except as may be provided in the First Supplemental Indenture.

### **SECTION 16.6 Calculation of Percentage of Holders Taking Action**

Notwithstanding any provision of this Indenture, the Accreted Value of an Outstanding Capital Appreciation Warrant or of an Outstanding Convertible Capital Appreciation Warrant (prior to the applicable Current Interest Commencement Date) shall be considered principal for the purpose of determining whether the Holders of a particular percentage in principal amount of Outstanding Secured Obligations shall have taken any action, including whether the Holders have given any direction, required any action, exercised any right or remedy, waived any default, removed any Trustee, appointed any successor Trustee or consented to any amendment of this Indenture.

**SECTION 16.7     Amounts Due and Unpaid After Act of Bankruptcy**

For purposes of the priority as between Senior Lien Obligations and Subordinate Lien Obligations under *Section 11.3*, amounts due and unpaid on the Senior Lien Obligations shall include all interest, fees and expenses accrued or accruing (or that would, absent an Act of Bankruptcy by the Issuer, accrue) after any Act of Bankruptcy by the Issuer in accordance with, at the time contemplated by and at the rate, if any, specified herein, whether or not the claim for such interest, fees or expenses is allowed, allowable, recognized or provable as a claim in any applicable bankruptcy, insolvency, reorganization, or similar proceeding with respect to the Issuer, and whether or not any underlying Senior Lien Obligations are modified in any fashion during such proceeding (including pursuant to 11 U.S.C. § 1129(b)). In the event that the Holders of the Subordinate Lien Obligations receive any payments or funds in an amount in error or inconsistent with the rights of the Holders of the Senior Lien Obligations pursuant to, and in accordance with the priorities set forth in *Section 3.1*, *Section 11.3* and this *Section 16.7*, the Holders of the Senior Lien Obligations shall have a cause of action to collect any such amount.

[Balance of page intentionally left blank.]

**IN WITNESS WHEREOF**, the Issuer and the Trustee have caused this instrument to be duly executed by their duly authorized officers.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
President, Jefferson County Commission

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

By: \_\_\_\_\_

Title: \_\_\_\_\_

This instrument was prepared by:

J. Foster Clark  
J. Hobson Presley, Jr.  
J. Thomas Longino  
Balch & Bingham LLP  
1901 Sixth Avenue North, Suite 1500  
Birmingham, Alabama 35203-4642  
(205) 251-8100

**STATE OF ALABAMA**

**JEFFERSON COUNTY**

I, \_\_\_\_\_, a Notary Public in and for said County in said State, do hereby certify that \_\_\_\_\_, whose name as President, Jefferson 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 said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said political subdivision.

Given under my hand this the \_\_\_\_\_ day of December, 2013.

\_\_\_\_\_  
Notary Public

NOTARIAL SEAL

My commission expires: \_\_\_\_\_

**STATE OF \_\_\_\_\_**

**\_\_\_\_\_ COUNTY**

I, \_\_\_\_\_, a Notary Public in and for said County, in said State, hereby certify that \_\_\_\_\_, whose name as \_\_\_\_\_ of WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as trustee, 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 said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said banking association.

Given under my hand this the \_\_\_\_\_ day of December, 2013.

\_\_\_\_\_  
Notary Public

NOTARIAL SEAL

My commission expires: \_\_\_\_\_



**EXHIBIT 5.1(c)**

**Form of Series 2013-A Warrants**

**VALIDATED AND CONFIRMED BY JUDGMENT AND CONFIRMATION ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ALABAMA, ENTERED ON THE \_\_\_ DAY OF \_\_\_\_\_, 2013.**

**Jefferson County, Alabama**

**Senior Lien Sewer Revenue Current Interest Warrant, Series 2013-A**

**Number:**

**Date of Initial Delivery:**

**Maturity Date:**

**Interest Rate:**

**CUSIP:**

**JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (the "Issuer", which term includes any successor under the Indenture hereinafter referred to), for value received, hereby acknowledges itself indebted to

**CEDE & CO.,**

or registered assigns, and directs the Trustee (as hereinafter defined) to pay (but solely from the sources hereinafter identified) the principal sum of

\_\_\_\_\_ **DOLLARS**

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 applicable interest rate specified above; provided, however, that all such payments shall be limited obligations of the Issuer payable solely from the sources hereinafter identified.

**Authorizing Document**

This warrant is issued pursuant to a Trust Indenture dated December 1, 2013 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee", which term includes any successor trustee under the Indenture). This warrant is part of a series of warrants issued by the Issuer under the Indenture in the aggregate principal amount of [\$375,000,000] and designated "Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A" (the "Series 2013-A Warrants"). Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. The provisions of the Indenture are hereby incorporated by reference as if fully set forth in this warrant.

**Limited Obligations**

This warrant and all other payment obligations under the Indenture are limited obligations of the Issuer payable solely out of the General Trust Estate and the Series 2013 Senior Lien Trust Estate (together, the "Trust Estate"). The indebtedness acknowledged by this warrant shall not constitute or give rise to an indebtedness or liability of, and shall not constitute a charge against, the general credit or taxing powers of the Issuer or of the State of Alabama.

## **Security for Payment**

The Indenture provides for the issuance of Secured Obligations from time to time in one or more series. Secured Obligations are issuable in two classes: (i) Senior Lien Obligations, which have a first priority lien with respect to right of payment from the General Trust Estate, and (ii) Subordinate Lien Obligations, which have a second priority lien with respect to right of payment from the General Trust Estate. The Series 2013-A Warrants are being issued as Senior Lien Obligations and are also referred to in the Indenture as the "Series 2013 Senior Lien Obligations". The Indenture permits the issuance of additional Senior Lien Obligations secured on a parity of lien with the Series 2013 Senior Lien Obligations, upon compliance with certain provisions of the Indenture. Subordinate Lien Obligations are being issued simultaneously with the issuance of the Series 2013-A Warrants and the Indenture permits the issuance of additional Subordinate Lien Obligations, upon compliance with certain provisions of the Indenture.

Payment of the Series 2013 Senior Lien Obligations is further secured by the Series 2013 Senior Lien Trust Estate, which includes the Series 2013 Senior Lien Indenture Funds described in the Indenture, and which is held by the Trustee for the sole benefit of Holders of the Series 2013 Senior Lien Obligations.

## **Secured Obligation Documents**

Copies of the Secured Obligation Documents are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of this warrant and the Financing Participants, and the terms upon which the Series 2013-A Warrants are, and are to be, authenticated and delivered.

## **Transfer, Registration, Exchange and Payment Provisions**

The ownership, transfer, exchange and payment of Series 2013-A Warrants shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to the terms and conditions of the Indenture. If the Book Entry System is terminated, the Indenture provides alternate provisions for the ownership, transfer, registration, exchange and payment of Series 2013-A Warrants.

## **Applicable Interest Rate**

The applicable interest rate for this warrant is specified above.

## **Computation of Interest Accrual**

Interest on Series 2013-A Warrants shall be computed on the basis of a 360-day year with 12 months of 30 days each.

## **Interest Payment Dates**

Interest on Series 2013-A Warrants is payable on the following dates: *[specify from Indenture]*.

## **Regular Record Date for Interest Payments**

If the Book Entry System is in effect, the Trustee shall pay interest on this warrant to DTC, and interest shall be distributed to the Holder of this warrant in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date with respect to this warrant shall be payable to the Holder of this warrant on the Regular Record Date for such Interest Payment Date.

## **Special Record Date for Defaulted Interest**

Any Defaulted Interest shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the

Issuer to the persons in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed as provided in the Indenture.

### **Interest on Overdue Payments**

Interest shall be payable on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the Post-Default Rate specified in the Indenture.

### **Authorized Denominations**

Series 2013-A Warrants may be in denominations of \$5,000 or any integral multiple thereof.

### **Currency of Payment**

Payment of Debt Service on this warrant 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.

### **Redemption Prior to Maturity**

The Series 2013-A Warrants will be subject to redemption prior to their respective Maturity Dates as follows:

*[Specify applicable redemption provisions from Section 7.1.]*

If less than all Series 2013-A Warrants outstanding are being redeemed, the Indenture provides procedures for selection of Series 2013-A Warrants to be redeemed.

Notice of redemption of any Series 2013-A Warrant shall be given to the affected Holder not less than 20 days prior to the redemption date. If the Book Entry System is in effect, notice of redemption shall be given to DTC and shall be forwarded by DTC to Holders through methods established by the rules and operational arrangements of the Book Entry System. If the Book Entry System is not in effect, notice shall be given to Holders by certified mail.

A notice of optional redemption may state that the redemption of Series 2013-A Warrants is contingent upon specified conditions, such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the Issuer shall not be required to redeem the Series 2013-A Warrants (or portions thereof) identified in such notice, and any Series 2013-A Warrants surrendered on the specified redemption date shall be returned to the Holders of such Series 2013-A Warrants.

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Series 2013-A Warrants which are to be redeemed on that date shall be deposited with the Trustee, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

If notice of redemption is given and any conditions to such redemption are met, the Series 2013-A Warrants to be redeemed shall become due and payable on the redemption date at the applicable redemption price, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Series 2013-A Warrants shall cease to bear interest.

If the Book Entry System is in effect, partial redemption of any Series 2013-A Warrant shall be effected in accordance with the Book Entry System. If the Book Entry System has been terminated, any Series 2013-A Warrant which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Series 2013-A Warrant, without service charge, a new Series 2013-A Warrant or Series 2013-A Warrants of the same Tenor and of any Authorized Denomination or Denominations as requested by such Holder in aggregate

principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2013-A Warrant surrendered.

The Indenture permits the Issuer to purchase Series 2013-A Warrants that have been called for optional redemption in lieu of retiring such Series 2013-A Warrants on the redemption date. No notice to Holders is required in connection with a purchase in lieu of redemption.

### **Remedies**

If an "Indenture Default", as defined in the Indenture, shall occur, the principal or Accreted Value of all Secured Obligations then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as specified in the Indenture.

### **Amendments and Waivers**

The Indenture permits the amendment of the Secured Obligation Documents and waivers of past defaults under such Secured Obligation Documents and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Secured Obligations or a specified percentage of such Holders or a specified percentage of the Holders of the Senior Lien Obligations. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any Series 2013-A Warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

### **Exoneration of Public Officials, Officers and Employees of the Issuer**

No recourse under or upon any covenant or agreement of the Indenture, or of any Series 2013-A Warrants, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future public official, officer or employee of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and the Series 2013-A Warrants are solely corporate obligations, and that no personal or pecuniary liability whatever shall attach to, or is or shall be incurred by, any public official, officer or employee of the Issuer or any successor, or any of them, because of the issuance of the Series 2013-A Warrants, or under or by reason of the covenants or agreements contained in the Indenture or in any Series 2013-A Warrants or implied therefrom. The provisions of this paragraph are not intended to preclude the enforcement of remedies provided for in the Indenture against the Trust Estate secured by the Indenture.

\* \* \*

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

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

[Balance of page intentionally left blank.]

**IN WITNESS WHEREOF**, the Issuer has caused this warrant to be duly executed under its corporate seal.

Dated: Date of initial delivery of this warrant identified above.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
President, Jefferson County Commission

[SEAL]

Attest:

\_\_\_\_\_  
Minute Clerk

**Registration Certificate**

I hereby certify that this warrant has been duly registered by me as a claim against Jefferson County, Alabama, payable solely from the Trust Estate referred to herein.

Date of Registration: \_\_\_\_\_

\_\_\_\_\_  
Treasurer of Jefferson County, Alabama

**Certificate of Authentication**

This is one of the Series 2013-A Warrants referred to in the within-mentioned Indenture. The Series 2013-A Warrants have been issued as Senior Lien Obligations under the terms of the Indenture.

Date of authentication: \_\_\_\_\_

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

**Assignment**

For value received, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto [Please insert name and taxpayer identification number] \_\_\_\_\_ this warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer this warrant on the books of the within named Issuer at the office of the within named Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTE:** The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

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

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

\*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the 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).

**EXHIBIT 5.2(c)**

**Form of Series 2013-B Warrants**

**VALIDATED AND CONFIRMED BY JUDGMENT AND CONFIRMATION ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ALABAMA, ENTERED ON THE \_\_\_ DAY OF \_\_\_\_\_, 2013.**

**Jefferson County, Alabama**

**Senior Lien Sewer Revenue Capital Appreciation Warrant, Series 2013-B**

**Number:**

**Date of Initial Delivery:**

**Yield to Maturity:**

**Maturity Date:**

**Accreted Value at Maturity:**

**CUSIP:**

**JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (the "Issuer", which term includes any successor under the Indenture hereinafter referred to), for value received, hereby acknowledges itself indebted to

**CEDE & CO.,**

or registered assigns, and directs the Trustee (as hereinafter defined) to pay (but solely from the sources hereinafter identified) the principal sum of

\_\_\_\_\_ **DOLLARS**

on the Maturity Date specified above and to pay interest that shall accrete thereon from the date of initial delivery of this warrant to the Maturity Date or earlier redemption; provided, however, that all such payments shall be limited obligations of the Issuer payable solely from the sources hereinafter identified.

**Authorizing Document**

This warrant is issued pursuant to a Trust Indenture dated December 1, 2013 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee", which term includes any successor trustee under the Indenture). This warrant is part of a series of warrants issued by the Issuer under the Indenture in the Initial Principal Amount of [\$55,693,095.85] and designated "Senior Lien Sewer Revenue Capital Appreciation Warrants, 2013-B" (the "Series 2013-B Warrants"). Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. The provisions of the Indenture are hereby incorporated by reference as if fully set forth in this warrant.

## **Limited Obligations**

This warrant and all other payment obligations under the Indenture are limited obligations of the Issuer payable solely out of the General Trust Estate and the Series 2013 Senior Lien Trust Estate (the "Trust Estate"). The indebtedness acknowledged by this warrant shall not constitute or give rise to an indebtedness or liability of, and shall not constitute a charge against, the general credit or taxing powers of the Issuer or of the State of Alabama.

## **Security for Payment**

The Indenture provides for the issuance of Secured Obligations from time to time in one or more series. Secured Obligations are issuable in two classes: (i) Senior Lien Obligations, which have a first priority lien with respect to right of payment from the General Trust Estate, and (ii) Subordinate Lien Obligations, which have a second priority lien with respect to right of payment from the General Trust Estate. The Series 2013-B Warrants are being issued as Senior Lien Obligations and are also referred to in the Indenture as the "Series 2013 Senior Lien Obligations". The Indenture permits the issuance of additional Senior Lien Obligations secured on a parity of lien with the Series 2013 Senior Lien Obligations, upon compliance with certain provisions of the Indenture. Subordinate Lien Obligations are being issued simultaneously with the issuance of the Series 2013-B Warrants and the Indenture permits the issuance of additional Subordinate Lien Obligations, upon compliance with certain provisions of the Indenture.

Payment of the Series 2013 Senior Lien Obligations is further secured by the Series 2013 Senior Lien Trust Estate, which includes the Series 2013 Senior Lien Indenture Funds described in the Indenture, and which is held by the Trustee for the sole benefit of Holders of the Series 2013 Senior Lien Obligations.

## **Secured Obligation Documents**

Copies of the Secured Obligation Documents are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of this warrant and the Financing Participants, and the terms upon which the Series 2013-B Warrants are, and are to be, authenticated and delivered.

## **Transfer, Registration, Exchange and Payment Provisions**

The ownership, transfer, exchange and payment of Series 2013-B Warrants shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to the terms and conditions of the Indenture. If the Book Entry System is terminated, the Indenture provides alternate provisions for the ownership, transfer, registration, exchange and payment of Series 2013-B Warrants.

## **Accretion of Interest**

This warrant is payable only at maturity or optional redemption and will not pay interest on a current basis. Interest on this warrant shall accrete in value from and including the date of initial delivery, compounded semiannually on each Compounding Date, until the Maturity Date or earlier redemption at the effective per annum rate required to produce the yield to maturity indicated above.

## **Computation of Interest Accretion**

Interest on this warrant shall accrete on the basis of a 360-day year with 12 months of 30 days each. Accretion between such dates shall be determined using linear interpolation.

## **Interest on Overdue Payments**

Interest shall be payable on overdue Accreted Value on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the Post-Default Rate specified in the Indenture.



### **Authorized Denominations**

The Series 2013-B Warrants may be in denominations of *[specify from Indenture]*.

### **Currency of Payment**

Payment of Debt Service on this warrant 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.

### **Redemption Prior to Maturity**

The Series 2013-B Warrants will be subject to redemption prior to their respective Maturity Dates as follows:

*[Specify applicable redemption provisions from Section 7.1.]*

If less than all of the Series 2013-B Warrants outstanding are being redeemed, the Indenture provides procedures for selection of Series 2013-B Warrants to be redeemed.

Notice of redemption of any Series 2013-B Warrant shall be given to the affected Holder not less than 20 days prior to the redemption date. If the Book Entry System is in effect, notice of redemption shall be given to DTC and shall be forwarded by DTC to Holders through methods established by the rules and operational arrangements of the Book Entry System. If the Book Entry System is not in effect, notice shall be given to Holders by certified mail.

A notice of optional redemption may state that the redemption of Series 2013-B Warrants is contingent upon specified conditions, such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the Issuer shall not be required to redeem the Series 2013-B Warrants (or portions thereof) identified in such notice, and any Series 2013-B Warrants surrendered on the specified redemption date shall be returned to the Holders of such Series 2013-B Warrants.

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Series 2013-B Warrants which are to be redeemed on that date shall be deposited with the Trustee, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

If notice of redemption is given and any conditions to such redemption are met, the Series 2013-B Warrants to be redeemed shall become due and payable on the redemption date at the applicable redemption price, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Series 2013-B Warrants shall cease to bear interest.

If the Book Entry System is in effect, partial redemption of any Series 2013-B Warrant shall be effected in accordance with the Book Entry System. If the Book Entry System has been terminated, any Series 2013-B Warrant which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Series 2013-B Warrant, without service charge, a new Series 2013-B Warrant or Series 2013-B Warrants of the same Tenor and of any Authorized Denomination or Denominations as requested by such Holder in aggregate Accreted Value equal to and in exchange for the unredeemed portion of the Accreted Value of the Series 2013-B Warrant surrendered.

The Indenture permits the Issuer to purchase Series 2013-B Warrants that have been called for optional redemption in lieu of retiring such Series 2013-B Warrants on the redemption date. No notice to Holders is required in connection with a purchase in lieu of redemption.

## **Remedies**

If an "Indenture Default", as defined in the Indenture, shall occur, the principal or Accreted Value of all Secured Obligations then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as specified in the Indenture.

## **Amendments and Waivers**

The Indenture permits the amendment of the Secured Obligation Documents and waivers of past defaults under such Secured Obligation Documents and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Secured Obligations, or a specified percentage of such Holders or a specified percentage of the Holders of the Senior Lien Obligations. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any Series 2013-B Warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

## **Exoneration of Public Officials, Officers and Employees of the Issuer**

No recourse under or upon any covenant or agreement of the Indenture, or of any Series 2013-B Warrants, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future public official, officer or employee of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and the Series 2013-B Warrants are solely corporate obligations, and that no personal or pecuniary liability whatever shall attach to, or is or shall be incurred by, any public official, officer or employee of the Issuer or any successor, or any of them, because of the issuance of the Series 2013-B Warrants, or under or by reason of the covenants or agreements contained in the Indenture or in any Series 2013-B Warrants or implied therefrom. The provisions of this paragraph are not intended to preclude the enforcement of remedies provided for in the Indenture against the Trust Estate secured by the Indenture.

\* \* \*

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

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

[Balance of page intentionally left blank.]

**IN WITNESS WHEREOF**, the Issuer has caused this warrant to be duly executed under its corporate seal.

Dated: Date of initial delivery of this warrant identified above.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
President, Jefferson County Commission

[SEAL]

Attest:

\_\_\_\_\_  
Minute Clerk

**Registration Certificate**

I hereby certify that this warrant has been duly registered by me as a claim against Jefferson County, Alabama, payable solely from the Trust Estate referred to herein.

Date of Registration: \_\_\_\_\_

\_\_\_\_\_  
Treasurer of Jefferson County, Alabama

**Certificate of Authentication**

This is one of the Warrants referred to in the within-mentioned Indenture. The Series 2013-B Warrants have been issued as Senior Lien Obligations under the terms of the Indenture.

Date of authentication: \_\_\_\_\_

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

**Assignment**

For value received, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto [Please insert name and taxpayer identification number] \_\_\_\_\_ this warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer this warrant on the books of the within named Issuer at the office of the within named Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTE:** The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

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

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

\*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the 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).

**EXHIBIT 5.2(e)**

**Schedule of Compound Accreted Value  
for  
Series 2013-B Warrants**

*[To be added]*

**EXHIBIT 5.3(c)**

**Form of Series 2013-C Warrants**

**VALIDATED AND CONFIRMED BY JUDGMENT AND CONFIRMATION ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ALABAMA, ENTERED ON THE \_\_\_ DAY OF \_\_\_\_\_, 2013.**

**Jefferson County, Alabama**

**Senior Lien Sewer Revenue Convertible Capital Appreciation Warrant, Series 2013-C**

**Number:**

**Date of Initial Delivery:**

**Yield to Current Interest  
Commencement Date:**

**Current Interest Commencement Date:**

**Accreted Value at Current Interest  
Commencement Date:**

**Maturity Date:**

**Interest Rate:**

**CUSIP:**

**JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (the "Issuer", which term includes any successor under the Indenture hereinafter referred to), for value received, hereby acknowledges itself indebted to

**CEDE & CO.,**

or registered assigns, and directs the Trustee (as hereinafter defined) to pay (but solely from the sources hereinafter identified) (A) prior to the Current Interest Commencement Date specified above, the principal sum of

\_\_\_\_\_ **DOLLARS**

and to pay interest that shall accrete thereon from the date of initial delivery of this warrant to the Current Interest Commencement Date, and (B) from and after the Current Interest Commencement Date (the date on which the Accreted Value of this warrant shall be converted to principal), the principal sum of

\_\_\_\_\_ **DOLLARS**

on the Maturity Date specified above and to pay interest hereon from the Current Interest Commencement Date 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 applicable interest rate specified above; provided, however, that all such payments shall be limited obligations of the Issuer payable solely from the sources hereinafter identified.

## **Authorizing Document**

This warrant is issued pursuant to a Trust Indenture dated December 1, 2013 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee", which term includes any successor trustee under the Indenture). This warrant is part of a series of Warrants issued by the Issuer under the Indenture in the Initial Principal Amount of [\$69,308,272.15] and designated "Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C" (the "Series 2013-C Warrants"). Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. The provisions of the Indenture are hereby incorporated by reference as if fully set forth in this warrant.

## **Limited Obligations**

This warrant and all other payment obligations under the Indenture are limited obligations of the Issuer payable solely out of the General Trust Estate and the Series 2013 Senior Lien Trust Estate (together, the "Trust Estate"). The indebtedness acknowledged by this warrant shall not constitute or give rise to an indebtedness or liability of, and shall not constitute a charge against, the general credit or taxing powers of the Issuer or of the State of Alabama.

## **Security for Payment**

The Indenture provides for the issuance of Secured Obligations from time to time in one or more series. Secured Obligations are issuable in two classes: (i) Senior Lien Obligations, which have a first priority lien with respect to right of payment from the General Trust Estate, and (ii) Subordinate Lien Obligations, which have a second priority lien with respect to right of payment from the General Trust Estate. The Series 2013-C Warrants are being issued as Senior Lien Obligations and are also referred to in the Indenture as the "Series 2013 Senior Lien Obligations". The Indenture permits the issuance of additional Senior Lien Obligations secured on a parity of lien with the Series 2013 Senior Lien Obligations, upon compliance with certain provisions of the Indenture. Subordinate Lien Obligations are being issued simultaneously with the issuance of the Series 2013-C Warrants and the Indenture permits the issuance of additional Subordinate Lien Obligations, upon compliance with certain provisions of the Indenture.

Payment of the Series 2013 Senior Lien Obligations is further secured by the Series 2013 Senior Lien Trust Estate, which includes the Series 2013 Senior Lien Indenture Funds described in the Indenture, and which is held by the Trustee for the sole benefit of Holders of the Series 2013 Senior Lien Obligations.

## **Secured Obligation Documents**

Copies of the Secured Obligation Documents are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of this warrant and the Financing Participants, and the terms upon which the Series 2013-C Warrants are, and are to be, authenticated and delivered.

## **Transfer, Registration, Exchange and Payment Provisions**

The ownership, transfer, exchange and payment of Series 2013-C Warrants shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to the terms and conditions of the Indenture. If the Book Entry System is terminated, the Indenture provides alternate provisions for the ownership, transfer, registration, exchange and payment of Series 2013-C Warrants.

### **Accretion of Interest Prior to Current Interest Commencement Date**

Prior to the Current Interest Commencement Date, this warrant is payable only at optional redemption and will not pay interest on a current basis. Interest on this warrant shall accrete in value from and including the date of initial delivery, compounded semiannually on each Compounding Date, until the Current Interest Commencement Date at the effective per annum rate required to produce the yield to Current Interest Commencement Date indicated above.

### **Computation of Interest Accretion Prior to Current Interest Commencement Date**

Prior to the Current Interest Commencement Date, interest on this warrant shall accrete on the basis of a 360-day year with 12 months of 30 days each. Accretion between such dates shall be determined using linear interpolation.

### **Applicable Interest Rate From the Current Interest Commencement Date**

From and after the Current Interest Commencement Date, the applicable interest rate for this warrant is specified above.

### **Computation of Interest Accrual From the Current Interest Commencement Date**

From and after the Current Interest Commencement Date, interest on the Series 2013-C Warrants shall be computed on the basis of a 360-day year with 12 months of 30 days each.

### **Interest Payment Dates from the Current Interest Commencement Date**

Interest on Series 2013-C Warrants accruing from and after the Current Interest Commencement Date is payable on the following dates: *[specify from Indenture]*.

### **Regular Record Date for Interest Payments From the Current Interest Commencement Date**

From and after the Current Interest Commencement Date, if the Book Entry System is in effect, the Trustee shall pay interest on this warrant to DTC, and interest shall be distributed to the Holder of this warrant in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date with respect to this warrant shall be payable to the Holder of this warrant on the Regular Record Date for such Interest Payment Date.

### **Special Record Date for Defaulted Interest**

Any Defaulted Interest shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the Issuer to the persons in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed as provided in the Indenture.

### **Interest on Overdue Payments**

Interest shall be payable on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the Post-Default Rate specified in the Indenture.

### **Authorized Denominations**

Prior to the Current Interest Commencement Date, the Series 2013-C Warrants may be in denominations of *[specify from Indenture]*. From and after the Current Interest Commencement Date, the Series 2013-C Warrants may be in denominations of *[specify from Indenture]* or any integral multiple thereof.



## **Currency of Payment**

Payment of Debt Service on this warrant 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.

## **Redemption Prior to Maturity**

The Series 2013-C Warrants will be subject to redemption prior to their respective Maturity Dates as follows:

*[Specify applicable redemption provisions from Section 7.1.]*

If less than all of the Series 2013-C Warrants outstanding are being redeemed, the Indenture provides procedures for selection of Series 2013-C Warrants to be redeemed.

Notice of redemption of any Series 2013-C Warrant shall be given to the affected Holder not less than 20 days prior to the redemption date. If the Book Entry System is in effect, notice of redemption shall be given to DTC and shall be forwarded by DTC to Holders through methods established by the rules and operational arrangements of the Book Entry System. If the Book Entry System is not in effect, notice shall be given to Holders by certified mail.

A notice of optional redemption may state that the redemption of Series 2013-C Warrants is contingent upon specified conditions, such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the Issuer shall not be required to redeem the Series 2013-C Warrants (or portions thereof) identified in such notice, and any Series 2013-C Warrants surrendered on the specified redemption date shall be returned to the Holders of such Series 2013-C Warrants.

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Series 2013-C Warrants which are to be redeemed on that date shall be deposited with the Trustee, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

If notice of redemption is given and any conditions to such redemption are met, the Series 2013-C Warrants to be redeemed shall become due and payable on the redemption date at the applicable redemption price, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Series 2013-C Warrants shall cease to bear interest.

If the Book Entry System is in effect, partial redemption of any Series 2013-C Warrant shall be effected in accordance with the Book Entry System. If the Book Entry System has been terminated, any Series 2013-C Warrant which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Series 2013-C Warrant, without service charge, a new Series 2013-C Warrant or Series 2013-C Warrants of the same Tenor and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount or Accreted Value equal to and in exchange for the unredeemed portion of the principal or Accreted Value of the Series 2013-C Warrant surrendered.

The Indenture permits the Issuer to purchase Series 2013-C Warrants that have been called for optional redemption in lieu of retiring such Series 2013-C Warrants on the redemption date. No notice to Holders is required in connection with a purchase in lieu of redemption.

## **Remedies**

If an "Indenture Default", as defined in the Indenture, shall occur, the principal or Accreted Value of all Secured Obligations then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as specified in the Indenture.

#### **Amendments and Waivers**

The Indenture permits the amendment of the Secured Obligation Documents and waivers of past defaults under such Secured Obligation Documents and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Secured Obligations or a specified percentage of such Holders or a specified percentage of the Holders of the Senior Lien Obligations. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any Series 2013-C Warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

#### **Exoneration of Public Officials, Officers and Employees of the Issuer**

No recourse under or upon any covenant or agreement of the Indenture, or of any Series 2013-C Warrants, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future public official, officer or employee of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and the Series 2013-C Warrants are solely corporate obligations, and that no personal or pecuniary liability whatever shall attach to, or is or shall be incurred by, any public official, officer or employee of the Issuer or any successor, or any of them, because of the issuance of the Series 2013-C Warrants, or under or by reason of the covenants or agreements contained in the Indenture or in any Series 2013-C Warrants or implied therefrom. The provisions of this paragraph are not intended to preclude the enforcement of remedies provided for in the Indenture against the Trust Estate secured by the Indenture.

\* \* \*

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

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

[Balance of page intentionally left blank.]

**IN WITNESS WHEREOF**, the Issuer has caused this warrant to be duly executed under its corporate seal.

Dated: Date of initial delivery of this warrant identified above.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
President, Jefferson County Commission

[SEAL]

Attest:

\_\_\_\_\_  
Minute Clerk

**Registration Certificate**

I hereby certify that this warrant has been duly registered by me as a claim against Jefferson County, Alabama, payable solely from the Trust Estate referred to herein.

Date of Registration: \_\_\_\_\_

\_\_\_\_\_  
Treasurer of Jefferson County, Alabama

**Certificate of Authentication**

This is one of the Warrants referred to in the within-mentioned Indenture. The Series 2013-C Warrants have been issued as Subordinate Lien Obligations under the terms of the Indenture.

Date of authentication: \_\_\_\_\_

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

**Assignment**

For value received, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto [Please insert name and taxpayer identification number] \_\_\_\_\_ this warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer this warrant on the books of the within named Issuer at the office of the within named Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTE:** The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

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

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

\*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the 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).

**EXHIBIT 5.3(e)**

**Schedule of Compound Accreted Value  
for  
Series 2013-C Warrants**

*[To be added]*

**EXHIBIT 5.4(c)**

**Form of Series 2013-D Warrants**

**VALIDATED AND CONFIRMED BY JUDGMENT AND CONFIRMATION ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ALABAMA, ENTERED ON THE \_\_\_ DAY OF \_\_\_\_\_, 2013.**

**Jefferson County, Alabama**

**Subordinate Lien Sewer Revenue Current Interest Warrant, Series 2013-D**

**Number:**

**Date of Initial Delivery:**

**Maturity Date:**

**Interest Rate:**

**CUSIP:**

**JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (the "Issuer", which term includes any successor under the Indenture hereinafter referred to), for value received, hereby acknowledges itself indebted to

**CEDE & CO.,**

or registered assigns, and directs the Trustee (as hereinafter defined) to pay (but solely from the sources hereinafter identified) the principal sum of

\_\_\_\_\_ **DOLLARS**

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 applicable interest rate specified above; provided, however, that all such payments shall be limited obligations of the Issuer payable solely from the sources hereinafter identified.

**Authorizing Document**

This warrant is issued pursuant to a Trust Indenture dated December 1, 2013 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee", which term includes any successor trustee under the Indenture). This warrant is part of a series of warrants issued by the Issuer under the Indenture in the aggregate principal amount of [\$750,155,000] and designated "Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D" (the "Series 2013-D Warrants"). Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. The provisions of the Indenture are hereby incorporated by reference as if fully set forth in this warrant.

**Limited Obligations**

This warrant and all other payment obligations under the Indenture are limited obligations of the Issuer payable solely out of the General Trust Estate and the Series 2013 Subordinate Lien Trust Estate (together, the "Trust Estate"). The indebtedness acknowledged by this warrant shall not constitute or give rise to an indebtedness or liability of, and shall not constitute a charge against, the general credit or taxing powers of the Issuer or of the State of Alabama.

## **Security for Payment**

The Indenture provides for the issuance of Secured Obligations from time to time in one or more series. Secured Obligations are issuable in two classes: (i) Senior Lien Obligations, which have a first priority lien with respect to right of payment from the General Trust Estate, and (ii) Subordinate Lien Obligations, which have a second priority lien with respect to right of payment from the General Trust Estate. The Series 2013-D Warrants are being issued as Subordinate Lien Obligations and are also referred to in the Indenture as "Series 2013 Subordinate Lien Obligations". Senior Lien Obligations and additional Series 2013 Subordinate Lien Obligations have been issued simultaneously with the issuance of the Series 2013-D Warrants. The Indenture permits the issuance of additional Subordinate Lien Obligations secured on a parity of lien with the Series 2013 Subordinate Lien Obligations, upon compliance with certain provisions of the Indenture. The Indenture also permits the issuance of additional Senior Lien Obligations without the consent of Holders of Series 2013 Subordinate Lien Obligations, upon compliance with certain provisions of the Indenture.

Payment of the Series 2013 Subordinate Lien Obligations is further secured by the Series 2013 Subordinate Lien Trust Estate, which includes the Series 2013 Subordinate Lien Indenture Funds described in the Indenture, and which is held by the Trustee for the sole benefit of Holders of the Series 2013 Subordinate Lien Obligations.

## **Secured Obligation Documents**

Copies of the Secured Obligation Documents are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of this warrant and the Financing Participants, and the terms upon which the Series 2013-D Warrants are, and are to be, authenticated and delivered.

## **Transfer, Registration, Exchange and Payment Provisions**

The ownership, transfer, exchange and payment of Series 2013-D Warrants shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to the terms and conditions of the Indenture. If the Book Entry System is terminated, the Indenture provides alternate provisions for the ownership, transfer, registration, exchange and payment of Series 2013-D Warrants.

## **Applicable Interest Rate**

The applicable interest rate for this warrant is specified above.

## **Computation of Interest Accrual**

Interest on Series 2013-D Warrants shall be computed on the basis of a 360-day year with 12 months of 30 days each.

## **Interest Payment Dates**

Interest on Series 2013-D Warrants is payable on the following dates: *[specify from Indenture]*.

## **Regular Record Date for Interest Payments**

If the Book Entry System is in effect, the Trustee shall pay interest on this warrant to DTC, and interest shall be distributed to the Holder of this warrant in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date with respect to this warrant shall be payable to the Holder of this warrant on the Regular Record Date for such Interest Payment Date.

## **Special Record Date for Defaulted Interest**

Any Defaulted Interest shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the

Issuer to the persons in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed as provided in the Indenture.

### **Interest on Overdue Payments**

Interest shall be payable on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the Post-Default Rate specified in the Indenture.

### **Authorized Denominations**

Series 2013-D Warrants may be in denominations of \$5,000 or any integral multiple thereof.

### **Currency of Payment**

Payment of Debt Service on this warrant 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.

### **Redemption Prior to Maturity**

The Series 2013-D Warrants will be subject to redemption prior to their respective Maturity Dates as follows:

*[Specify applicable redemption provisions from Section 7.1.]*

If less than all Series 2013-D Warrants outstanding are being redeemed, the Indenture provides procedures for selection of Series 2013-D Warrants to be redeemed.

Notice of redemption of any Series 2013-D Warrant shall be given to the affected Holder not less than 20 days prior to the redemption date. If the Book Entry System is in effect, notice of redemption shall be given to DTC and shall be forwarded by DTC to Holders through methods established by the rules and operational arrangements of the Book Entry System. If the Book Entry System is not in effect, notice shall be given to Holders by certified mail.

A notice of optional redemption may state that the redemption of Series 2013-D Warrants is contingent upon specified conditions, such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the Issuer shall not be required to redeem the Series 2013-D Warrants (or portions thereof) identified in such notice, and any Series 2013-D Warrants surrendered on the specified redemption date shall be returned to the Holders of such Series 2013-D Warrants.

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Series 2013-D Warrants which are to be redeemed on that date shall be deposited with the Trustee, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

If notice of redemption is given and any conditions to such redemption are met, the Series 2013-D Warrants to be redeemed shall become due and payable on the redemption date at the applicable redemption price, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Series 2013-D Warrants shall cease to bear interest.

If the Book Entry System is in effect, partial redemption of any Series 2013-D Warrant shall be effected in accordance with the Book Entry System. If the Book Entry System has been terminated, any Series 2013-D Warrant which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Series 2013-D Warrant, without service charge, a new Series 2013-D Warrant or Series 2013-D Warrants of the same Tenor and of any Authorized Denomination or Denominations as requested by such Holder in aggregate



principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2013-D Warrant surrendered.

The Indenture permits the Issuer to purchase Series 2013-D Warrants that have been called for optional redemption in lieu of retiring such Series 2013-D Warrants on the redemption date. No notice to Holders is required in connection with a purchase in lieu of redemption.

### **Remedies**

If an "Indenture Default", as defined in the Indenture, shall occur, the principal or Accreted Value of all Secured Obligations then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as specified in the Indenture.

### **Amendments and Waivers**

The Indenture permits the amendment of the Secured Obligation Documents and waivers of past defaults under such Secured Obligation Documents and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Secured Obligations or a specified percentage of such Holders or a specified percentage of the Holders of the Senior Lien Obligations. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any Series 2013-D Warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

### **Exoneration of Public Officials, Officers and Employees of the Issuer**

No recourse under or upon any covenant or agreement of the Indenture, or of any Series 2013-D Warrants, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future public official, officer or employee of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and the Series 2013-D Warrants are solely corporate obligations, and that no personal or pecuniary liability whatever shall attach to, or is or shall be incurred by, any public official, officer or employee of the Issuer or any successor, or any of them, because of the issuance of the Series 2013-D Warrants, or under or by reason of the covenants or agreements contained in the Indenture or in any Series 2013-D Warrants or implied therefrom. The provisions of this paragraph are not intended to preclude the enforcement of remedies provided for in the Indenture against the Trust Estate secured by the Indenture.

\* \* \*

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

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

[Balance of page intentionally left blank.]

**IN WITNESS WHEREOF**, the Issuer has caused this warrant to be duly executed under its corporate seal.

Dated: Date of initial delivery of this warrant identified above.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
President, Jefferson County Commission

[SEAL]

Attest:

\_\_\_\_\_  
Minute Clerk

**Registration Certificate**

I hereby certify that this warrant has been duly registered by me as a claim against Jefferson County, Alabama, payable solely from the Trust Estate referred to herein.

Date of Registration: \_\_\_\_\_

\_\_\_\_\_  
Treasurer of Jefferson County, Alabama

**Certificate of Authentication**

This is one of the Series 2013-D Warrants referred to in the within-mentioned Indenture. The Series 2013-D Warrants have been issued as Subordinate Lien Obligations under the terms of the Indenture.

Date of authentication: \_\_\_\_\_

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

**Assignment**

For value received, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto [Please insert name and taxpayer identification number] \_\_\_\_\_ this warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer this warrant on the books of the within named Issuer at the office of the within named Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTE:** The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

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

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

\*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the 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).

**EXHIBIT 5.5(c)**

**Form of Series 2013-E Warrants**

**VALIDATED AND CONFIRMED BY JUDGMENT AND CONFIRMATION ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ALABAMA, ENTERED ON THE \_\_\_ DAY OF \_\_\_\_\_, 2013.**

**Jefferson County, Alabama**

**Subordinate Lien Sewer Revenue Capital Appreciation Warrant, Series 2013-E**

**Number:**

**Date of Initial Delivery:**

**Yield to Maturity:**

**Maturity Date:**

**Accreted Value at Maturity:**

**CUSIP:**

**JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (the "Issuer", which term includes any successor under the Indenture hereinafter referred to), for value received, hereby acknowledges itself indebted to

**CEDE & CO.,**

or registered assigns, and directs the Trustee (as hereinafter defined) to pay (but solely from the sources hereinafter identified) the principal sum of

\_\_\_\_\_ **DOLLARS**

on the Maturity Date specified above and to pay interest that shall accrete thereon from the date of initial delivery of this warrant to the Maturity Date or earlier redemption; provided, however, that all such payments shall be limited obligations of the Issuer payable solely from the sources hereinafter identified.

**Authorizing Document**

This warrant is issued pursuant to a Trust Indenture dated December 1, 2013 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee", which term includes any successor trustee under the Indenture). This warrant is part of a series of warrants issued by the Issuer under the Indenture in the Initial Principal Amount of [\$71,935,073.95] and designated "Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E" (the "Series 2013-E Warrants"). Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. The provisions of the Indenture are hereby incorporated by reference as if fully set forth in this warrant.

**Limited Obligations**

This warrant and all other payment obligations under the Indenture are limited obligations of the Issuer payable solely out of the General Trust Estate and the Series 2013 Subordinate Lien Trust Estate (the "Trust Estate"). The indebtedness acknowledged by this warrant shall not constitute or give rise to an indebtedness or

liability of, and shall not constitute a charge against, the general credit or taxing powers of the Issuer or of the State of Alabama.

### **Security for Payment**

The Indenture provides for the issuance of Secured Obligations from time to time in one or more series. Secured Obligations are issuable in two classes: (i) Senior Lien Obligations, which have a first priority lien with respect to right of payment from the General Trust Estate, and (ii) Subordinate Lien Obligations, which have a second priority lien with respect to right of payment from the General Trust Estate. The Series 2013-E Warrants are being issued as Subordinate Lien Obligations and are also referred to in the Indenture as "Series 2013 Subordinate Lien Obligations". Senior Lien Obligations and additional Series 2013 Subordinate Lien Obligations have been issued simultaneously with the issuance of the Series 2013-E Warrants. The Indenture permits the issuance of additional Subordinate Lien Obligations secured on a parity of lien with the Series 2013 Subordinate Lien Obligations, upon compliance with certain provisions of the Indenture. The Indenture also permits the issuance of additional Senior Lien Obligations without the consent of Holders of Series 2013 Subordinate Lien Obligations, upon compliance with certain provisions of the Indenture.

Payment of the Series 2013 Subordinate Lien Obligations is further secured by the Series 2013 Subordinate Lien Trust Estate, which includes the Series 2013 Subordinate Lien Indenture Funds described in the Indenture, and which is held by the Trustee for the sole benefit of Holders of the Series 2013 Subordinate Lien Obligations.

### **Secured Obligation Documents**

Copies of the Secured Obligation Documents are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of this warrant and the Financing Participants, and the terms upon which the Series 2013-E Warrants are, and are to be, authenticated and delivered.

### **Transfer, Registration, Exchange and Payment Provisions**

The ownership, transfer, exchange and payment of Series 2013-E Warrants shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to the terms and conditions of the Indenture. If the Book Entry System is terminated, the Indenture provides alternate provisions for the ownership, transfer, registration, exchange and payment of Series 2013-E Warrants.

### **Accretion of Interest**

This warrant is payable only at maturity or optional redemption and will not pay interest on a current basis. Interest on this warrant shall accrete in value from and including the date of initial delivery, compounded semiannually on each Compounding Date, until the Maturity Date or earlier redemption at the effective per annum rate required to produce the yield to maturity indicated above.

### **Computation of Interest Accretion**

Interest on this warrant shall accrete on the basis of a 360-day year with 12 months of 30 days each. Accretion between such dates shall be determined using linear interpolation.

### **Interest on Overdue Payments**

Interest shall be payable on overdue Accreted Value on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the Post-Default Rate specified in the Indenture.

### **Authorized Denominations**

The Series 2013-E Warrants may be in denominations of *[specify from Indenture]*.

## **Currency of Payment**

Payment of Debt Service on this warrant 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.

## **Redemption Prior to Maturity**

The Series 2013-E Warrants will be subject to redemption prior to their respective Maturity Dates as follows:

*[Specify applicable redemption provisions from Section 7.1.]*

If less than all of the Series 2013-E Warrants outstanding are being redeemed, the Indenture provides procedures for selection of Series 2013-E Warrants to be redeemed.

Notice of redemption of any Series 2013-E Warrant shall be given to the affected Holder not less than 20 days prior to the redemption date. If the Book Entry System is in effect, notice of redemption shall be given to DTC and shall be forwarded by DTC to Holders through methods established by the rules and operational arrangements of the Book Entry System. If the Book Entry System is not in effect, notice shall be given to Holders by certified mail.

A notice of optional redemption may state that the redemption of Series 2013-E Warrants is contingent upon specified conditions, such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the Issuer shall not be required to redeem the Series 2013-E Warrants (or portions thereof) identified in such notice, and any Series 2013-E Warrants surrendered on the specified redemption date shall be returned to the Holders of such Series 2013-E Warrants.

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Series 2013-E Warrants which are to be redeemed on that date shall be deposited with the Trustee, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

If notice of redemption is given and any conditions to such redemption are met, the Series 2013-E Warrants to be redeemed shall become due and payable on the redemption date at the applicable redemption price, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Series 2013-E Warrants shall cease to bear interest.

If the Book Entry System is in effect, partial redemption of any Series 2013-E Warrant shall be effected in accordance with the Book Entry System. If the Book Entry System has been terminated, any Series 2013-E Warrant which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Series 2013-E Warrant, without service charge, a new Series 2013-E Warrant or Series 2013-E Warrants of the same Tenor and of any Authorized Denomination or Denominations as requested by such Holder in aggregate Accreted Value equal to and in exchange for the unredeemed portion of the Accreted Value of the Series 2013-E Warrant surrendered.

The Indenture permits the Issuer to purchase Series 2013-E Warrants that have been called for optional redemption in lieu of retiring such Series 2013-E Warrants on the redemption date. No notice to Holders is required in connection with a purchase in lieu of redemption.

## **Remedies**

If an "Indenture Default", as defined in the Indenture, shall occur, the principal or Accreted Value of all Secured Obligations then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as specified in the Indenture.

#### **Amendments and Waivers**

The Indenture permits the amendment of the Secured Obligation Documents and waivers of past defaults under such Secured Obligation Documents and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Secured Obligations, or a specified percentage of such Holders or a specified percentage of the Holders of the Senior Lien Obligations. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any Series 2013-E Warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

#### **Exoneration of Public Officials, Officers and Employees of the Issuer**

No recourse under or upon any covenant or agreement of the Indenture, or of any Series 2013-E Warrants, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future public official, officer or employee of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and the Series 2013-E Warrants are solely corporate obligations, and that no personal or pecuniary liability whatever shall attach to, or is or shall be incurred by, any public official, officer or employee of the Issuer or any successor, or any of them, because of the issuance of the Series 2013-E Warrants, or under or by reason of the covenants or agreements contained in the Indenture or in any Series 2013-E Warrants or implied therefrom. The provisions of this paragraph are not intended to preclude the enforcement of remedies provided for in the Indenture against the Trust Estate secured by the Indenture.

\* \* \*

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

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

[Balance of page intentionally left blank.]

**IN WITNESS WHEREOF**, the Issuer has caused this warrant to be duly executed under its corporate seal.

Dated: Date of initial delivery of this warrant identified above.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
President, Jefferson County Commission

[SEAL]

Attest:

\_\_\_\_\_  
Minute Clerk

**Registration Certificate**

I hereby certify that this warrant has been duly registered by me as a claim against Jefferson County, Alabama, payable solely from the Trust Estate referred to herein.

Date of Registration: \_\_\_\_\_

\_\_\_\_\_  
Treasurer of Jefferson County, Alabama

**Certificate of Authentication**

This is one of the Warrants referred to in the within-mentioned Indenture. The Series 2013-E Warrants have been issued as Subordinate Lien Obligations under the terms of the Indenture.

Date of authentication: \_\_\_\_\_

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

By \_\_\_\_\_  
Authorized Signatory



**Assignment**

For value received, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto [Please insert name and taxpayer identification number] \_\_\_\_\_ this warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer this warrant on the books of the within named Issuer at the office of the within named Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTE:** The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

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

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

\*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the 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).

**EXHIBIT 5.5(e)**

**Schedule of Compound Accreted Value  
for  
Series 2013-E Warrants**

*[To be added]*

**EXHIBIT 5.6(c)**

**Form of Series 2013-F Warrants**

**VALIDATED AND CONFIRMED BY JUDGMENT AND CONFIRMATION ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ALABAMA, ENTERED ON THE \_\_\_ DAY OF \_\_\_\_\_, 2013.**

**Jefferson County, Alabama**

**Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrant, Series 2013-F**

**Number:**

**Date of Initial Delivery:**

**Yield to Current Interest  
Commencement Date:**

**Current Interest Commencement Date:**

**Accreted Value at Current Interest  
Commencement Date:**

**Maturity Date:**

**Interest Rate:**

**CUSIP:**

**JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (the "Issuer", which term includes any successor under the Indenture hereinafter referred to), for value received, hereby acknowledges itself indebted to

**CEDE & CO.,**

or registered assigns, and directs the Trustee (as hereinafter defined) to pay (but solely from the sources hereinafter identified) (A) prior to the Current Interest Commencement Date specified above, the principal sum of

\_\_\_\_\_ **DOLLARS**

and to pay interest that shall accrete thereon from the date of initial delivery of this warrant to the Current Interest Commencement Date, and (B) from and after the Current Interest Commencement Date (the date on which the Accreted Value of this warrant shall be converted to principal), the principal sum of

\_\_\_\_\_ **DOLLARS**

on the Maturity Date specified above and to pay interest hereon from the Current Interest Commencement Date 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 applicable interest rate specified above; provided, however, that all such payments shall be limited obligations of the Issuer payable solely from the sources hereinafter identified.

## **Authorizing Document**

This warrant is issued pursuant to a Trust Indenture dated December 1, 2013 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee", which term includes any successor trustee under the Indenture). This warrant is part of a series of Warrants issued by the Issuer under the Indenture in the Initial Principal Amount of [\$416,317,273] and designated "Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F" (the "Series 2013-F Warrants"). Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. The provisions of the Indenture are hereby incorporated by reference as if fully set forth in this warrant.

## **Limited Obligations**

This warrant and all other payment obligations under the Indenture are limited obligations of the Issuer payable solely out of the General Trust Estate and the Series 2013 Subordinate Lien Trust Estate (together, the "Trust Estate"). The indebtedness acknowledged by this warrant shall not constitute or give rise to an indebtedness or liability of, and shall not constitute a charge against, the general credit or taxing powers of the Issuer or of the State of Alabama.

## **Security for Payment**

The Indenture provides for the issuance of Secured Obligations from time to time in one or more series. Secured Obligations are issuable in two classes: (i) Senior Lien Obligations, which have a first priority lien with respect to right of payment from the General Trust Estate, and (ii) Subordinate Lien Obligations, which have a second priority lien with respect to right of payment from the General Trust Estate. The Series 2013-F Warrants are being issued as Subordinate Lien Obligations and are also referred to in the Indenture as "Series 2013 Subordinate Lien Obligations". Senior Lien Obligations and additional Series 2013 Subordinate Lien Obligations have been issued simultaneously with the issuance of the Series 2013-F Warrants. The Indenture permits the issuance of additional Subordinate Lien Obligations secured on a parity of lien with the Series 2013 Subordinate Lien Obligations, upon compliance with certain provisions of the Indenture. The Indenture also permits the issuance of additional Senior Lien Obligations without the consent of Holders of Series 2013 Subordinate Lien Obligations, upon compliance with certain provisions of the Indenture.

Payment of the Series 2013 Subordinate Lien Obligations is further secured by the Series 2013 Subordinate Lien Trust Estate, which includes the Series 2013 Subordinate Lien Indenture Funds described in the Indenture, and which is held by the Trustee for the sole benefit of Holders of the Series 2013 Subordinate Lien Obligations.

## **Secured Obligation Documents**

Copies of the Secured Obligation Documents are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of this warrant and the Financing Participants, and the terms upon which the Series 2013-F Warrants are, and are to be, authenticated and delivered.

## **Transfer, Registration, Exchange and Payment Provisions**

The ownership, transfer, exchange and payment of Series 2013-F Warrants shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to the terms and conditions of the Indenture. If the Book Entry System is terminated, the Indenture provides alternate provisions for the ownership, transfer, registration, exchange and payment of Series 2013-F Warrants.

## **Accretion of Interest Prior to Current Interest Commencement Date**

Prior to the Current Interest Commencement Date, this warrant is payable only at optional redemption and will not pay interest on a current basis. Interest on this warrant shall accrete in value from and including the date of initial delivery, compounded semiannually on each Compounding Date, until the Current Interest Commencement

Date at the effective per annum rate required to produce the yield to Current Interest Commencement Date indicated above.

#### **Computation of Interest Accretion Prior to Current Interest Commencement Date**

Prior to the Current Interest Commencement Date, interest on this warrant shall accrete on the basis of a 360-day year with 12 months of 30 days each. Accretion between such dates shall be determined using linear interpolation.

#### **Applicable Interest Rate From the Current Interest Commencement Date**

From and after the Current Interest Commencement Date, the applicable interest rate for this warrant is specified above.

#### **Computation of Interest Accrual From the Current Interest Commencement Date**

From and after the Current Interest Commencement Date, interest on the Series 2013-F Warrants shall be computed on the basis of a 360-day year with 12 months of 30 days each.

#### **Interest Payment Dates from the Current Interest Commencement Date**

Interest on Series 2013-F Warrants accruing from and after the Current Interest Commencement Date is payable on the following dates: *[specify from Indenture]*.

#### **Regular Record Date for Interest Payments From the Current Interest Commencement Date**

From and after the Current Interest Commencement Date, if the Book Entry System is in effect, the Trustee shall pay interest on this warrant to DTC, and interest shall be distributed to the Holder of this warrant in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date with respect to this warrant shall be payable to the Holder of this warrant on the Regular Record Date for such Interest Payment Date.

#### **Special Record Date for Defaulted Interest**

Any Defaulted Interest shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the Issuer to the persons in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed as provided in the Indenture.

#### **Interest on Overdue Payments**

Interest shall be payable on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the Post-Default Rate specified in the Indenture.

#### **Authorized Denominations**

Prior to the Current Interest Commencement Date, the Series 2013-F Warrants may be in denominations of *[specify from Indenture]*. From and after the Current Interest Commencement Date, the Series 2013-F Warrants may be in denominations of *[specify from Indenture]* or any integral multiple thereof.

#### **Currency of Payment**

Payment of Debt Service on this warrant 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.

## **Redemption Prior to Maturity**

The Series 2013-F Warrants will be subject to redemption prior to their respective Maturity Dates as follows:

*[Specify applicable redemption provisions from Section 7.1.]*

If less than all of the Series 2013-F Warrants outstanding are being redeemed, the Indenture provides procedures for selection of Series 2013-F Warrants to be redeemed.

Notice of redemption of any Series 2013-F Warrant shall be given to the affected Holder not less than 20 days prior to the redemption date. If the Book Entry System is in effect, notice of redemption shall be given to DTC and shall be forwarded by DTC to Holders through methods established by the rules and operational arrangements of the Book Entry System. If the Book Entry System is not in effect, notice shall be given to Holders by certified mail.

A notice of optional redemption may state that the redemption of Series 2013-F Warrants is contingent upon specified conditions, such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the Issuer shall not be required to redeem the Series 2013-F Warrants (or portions thereof) identified in such notice, and any Series 2013-F Warrants surrendered on the specified redemption date shall be returned to the Holders of such Series 2013-F Warrants.

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Series 2013-F Warrants which are to be redeemed on that date shall be deposited with the Trustee, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

If notice of redemption is given and any conditions to such redemption are met, the Series 2013-F Warrants to be redeemed shall become due and payable on the redemption date at the applicable redemption price, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Series 2013-F Warrants shall cease to bear interest.

If the Book Entry System is in effect, partial redemption of any Series 2013-F Warrant shall be effected in accordance with the Book Entry System. If the Book Entry System has been terminated, any Series 2013-F Warrant which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Series 2013-F Warrant, without service charge, a new Series 2013-F Warrant or Series 2013-F Warrants of the same Tenor and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount or Accreted Value equal to and in exchange for the unredeemed portion of the principal or Accreted Value of the Series 2013-F Warrant surrendered.

The Indenture permits the Issuer to purchase Series 2013-F Warrants that have been called for optional redemption in lieu of retiring such Series 2013-F Warrants on the redemption date. No notice to Holders is required in connection with a purchase in lieu of redemption.

## **Remedies**

If an "Indenture Default", as defined in the Indenture, shall occur, the principal or Accreted Value of all Secured Obligations then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as specified in the Indenture.

## **Amendments and Waivers**

The Indenture permits the amendment of the Secured Obligation Documents and waivers of past defaults under such Secured Obligation Documents and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Secured Obligations or a specified percentage of such Holders or a specified percentage of the Holders of the Senior Lien Obligations. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any Series 2013-F Warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

## **Exoneration of Public Officials, Officers and Employees of the Issuer**

No recourse under or upon any covenant or agreement of the Indenture, or of any Series 2013-F Warrants, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future public official, officer or employee of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and the Series 2013-F Warrants are solely corporate obligations, and that no personal or pecuniary liability whatever shall attach to, or is or shall be incurred by, any public official, officer or employee of the Issuer or any successor, or any of them, because of the issuance of the Series 2013-F Warrants, or under or by reason of the covenants or agreements contained in the Indenture or in any Series 2013-F Warrants or implied therefrom. The provisions of this paragraph are not intended to preclude the enforcement of remedies provided for in the Indenture against the Trust Estate secured by the Indenture.

\* \* \*

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

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

[Balance of page intentionally left blank.]

**IN WITNESS WHEREOF**, the Issuer has caused this warrant to be duly executed under its corporate seal.

Dated: Date of initial delivery of this warrant identified above.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
President, Jefferson County Commission

[SEAL]

Attest:

\_\_\_\_\_  
Minute Clerk

**Registration Certificate**

I hereby certify that this warrant has been duly registered by me as a claim against Jefferson County, Alabama, payable solely from the Trust Estate referred to herein.

Date of Registration: \_\_\_\_\_

\_\_\_\_\_  
Treasurer of Jefferson County, Alabama

**Certificate of Authentication**

This is one of the Warrants referred to in the within-mentioned Indenture. The Series 2013-F Warrants have been issued as Subordinate Lien Obligations under the terms of the Indenture.

Date of authentication: \_\_\_\_\_

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

By \_\_\_\_\_  
Authorized Signatory



**Assignment**

For value received, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto [Please insert name and taxpayer identification number] \_\_\_\_\_ this warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer this warrant on the books of the within named Issuer at the office of the within named Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTE:** The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

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

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

\*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the 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).

**EXHIBIT 5.6(e)**

**Schedule of Compound Accreted Value  
for  
Series 2013-F Warrants**

*[To be added]*

**EXHIBIT 9.2(b)**

**Requisition**

To: WELLS FARGO BANK, NATIONAL ASSOCIATION, as trustee under  
the Indenture referred to below No. \_\_\_\_\_

Re: Trust Indenture dated [Date] (the "Indenture") between Jefferson County, Alabama and the Trustee

Capitalized terms not otherwise defined herein shall have the meanings assigned in the Indenture.

**Request for Payment by the Issuer**

The Issuer hereby requests payment from the Revenue Fund.

of \$ \_\_\_\_\_ to

Name of payee: \_\_\_\_\_

Address of payee: \_\_\_\_\_

Such payment will be made for the following purpose(s):

(Note: The Issuer is to describe purpose in reasonable detail. The Trustee shall be entitled to rely upon the certification by the Issuer in the following paragraph with respect to the purpose of this payment and shall not be required to verify that such purpose is authorized by the Indenture or that such purpose will not cause or result in a violation of any covenant in the Tax Certificate and Agreement.)

The Issuer hereby certifies that: (a) such payment is for a purpose permitted in **Section 9.2(a)(8) or (9)** of the Indenture, (b) no Indenture Default exists, and (c) such payment will not cause or result in the violation of any covenant contained in the Tax Certificate and Agreement.

Dated: \_\_\_\_\_.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
Authorized Issuer Representative

**EXHIBIT 9.6(g)**

**Series 2013 Senior Lien Reserve Fund Letter of Credit Reimbursement Order**

To: WELLS FARGO BANK, NATIONAL ASSOCIATION, as trustee under  
the Indenture referred to below No. \_\_\_\_\_

Re: Trust Indenture dated [Date] (the "Indenture") between Jefferson County, Alabama and the Trustee

Capitalized terms not otherwise defined herein shall have the meanings assigned in the Indenture.

**Request for Reinstatement of Series 2013 Senior Lien Reserve Fund Letter of Credit**

Pursuant to *Section 9.6(g)* of the Indenture, the Issuer hereby requests payment from the Series 2013 Senior Lien Reserve Fund for the sole purpose of reinstating coverage under the letter of credit described above in the following amount of

\$ \_\_\_\_\_.

Funds withdrawn from the Series 2013 Senior Lien Reserve Fund shall be used solely to redeem Reserve Fund Warrants that are Senior Lien Obligations under the Indenture.

The Issuer hereby certifies that: (a) such payment is for a purpose permitted in *Section 9.6(g)* of the Indenture, (b) the amount requested for withdrawal is eligible for reinstatement under the Series 2013 Senior Lien Reserve Fund Letter of Credit, (c) no Indenture Default exists, and (d) such payment will not cause or result in the violation of any covenant contained in the Tax Certificate and Agreement.

Dated: \_\_\_\_\_.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
Authorized Issuer Representative

**EXHIBIT 9.7(g)**

**Series 2013 Subordinate Lien Reserve Fund Letter of Credit Reimbursement Order**

To: WELLS FARGO BANK, NATIONAL ASSOCIATION, as trustee under  
the Indenture referred to below No. \_\_\_\_\_

Re: Trust Indenture dated [Date] (the "Indenture") between Jefferson County, Alabama and the Trustee

Capitalized terms not otherwise defined herein shall have the meanings assigned in the Indenture.

**Request for Reinstatement of Series 2013 Subordinate Lien Reserve Fund Letter of Credit**

Pursuant to *Section 9.7(g)* of the Indenture, the Issuer hereby requests payment from the Series 2013 Subordinate Lien Reserve Fund for the sole purpose of reinstating coverage under the letter of credit described above in the following amount of

\$ \_\_\_\_\_.

Funds withdrawn from the Series 2013 Subordinate Lien Reserve Fund shall be used solely to redeem Reserve Fund Warrants that are Subordinate Lien Obligations under the Indenture.

The Issuer hereby certifies that: (a) such payment is for a purpose permitted in *Section 9.7(g)* of the Indenture, (b) the amount requested for withdrawal is eligible for reinstatement under the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, (c) no Indenture Default exists, and (d) such payment will not cause or result in the violation of any covenant contained in the Tax Certificate and Agreement.

Dated: \_\_\_\_\_.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
Authorized Issuer Representative

**EXHIBIT 9.8(c)**

**Requisition**

To: WELLS FARGO BANK, NATIONAL ASSOCIATION, as trustee under the Indenture referred to below No. \_\_\_\_\_

Re: Trust Indenture dated [Date] (the "Indenture") between Jefferson County, Alabama and the Trustee  
Capitalized terms not otherwise defined herein shall have the meanings assigned in the Indenture.

**Request for Payment by the Issuer**

The Issuer hereby requests payment from the Capital Improvement Fund.

of \$ \_\_\_\_\_ to

Name of payee: \_\_\_\_\_

Address of payee: \_\_\_\_\_

Such payment will be made for the following purpose(s):

(Note: The Issuer is to describe purpose in reasonable detail. The Trustee shall be entitled to rely upon the certification by the Issuer in the following paragraph with respect to the purpose of this payment and shall not be required to verify that such purpose is authorized by the Indenture or that such purpose will not cause or result in a violation of any covenant in the Tax Certificate and Agreement.)

The Issuer hereby certifies that: (a) such payment is for a purpose permitted in *Section 9.8(c)* of the Indenture, (b) no Indenture Default exists, and (c) such payment will not cause or result in the violation of any covenant contained in the Tax Certificate and Agreement.

Dated: \_\_\_\_\_.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
Authorized Issuer Representative

**EXHIBIT 15.5**

**Schedule of Permitted Ratios of Senior Lien Obligations to Secured Obligations**

*[To be provided.]*

**EXHIBIT 16.1(b)**

**Directions for Notices**

**JEFFERSON COUNTY, ALABAMA**

Mailing address:

Jefferson County, Alabama  
Attention: County Manager  
Room 251, Jefferson County Courthouse  
716 Richard Arrington Jr. Boulevard North  
Birmingham, Alabama 35203

-and-

Jefferson County, Alabama  
Attention: County Attorney  
Room 280, Jefferson County Courthouse  
716 Richard Arrington Jr. Boulevard North  
Birmingham, Alabama 35203

Hand delivery or courier delivery address:

Jefferson County, Alabama  
Attention: County Manager  
Room 251, Jefferson County Courthouse  
716 Richard Arrington Jr. Boulevard North  
Birmingham, Alabama 35203

-and-

Jefferson County, Alabama  
Attention: County Attorney  
Room 280, Jefferson County Courthouse  
716 Richard Arrington Jr. Boulevard North  
Birmingham, Alabama 35203

Email address:

County Manager:  
County Attorney:

Facsimile transmissions:

County Manager:  
County Attorney:

**WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as trustee**

Mailing address:

Hand delivery or courier delivery address:

Email address:

Facsimile transmissions:



# **Exhibit 2**

**New First Supplemental Sewer Warrant Indenture,  
including the forms of the Reserve Fund Reimbursement Warrants**

**FIRST SUPPLEMENTAL TRUST INDENTURE**

Dated December 1, 2013

Between

**JEFFERSON COUNTY, ALABAMA**

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION**

Relating to the authorization and issuance of

**Up to [\$Amount] Senior Lien Reserve Fund Reimbursement Warrants**

and

**Up to [\$Amount] Subordinate Lien Reserve Fund Reimbursement Warrants**

by

**Jefferson County, Alabama**

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TABLE OF CONTENTS

	PAGE
Parties .....	1
Recitals .....	1
ARTICLE 1 Definitions .....	2
SECTION 1.1    Definitions .....	2
ARTICLE 2 Security for Payment.....	4
SECTION 2.1    Confirmation of Indenture .....	4
SECTION 2.2    Pledge and Assignment .....	4
ARTICLE 3 Registration, Transfer, Exchange and Payment of the Reserve Fund Warrants.....	5
SECTION 3.1    Book-Entry System for the Reserve Fund Warrants .....	5
SECTION 3.2    Alternate Provisions Regarding Payment, Registration, Transfer and Exchange of Reserve Fund Warrants.....	6
SECTION 3.3    Persons Deemed Owners .....	8
SECTION 3.4    Trustee as Paying Agent and Registrar.....	8
SECTION 3.5    Payments Due on Non-Business Days .....	8
ARTICLE 4 The Reserve Fund Warrants.....	8
SECTION 4.1    Specific Title and Terms of the Senior Lien Reserve Fund Warrants .....	8
SECTION 4.2    Specific Title and Terms of the Subordinate Lien Reserve Fund Warrants .....	11
ARTICLE 5 Repurchases and Tenders.....	14
SECTION 5.1    No Optional Tender Rights for Holders .....	14
ARTICLE 6 Redemption of Reserve Fund Warrants .....	14
SECTION 6.1    Redemption Provisions.....	14
SECTION 6.2    Election to Redeem.....	14
SECTION 6.3    Selection by Trustee of Reserve Fund Warrants to be Redeemed.....	14
SECTION 6.4    Notice of Redemption.....	14
SECTION 6.5    Deposit of Redemption Price.....	15
SECTION 6.6    Reserve Fund Warrants Payable on Redemption Date .....	15
SECTION 6.7    Reserve Fund Warrants Redeemed in Part .....	15
SECTION 6.8    Purchase of Reserve Fund Warrants in Lieu of Redemption.....	16
ARTICLE 7 Additional Indenture Funds .....	16
SECTION 7.1    Senior Lien Reserve Fund Warrant Debt Service Fund.....	16
SECTION 7.2    Subordinate Lien Reserve Fund Warrant Debt Service Fund.....	17
ARTICLE 8 Amendments of First Supplemental Indenture .....	18
SECTION 8.1    Rights of JPMorgan Chase Bank.....	18
ARTICLE 9 Provisions of General Application.....	18
SECTION 9.1    Governing Law .....	18
SECTION 9.2    Severability.....	18
SECTION 9.3    Construction of First Supplemental Indenture.....	18

**County Draft – 11/12/2013; Settlement Communication Under FRE 408 and Similar Rules**

EXHIBIT 4.1(b) .....Form of Senior Lien Reserve Fund Warrant Certificate of Issuance  
EXHIBIT 4.1(c).....Form of Transfer Restriction Certificate of JPMorgan Chase Bank  
EXHIBIT 4.1(e).....Form of Senior Lien Reserve Fund Warrants  
EXHIBIT 4.2(b) .....Form of Subordinate Lien Reserve Fund Warrant Certificate of Issuance  
EXHIBIT 4.2(e).....Form of Subordinate Lien Reserve Fund Warrants  
EXHIBIT 6.2 .....Election to Redeem

## FIRST SUPPLEMENTAL TRUST INDENTURE

THIS **FIRST SUPPLEMENTAL TRUST INDENTURE** (this “First Supplemental Indenture”) dated December 1, 2013 is entered into by **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (the “Issuer”), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as trustee (the “Trustee”).

### Recitals

The Issuer owns and operates a sanitary sewer system (the “System”), which currently serves customers in Jefferson County, Alabama and small portions of two adjacent counties. On November 9, 2011, the Issuer filed a petition for relief under Chapter 9 of Title 11 of the United States Code, thereby commencing Bankruptcy Case No. 11-05736-TBB9 (the “Bankruptcy Case”) before the United States Bankruptcy Court for the Northern District of Alabama, Southern Division (the “Bankruptcy Court”). The Bankruptcy Court has confirmed the Issuer’s plan of adjustment (the “Confirmed Plan of Adjustment”), a material component of which is the restructuring of the Issuer’s financial obligations with respect to its System through the issuance of certain warrants of the Issuer.

On the date hereof, the Issuer has entered into that certain Trust Indenture dated December 1, 2013 between the Issuer and the Trustee, as trustee (the “Original Indenture”) in order to provide for the issuance of certain warrants of the Issuer as described therein. The Original Indenture and this First Supplemental Indenture are sometimes collectively referred to herein as the “Indenture”. Capitalized terms used without definition in this First Supplemental Indenture shall have the meaning ascribed in the Original Indenture.

The Issuer has duly authorized the issuance of two series of its sewer revenue warrants: (1) its Senior Lien Reserve Fund Reimbursement Warrants, in a maximum principal amount Outstanding at any one time of up to \$[Amount] (the “Senior Lien Reserve Fund Warrants”) and (2) its Subordinate Lien Reserve Fund Reimbursement Warrants, in a maximum principal amount Outstanding at any one time of up to \$[Amount] (the “Subordinate Lien Reserve Fund Warrants”) and, together with the Senior Lien Reserve Fund Warrants, the “Reserve Fund Warrants”) pursuant to the terms and conditions of this First Supplemental Indenture. The Reserve Fund Warrants are additional Secured Obligations under the Original Indenture. The Reserve Fund Warrants are contemplated by the Confirmed Plan of Adjustment.

The Senior Lien Reserve Fund Warrants constitute Current Interest Obligations and Senior Lien Obligations. The Senior Lien Reserve Fund Warrants may be issued for the purpose of reimbursing JPMorgan Chase Bank for draws on the Series 2013 Senior Lien Reserve Fund Letter of Credit. The Subordinate Lien Reserve Fund Warrants constitute Current Interest Obligations and Subordinate Lien Obligations. The Subordinate Lien Reserve Fund Warrants may be issued for the purpose of reimbursing JPMorgan Chase Bank for draws on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit. The letters of credit described herein are Credit Enhancement for the Warrants, as provided in the Original Indenture. The Reserve Fund Warrants are authorized but unissued on the date hereof. The Reserve Fund Warrants may only be issued on or after March 1, 2014, and may not have a maturity date later than March 1, 2054.

The Reserve Fund Warrants are limited obligations of the Issuer payable solely out of the General Trust Estate established under the Original Indenture, which includes the System Revenues described therein. Payment of the Senior Lien Reserve Fund Warrants is further secured by the Senior Lien Reserve Fund Warrant Trust Estate, which includes the Senior Lien Reserve Fund Warrants Debt Service Fund described herein, and which is held by the Trustee for the sole benefit of Holders of the Senior Lien Reserve Fund Warrants. Payment of the Subordinate Lien Reserve Fund Warrants is further secured by the Subordinate Lien Reserve Fund Warrant Trust Estate, which includes the Subordinate Lien Reserve Fund Warrants Debt Service Fund described herein, and which is held by the Trustee for the sole benefit of Holders of the Subordinate Lien Reserve Fund Warrants.

The Confirmed Plan of Adjustment and related confirmation order includes a binding judicial determination that the Warrants, the Reserve Fund Warrants, the Original Indenture, this First Supplemental Indenture, the Rate Resolution, and the covenants made by the Issuer for the benefit of the holders of the Warrants

(including the covenants provided for in *Section 10.9* of the Original Indenture) will constitute legal, valid, binding and enforceable obligations of the Issuer.

All things have been done which are necessary to make the Reserve Fund Warrants, when executed by the Issuer and issued, authenticated and delivered by the Trustee hereunder, the valid obligations of the Issuer, and to constitute this First Supplemental Indenture a valid trust indenture for the security of the Reserve Fund Warrants, in accordance with the terms of this First Supplemental Indenture.

**NOW, THEREFORE, THIS FIRST SUPPLMENTAL TRUST INDENTURE WITNESSETH:**

It is hereby covenanted and declared that all the Reserve Fund Warrants may be issued, authenticated and delivered as provided herein; and the property subject to this First Supplemental Indenture is to be held and applied by the Trustee, subject to the covenants, conditions and trusts hereinafter set forth; and the Issuer does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit (except as otherwise expressly provided herein) of all Reserve Fund Warrants as follows:

**ARTICLE 1**

**Definitions**

**SECTION 1.1 Definitions**

Capitalized terms used without definition herein shall have the meaning ascribed in the Original Indenture. As a supplement to the Original Indenture, and for all purposes of this First Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meaning indicated:

**“Approving Tax Opinion”** means an Opinion of Counsel delivered by an attorney or firm of attorneys which is nationally recognized as bond counsel stating in effect that the interest paid on the Reserve Fund Warrant or Warrants described in such opinion is exempt from federal income taxation or otherwise excludable from gross income of the Holder thereof.

**“Authorized Denominations”** means, with respect to the Reserve Fund Warrants, a principal amount of \$100,000 and any amount in excess thereof.

**“Holder”** or **“Warrantholder”** means, when used with respect to any Reserve Fund Warrant, (i) if the Book Entry System is not in effect, the person in whose name such Reserve Fund Warrant is registered on the Warrant Register maintained by the Trustee and (ii) if the Book Entry System is in effect, the beneficial owner of such Reserve Fund Warrant on the records maintained pursuant to the Book Entry System.

**“Interest Payment Date”** means, when used with respect to any installment of interest on a Reserve Fund Warrant, the date specified in this First Supplemental Indenture as the date on which such installment of interest is due and payable.

**“JPMorgan Chase Bank”** means JPMorgan Chase Bank, National Association, a national banking association and the issuer of the Series 2013 Senior Lien Reserve Fund Letter of Credit and the Series 2013 Subordinate Lien Reserve Fund Letter of Credit.

**“Maturity Date”** means, when used with respect to any Reserve Fund Warrant, the dates specified pursuant to *Sections 4.1(b)(3)* and *4.2(b)(3)*.

**“Original Indenture”** means that certain Trust Indenture dated December 1, 2013 between the Issuer and the Trustee.

“**Post-Default Rate**” means, when used with respect to any payment of Debt Service on any Reserve Fund Warrant, a rate of interest per annum equal to (A) the interest rate applicable to such Reserve Fund Warrant at the time of the applicable Indenture Default plus (B) 2.00%.

“**Principal Payment Date**” means, when used with respect to any Reserve Fund Warrant, the dates specified pursuant to *Sections 4.1(i)* and *4.2(i)*.

“**Reserve Fund Warrant Payment Date**” means each date on which Debt Service is payable on Reserve Fund Warrants, including any date fixed for redemption of Reserve Fund Warrants.

“**Reserve Fund Warrant Register**” means the register or registers for the registration and transfer of Reserve Fund Warrants maintained by the Issuer at the Office of the Trustee pursuant to *Sections 3.1(b)(1)* and *3.2(c)*.

“**Reserve Fund Warrants**” means, collectively, the Senior Lien Reserve Fund Warrants and the Subordinate Lien Reserve Fund Warrants.

“**Senior Lien Certificate of Issuance**” has the meaning assigned in *Section 4.1(b)*.

“**Senior Lien Reserve Fund Warrant Trust Estate**” has the meaning assigned in *Section 2.2(b)*.

“**Senior Lien Reserve Fund Warrant Debt Service Fund**” means the fund established pursuant to *Section 7.1*.

“**Senior Lien Reserve Fund Warrants**” means the Issuer’s Senior Lien Reserve Fund Reimbursement Warrants, authorized to be issued pursuant to this First Supplemental Indenture on or after March 1, 2014 in a maximum principal amount Outstanding at any one time of up to \$[Amount]. If the Senior Lien Reserve Fund Warrants are issued, such warrants shall be issued as Senior Lien Obligations and as Current Interest Obligations.

“**Special Record Date**” for the payment of any Defaulted Interest on the Reserve Fund Warrants means a date fixed by the Trustee pursuant to *Section 3.1(b)(7)* or *Section 3.2(l)*.

“**Subordinate Lien Certificate of Issuance**” has the meaning assigned in *Section 4.2(b)*

“**Subordinate Lien Reserve Fund Warrant Trust Estate**” has the meaning assigned in *Section 2.2(c)*.

“**Subordinate Lien Reserve Fund Warrant Debt Service Fund**” means the fund established pursuant to *Section 7.2*.

“**Subordinate Lien Reserve Fund Warrants**” means the Issuer’s Subordinate Lien Reserve Fund Reimbursement Warrants, authorized to be issued pursuant to this First Supplemental Indenture on or after March 1, 2014 in a maximum principal amount Outstanding at any one time of up to \$[Amount]. If the Subordinate Lien Reserve Fund Warrants are issued, such warrants shall be issued as Subordinate Lien Obligations and as Current Interest Obligations.

“**Transfer Restriction Certificate**” means the certificate provided for in *Section 4.1(c)* incorporating the representations therein contained.

“**Trust Estate**” means the General Trust Estate, the Series 2013 Senior Lien Trust Estate, Series 2013 Subordinate Lien Trust Estate, the Senior Lien Reserve Fund Warrant Trust Estate, the Subordinate Lien Reserve Fund Warrant Trust Estate, and for any particular series of additional Secured Obligations, the funds designated pursuant to *Section 8.2(a)(1)(H)* of the Original Indenture.

ARTICLE 2

Security for Payment

SECTION 2.1 Confirmation of Indenture

(a) The Issuer, the Trustee, and, by acceptance of the Reserve Fund Warrants, the Holders thereof, agree that this First Supplemental Indenture is delivered in supplement to the Original Indenture, as part thereof, and shall be construed in accordance with, and governed by, the terms of the Original Indenture.

(b) The Original Indenture, as hereby supplemented and amended, is hereby ratified, confirmed, and approved.

SECTION 2.2 Pledge and Assignment

(a) **General Trust Estate.** The Reserve Fund Warrants are payable from the General Trust Estate, including money on deposit in any funds or accounts included therein. The provisions of the Original Indenture, wherein the General Trust Estate is pledged for payment of all Secured Obligations issued under the Indenture, are hereby ratified and confirmed. If issued, the Senior Lien Reserve Fund Warrants are declared to be Senior Lien Obligations secured *pari passu* with all other Senior Lien Obligations issued from time to time under the Original Indenture with respect to the General Trust Estate. If issued, the Subordinate Lien Reserve Fund Warrants are declared to be Subordinate Lien Obligations secured *pari passu* with all other Subordinate Lien Obligations issued from time to time under the Original Indenture with respect to the General Trust Estate. Under the Indenture, Senior Lien Obligations have priority over Subordinate Lien Obligations.

(b) **Trust Estate for Benefit of the Senior Lien Reserve Fund Warrants.** To secure the payment of Debt Service on the Senior Lien Reserve Fund Warrants and the performance of the covenants contained in the Indenture that are for the benefit of the Senior Lien Reserve Fund Warrants, and in consideration of the premises and of the funding of draws under the Series 2013 Senior Lien Reserve Fund Letter of Credit, the Issuer hereby pledges and assigns to the Trustee, and grants to the Trustee a security interest in, the Senior Lien Reserve Fund Warrant Debt Service Fund.

*To Have and to Hold* all such property, rights and privileges (collectively referred to as the “Senior Lien Reserve Fund Warrant Trust Estate”) unto the Trustee and its successors and assigns.

*But in Trust Nevertheless*, for the equal and proportionate benefit and security of the Holders from time to time of the Senior Lien Reserve Fund Warrants (without any priority of any such Senior Lien Reserve Fund Warrant over any other Senior Lien Reserve Fund Warrant).

*Provided, However*, that money and investments in the Senior Lien Reserve Fund Warrant Debt Service Fund may be applied for the purposes and on the terms and conditions set forth in this First Supplemental Indenture.

(c) **Trust Estate for Benefit of the Subordinate Lien Reserve Fund Warrants.** To secure the payment of Debt Service on the Subordinate Lien Reserve Fund Warrants and the performance of the covenants contained in the Indenture that are for the benefit of the Subordinate Lien Reserve Fund Warrants, and in consideration of the premises and of the funding of draws under the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, the Issuer hereby pledges and assigns to the Trustee, and grants to the Trustee a security interest in, the Subordinate Lien Reserve Fund Warrant Debt Service Fund.

*To Have and to Hold* all such property, rights and privileges (collectively referred to as the “Subordinate Lien Reserve Fund Warrant Trust Estate”) unto the Trustee and its successors and assigns.

*But in Trust Nevertheless*, for the equal and proportionate benefit and security of the Holders from time to time of the Subordinate Lien Reserve Fund Warrants (without any priority of any such Subordinate Lien Reserve Fund Warrant over any other Subordinate Lien Reserve Fund Warrant).



*Provided, However,* that money and investments in the Subordinate Lien Reserve Fund Warrant Debt Service Fund may be applied for the purposes and on the terms and conditions set forth in this First Supplemental Indenture.

### ARTICLE 3

#### Registration, Transfer, Exchange and Payment of the Reserve Fund Warrants

##### SECTION 3.1 Book-Entry System for the Reserve Fund Warrants

(a) The ownership, transfer, exchange and payment of Reserve Fund Warrants shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to *Section 3.1(c)*.

(b) Except as otherwise expressly provided in this First Supplemental Indenture, while Reserve Fund Warrants are in the Book Entry System the following provisions shall apply:

(1) In order to facilitate the Book Entry System, on or before the date of initial issuance and delivery of Reserve Fund Warrants hereunder, a physical certificate or physical certificates for the Reserve Fund Warrants shall be executed, registered in the Reserve Fund Warrant Register in the name of DTC or its nominee, and delivered to DTC for safekeeping (including safekeeping by the Trustee pursuant to the “FAST” system or other procedures of the Book Entry System).

(2) The term “Reserve Fund Warrant” means each separate security credited to a beneficial owner, or entitlement holder, pursuant to the Book Entry System, and the term “Holder” means the person identified pursuant to the Book Entry System as the beneficial owner of the related security.

(3) The terms and limitations of this First Supplemental Indenture with respect to each separate Reserve Fund Warrant shall be applicable to each separate security credited to a beneficial owner under the Book Entry System.

(4) All payments of Debt Service on the Reserve Fund Warrants shall be made by the Trustee through the Book Entry System, and payments by such method shall be valid and effective fully to satisfy and discharge the Issuer’s obligations with respect to such payments.

(5) Transfers and exchanges of Reserve Fund Warrants shall be reflected on the records of DTC in accordance with the Book Entry System.

(6) No service charge shall be made for any transfer or exchange of Reserve Fund Warrants, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Reserve Fund Warrants.

(7) Any Defaulted Interest shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the Issuer to the persons in whose names such Reserve Fund Warrants are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee of the amount of Defaulted Interest proposed to be paid on each Reserve Fund Warrant and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subsection provided and not to be deemed part of the Trust Estate. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the

Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given pursuant to the Book Entry System to each Holder as listed in the Reserve Fund Warrant Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been given as aforesaid payment of such Defaulted Interest shall be made through the Book Entry System.

(8) Subject to the foregoing provisions of this Section, each Reserve Fund Warrant delivered under this First Supplemental Indenture upon transfer of or in exchange for or in lieu of any other Reserve Fund Warrant shall carry all the rights to unpaid principal and interest accrued and unpaid, and to accrue, which were carried by such other Reserve Fund Warrant and each such Reserve Fund Warrant shall bear interest from such date so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(c) The Trustee shall discontinue the Book Entry System at the request of the Issuer. The Trustee may terminate the Book Entry System without direction from, or consent of, the Issuer if the Trustee determines in good faith that termination is in the best interest of the Holders. Notice of termination of the Book Entry System shall be given to Holders not less than 20 days before such termination is effective.

(d) If the Book Entry System is discontinued, (i) a physical certificate or physical certificates shall be executed, authenticated and delivered to each beneficial owner, or entitlement holder, under the Book Entry System in accordance with such holder's ownership of Reserve Fund Warrants, (ii) such certificates shall be registered in the Reserve Fund Warrant Register maintained by the Trustee, and (iii) the remaining provisions of this Article shall govern the registration, transfer, exchange and payment of Reserve Fund Warrants.

### **SECTION 3.2 Alternate Provisions Regarding Payment, Registration, Transfer and Exchange of Reserve Fund Warrants**

(a) If the Book Entry System is discontinued, the provisions of this Section shall control the registration, transfer, exchange and payment of Reserve Fund Warrants.

(b) Payment of Debt Service on the Reserve Fund Warrants shall be made as follows:

(1) Payment of principal of or interest on the Reserve Fund Warrants which is due on any Reserve Fund Warrant Payment Date shall be made by check or draft mailed by the Trustee to the persons entitled thereto at their addresses appearing in the Reserve Fund Warrant Register. Such payments of principal or interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date).

(2) Final payment of the principal of the Reserve Fund Warrants and payment of principal of and accrued interest on the Reserve Fund Warrants due upon redemption on any date other than a Reserve Fund Warrant Payment Date shall be made only upon surrender thereof at the Office of the Trustee.

(3) Upon the written request of any Holder, the Trustee shall make payments of Debt Service by wire transfer, provided that (i) such request contains adequate instructions for the method of payment, and (ii) payment of the principal of such Reserve Fund Warrants and payment of the accrued interest on such Reserve Fund Warrants due upon redemption on any date other than a Reserve Fund Warrant Payment Date shall be made only upon surrender of such Reserve Fund Warrants to the Trustee.

(c) Subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Reserve Fund Warrants and registration of transfers of Reserve Fund Warrants entitled to be registered or transferred as herein provided in the Reserve Fund Warrant Register.

(d) Upon surrender for transfer of any Reserve Fund Warrant at the Office of the Trustee, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees,

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one or more new Reserve Fund Warrants of the same Tenor, of any Authorized Denominations and of a like aggregate principal amount.

(e) At the option of the Holder, Reserve Fund Warrants may be exchanged for other Reserve Fund Warrants of the same Tenor, of any Authorized Denominations and of a like aggregate principal amount, upon surrender of the Reserve Fund Warrants to be exchanged at the Office of the Trustee. Whenever any Reserve Fund Warrants are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Reserve Fund Warrants which the Holder making the exchange is entitled to receive.

(f) Subject to *Section 7.9* of the Original Indenture, all Reserve Fund Warrants surrendered for payment or redemption (after the payment or redemption thereof) or for transfer or exchange, shall be promptly cancelled by the Trustee. The Trustee may destroy cancelled certificates. No Reserve Fund Warrant shall be authenticated in lieu of or in exchange for any Reserve Fund Warrant cancelled as provided in this Section, except as expressly provided by this First Supplemental Indenture.

(g) All Reserve Fund Warrants issued upon any transfer or exchange of Reserve Fund Warrants shall be the valid obligations of the Issuer and entitled to the same security and benefits under this First Supplemental Indenture as the Reserve Fund Warrants surrendered upon such transfer or exchange.

(h) Every Reserve Fund Warrant presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer.

(i) No service charge shall be made for any transfer or exchange of Reserve Fund Warrants, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Reserve Fund Warrants.

(j) The Issuer shall not be required (i) to transfer or exchange any Reserve Fund Warrant during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Reserve Fund Warrants and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Reserve Fund Warrant so selected for redemption in whole or in part.

(k) Interest on any Reserve Fund Warrant which is payable, and is punctually paid or duly provided for, on any Reserve Fund Warrant Payment Date shall be paid to the person in whose name that Reserve Fund Warrant is registered at the close of business on the Regular Record Date for such Reserve Fund Warrant Payment Date.

(l) Any Defaulted Interest shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the Issuer to the persons in whose names such Reserve Fund Warrants are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee of the amount of Defaulted Interest proposed to be paid on each Reserve Fund Warrant and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subsection provided and not to be deemed part of the Trust Estate. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears in the Reserve Fund Warrant Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Reserve Fund Warrants are registered on such Special Record Date.

(m) Subject to the foregoing provisions of this Section, each Reserve Fund Warrant delivered under this First Supplemental Indenture upon transfer of or in exchange for or in lieu of any other Reserve Fund Warrant shall carry all the rights to unpaid principal and interest accrued and unpaid, and to accrue, which were carried by such other Reserve Fund Warrant and each such Reserve Fund Warrant shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(n) In the event any Reserve Fund Warrant is mutilated, lost, stolen or destroyed, the Issuer may execute, and the Trustee shall thereupon authenticate and deliver, a replacement Reserve Fund Warrant of like Tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case of any such mutilated Reserve Fund Warrant, such Reserve Fund Warrant is first surrendered to the Trustee, and (b) in the case of any such lost, stolen or destroyed Reserve Fund Warrant, there is first furnished to the Issuer and the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to each of them. The Issuer may charge the Holder with the expense of issuing any such replacement Reserve Fund Warrant.

### **SECTION 3.3 Persons Deemed Owners**

The Holder of a Reserve Fund Warrant shall be treated as the owner of such Secured Obligation for purposes of this First Supplemental Indenture.

### **SECTION 3.4 Trustee as Paying Agent and Registrar**

Debt Service on the Reserve Fund Warrants shall be payable on behalf of the Issuer by the Trustee, which is hereby designated as the paying agent of the Issuer for purposes of this First Supplemental Indenture. The Trustee is hereby appointed as agent of the Issuer solely for the purpose of registering Reserve Fund Warrants and transfers of Reserve Fund Warrants as provided in this First Supplemental Indenture.

### **SECTION 3.5 Payments Due on Non-Business Days**

If any payment on the Reserve Fund Warrants is due on a day which is not a Business Day, such payment may be made on the first succeeding day which is a Business Day with the same effect as if made on the day such payment was due.

## **ARTICLE 4**

### **The Reserve Fund Warrants**

#### **SECTION 4.1 Specific Title and Terms of the Senior Lien Reserve Fund Warrants**

(a) **Title, Amount and Lien Status.** An additional series of Secured Obligations authorized to be issued hereunder shall be issued as Senior Lien Obligations and, when and if issued, shall be entitled “Senior Lien Reserve Fund Reimbursement Warrants”. The aggregate principal amount of Senior Lien Reserve Fund Warrants that may be issued and Outstanding hereunder shall not exceed, at any one time, \$[Amount]. The Senior Lien Reserve Fund Warrants shall be issued as Current Interest Obligations. No Credit Enhancement shall be applicable to the Senior Lien Reserve Fund Warrants.

(b) **Issuance of the Senior Lien Reserve Fund Warrants.** The Senior Lien Reserve Fund Warrants shall be issued from time to time in accordance with the provisions of this Section. No Senior Lien Reserve Fund Warrant may be issued before March 1, 2014. The Issuer hereby authorizes and directs the Trustee to issue Senior Lien Reserve Fund Warrants for the sole purpose of reimbursing JPMorgan Chase Bank for, and in consideration of, (i) draws on the Series 2013 Senior Lien Reserve Fund Letter of Credit, (ii) transfers of cash delivered by JPMorgan Chase Bank in substitution for the Series 2013 Senior Lien Reserve Fund Letter of Credit, (iii) transfers of cash obtained by the Trustee pursuant to a draw on the Series 2013 Senior Lien Reserve Fund Letter of Credit due to the failure of JPMorgan Chase Bank to deliver collateral, or (iv) transfers of collateral pursuant to **Section 9.6** of the Original Indenture to pay Debt Service on the Warrants. To issue and deliver a Senior Lien Reserve Fund Warrant, the Trustee shall complete a Senior Lien Certificate of Issuance in the form attached hereto as **Exhibit 4.1(b)** (each a “Senior Lien Certificate of Issuance”) and attach each such certificate to the physical certificate evidencing such Senior Lien Reserve Fund Warrant held by the Trustee pursuant to **Section 3.1(b)(1)** or, if the Book Entry System is

no longer in effect, the physical certificate delivered in accordance with **Section 3.2**. Each Senior Lien Certificate of Issuance shall contain the following information:

- (1) the issue date of such Senior Lien Reserve Fund Warrant,
- (2) the principal amount of such Senior Lien Reserve Fund Warrant,
- (3) the maturity date of such Senior Lien Reserve Fund Warrant, which shall comply with the provisions of **Section 4.1(f)**,
- (4) the CUSIP number of such Senior Lien Reserve Fund Warrant, and
- (5) the original signature of the Trustee issuing and authenticating such Senior Lien Reserve Fund Warrant.

Notwithstanding any provision of the Indenture to the contrary, if JPMorgan Chase Bank fails to honor a draw on the Series 2013 Senior Lien Reserve Fund Letter of Credit, the Trustee shall revoke the Senior Lien Certificate of Issuance relating to such unhonored draw, cancel the same on the records of the Book Entry System, and no payment obligation shall arise thereunder. Cancellation of any one Senior Lien Certificate of Issuance shall not affect the validity of other Outstanding Senior Lien Reserve Fund Warrants.

(c) **Delivery of Senior Lien Reserve Fund Warrants.** The Trustee shall deliver each Senior Lien Reserve Fund Warrant in accordance with the rules and operational arrangements of DTC, as specified by written instructions and certifications of JPMorgan Chase Bank in the form attached hereto as **Exhibit 4.1(c)** (the “Transfer Restriction Certificate”). Senior Lien Reserve Fund Warrants may only be delivered upon initial issuance in accordance with the Transfer Restriction Certificate and to no other Person.

(d) **Authorized Denominations.** The Senior Lien Reserve Fund Warrants shall be in Authorized Denominations.

(e) **Form and Number.** The Senior Lien Reserve Fund Warrants shall be issuable as registered warrants without coupons. The Senior Lien Reserve Fund Warrants shall be numbered separately from 1 upward by notation on each Senior Lien Certificate of Issuance. In order to facilitate the Book Entry System, a single Reserve Fund Warrant certificate for all Senior Lien Reserve Fund Warrants shall be delivered to the Trustee. Senior Lien Reserve Fund Warrants of the same Tenor shall be evidenced by a Senior Lien Certificate of Issuance. The Senior Lien Reserve Fund Warrants shall be substantially as set forth in **Exhibit 4.1(e)**, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this First Supplemental Indenture.

(f) **Dated Date and Maturity Date.** Each Senior Lien Reserve Fund Warrant shall be dated the date of its issuance (the date of delivery of the related Senior Lien Certificate of Issuance). Senior Lien Reserve Fund Warrants shall mature on the date determined as follows:

- (1) if the issue date of a Senior Lien Reserve Fund Warrant is on or before January 1, 2022, such Senior Lien Reserve Fund Warrant shall mature on October 1, 2033;
- (2) if the issue date of a Senior Lien Reserve Fund Warrant is after January 1, 2022 and on or before April 1, 2042, such Senior Lien Reserve Fund Warrant shall mature on the January 1, April 1, July 1 or October 1 last occurring prior to the date which is twelve years from the issue date of such Senior Lien Reserve Fund Warrant; or
- (3) if the issue date of a Senior Lien Reserve Fund Warrant is after April 1, 2042, such Senior Lien Reserve Fund Warrant shall mature on March 1, 2054.

(g) **Interest Rate.** Each Reserve Fund Warrant shall bear interest at the following rates:

**County Draft – 11/12/2013; Settlement Communication Under FRE 408 and Similar Rules**

(1) for the period beginning on the issue date of such Senior Lien Reserve Fund Warrant and ending twenty-four months after such issue date, [\_\_\_\_\_] per annum. [This is market price +0.5%], and

(2) beginning on and including the first date of the twenty-fifth month following the issue date of such Senior Lien Reserve Fund Warrant, [\_\_\_\_\_] per annum. [This is market price +1.5%];

provided that, if the Issuer and JPMorgan Chase Bank are unable to jointly obtain, at their reasonable shared cost, an Approving Tax Opinion within six months of the issue date of a Senior Lien Reserve Fund Warrant, then the rate of interest applicable to such Senior Lien Reserve Fund Warrant shall increase to [\_\_\_\_\_] per annum beginning on the first day of the seventh month following the issue date of such Senior Lien Reserve Fund Warrant. [This is (g)(1) divided by .65].

(h) **Interest Payment Dates.** Interest on the Senior Lien Reserve Fund Warrants shall be payable in arrears on (i) April 1 and October 1 in each year, beginning on the first applicable date following issuance of a Senior Lien Reserve Fund Warrant, and (ii) the Maturity Date.

(i) **Principal Payment Dates.** Principal on the Senior Lien Reserve Fund Warrants shall be payable as follows:

(1) if the issue date of a Senior Lien Reserve Fund Warrant is on or before January 1, 2022, the principal of such Senior Lien Reserve Fund Warrant shall be payable in forty equal quarterly installments commencing on January 1, 2024 and quarterly thereafter on each April 1, July 1, October 1 and January 1 until paid in full;

(2) if the issue date of a Senior Lien Reserve Fund Warrant is after January 1, 2022, but on or before April 1, 2042, the principal of such Senior Lien Reserve Fund Warrant shall be payable in forty equal quarterly installments commencing on the first January 1, April 1, July 1 or October 1 occurring more than 24 months following the issue date of such Senior Lien Reserve Fund Warrant, and quarterly thereafter on each January 1, April 1, July 1 or October 1 until paid in full; or

(3) If the issue date of a Senior Lien Reserve Fund Warrant is after April 1, 2042, the principal of such Senior Lien Reserve Fund Warrant shall be amortized on the basis of forty equal quarterly installments and shall be payable according to such amortization commencing on the first January 1, April 1, July 1 or October 1 occurring more than 24 months following the issue date of such Senior Lien Reserve Fund Warrant, and quarterly thereafter on each January 1, April 1, July 1 or October 1 until March 1, 2054; provided that all unpaid principal of any Senior Lien Reserve Fund Warrant shall be payable in full on March 1, 2054.

(j) **Person to Whom Interest Payable.** If the Book Entry System is in effect, the Trustee shall pay principal and interest to DTC, and such payments shall be distributed by DTC to Holders in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the principal or interest due on any Reserve Fund Warrant Payment Date for the Senior Lien Reserve Fund Warrants shall be payable to Holders as of the Regular Record Date or any Special Record Date for such Reserve Fund Warrant Payment Date.

(k) **Computation of Interest Accrual.** The Senior Lien Reserve Fund Warrants shall bear interest from their issue date, or the most recent date to which interest has been paid or duly provided for, at the applicable rate per annum set forth in this Article. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each.

(l) **Interest on Overdue Payments.** Interest shall be payable on overdue principal of the Senior Lien Reserve Fund Warrants and (to the extent legally enforceable) on any overdue installment of interest on the Senior Lien Reserve Fund Warrants at the Post-Default Rate.

(m) **Execution and Authentication.** Physical certificates evidencing the Senior Lien Reserve Fund Warrants shall be executed on behalf of the Issuer by the President of the Commission under its official seal reproduced or impressed thereon and attested by its Minute Clerk. The signature of either of these officers on the

Senior Lien Reserve Fund Warrants may be manual or, to the extent permitted by law, facsimile. Senior Lien Reserve Fund Warrants bearing the manual or facsimile signatures of individuals who, at the time of issuance or later, were the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Senior Lien Reserve Fund Warrants. No Senior Lien Reserve Fund 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 is attached to such Senior Lien Reserve Fund Warrant a Senior Lien Certificate of Issuance in the form provided in *Exhibit 4.1(b)* which shall contain a certificate of authentication substantially in the form provided for therein, executed by the Trustee by manual signature, and such certificate attached to any Senior Lien Reserve Fund Warrant shall be conclusive evidence, and the only evidence, that such Senior Lien Reserve Fund Warrant has been duly issued, authenticated and delivered hereunder.

(n) **Currency for Payment.** Payment of Debt Service on the Senior Lien Reserve Fund Warrants 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.

#### **SECTION 4.2 Specific Title and Terms of the Subordinate Lien Reserve Fund Warrants**

(a) **Title, Amount and Lien Status.** An additional series of Secured Obligations authorized to be issued hereunder shall be issued as Subordinate Lien Obligations and, when and if issued, shall be entitled “Subordinate Lien Reserve Fund Reimbursement Warrants”. The aggregate principal amount of Subordinate Lien Reserve Fund Warrants that may be issued and Outstanding hereunder shall not exceed, at any one time, \$[Amount]. The Subordinate Lien Reserve Fund Warrants shall be issued as Current Interest Obligations. No Credit Enhancement shall be applicable to the Subordinate Lien Reserve Fund Warrants.

(b) **Issuance of the Subordinate Lien Reserve Fund Warrants.** The Subordinate Lien Reserve Fund Warrants shall be issued from time to time in accordance with the provisions of this Section. No Subordinate Lien Reserve Fund Warrant may be issued before March 1, 2014. The Issuer hereby authorizes and directs the Trustee to issue Subordinate Lien Reserve Fund Warrants for the sole purpose of reimbursing JPMorgan Chase Bank for, and in consideration of, (i) draws on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, (ii) transfers of cash delivered by JPMorgan Chase Bank in substitution for the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, (iii) transfers of cash obtained by the Trustee pursuant to a draw on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit due to the failure of JPMorgan Chase Bank to deliver collateral, or (iv) transfers of collateral pursuant to *Section 9.7* of the Original Indenture to pay Debt Service on the Warrants. To issue and deliver a Subordinate Lien Reserve Fund Warrant, the Trustee shall complete a Subordinate Lien Certificate of Issuance in the form attached hereto as *Exhibit 4.2(b)* (each a “Subordinate Lien Certificate of Issuance”) and attach each such certificate to the physical certificate evidencing such Subordinate Lien Reserve Fund Warrant held by the Trustee pursuant to *Section 3.1(b)(1)* or, if the Book Entry System is no longer in effect, the physical certificate delivered in accordance with *Section 3.2*. Each Subordinate Lien Certificate of Issuance shall contain the following information:

- (1) the issue date of such Subordinate Lien Reserve Fund Warrant,
- (2) the principal amount of such Subordinate Lien Reserve Fund Warrant,
- (3) the maturity date of such Subordinate Lien Reserve Fund Warrant, which shall comply with the provisions of *Section 4.2(f)*,
- (4) the CUSIP number of such Subordinate Lien Reserve Fund Warrant, and
- (5) the original signature of the Trustee issuing and authenticating such Subordinate Lien Reserve Fund Warrant.

Notwithstanding any provision of the Indenture to the contrary, if JPMorgan Chase Bank fails to honor a draw on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, the Trustee shall revoke the Subordinate Lien Certificate of Issuance relating to such unhonored draw, cancel the same on the records of the Book Entry System,

and no payment obligation shall arise thereunder. Cancellation of any one Subordinate Lien Certificate of Issuance shall not affect the validity of other Outstanding Subordinate Lien Reserve Fund Warrants.

(c) **Delivery of Subordinate Lien Reserve Fund Warrants.** The Trustee shall deliver each Subordinate Lien Reserve Fund Warrant in accordance with the rules and operational arrangements of DTC, as specified by written instructions and certifications of JPMorgan Chase Bank in the form attached hereto as *Exhibit 4.1(c)* (the “Transfer Restriction Certificate”). Subordinate Lien Reserve Fund Warrants may only be delivered upon initial issuance in accordance with the Transfer Restriction Certificate and to no other Person.

(d) **Authorized Denominations.** The Subordinate Lien Reserve Fund Warrants shall be in Authorized Denominations.

(e) **Form and Number.** The Subordinate Lien Reserve Fund Warrants shall be issuable as registered warrants without coupons. The Subordinate Lien Reserve Fund Warrants shall be numbered separately from 1 upward by notation on each Subordinate Lien Certificate of Issuance. In order to facilitate the Book Entry System, a single Reserve Fund Warrant certificate for all Subordinate Lien Reserve Fund Warrants shall be delivered to the Trustee. Subordinate Lien Reserve Fund Warrants of the same Tenor shall be evidenced by a Subordinate Lien Certificate of Issuance. The Subordinate Lien Reserve Fund Warrants shall be substantially as set forth in *Exhibit 4.2(e)*, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this First Supplemental Indenture.

(f) **Dated Date and Maturity Date.** Each Subordinate Lien Reserve Fund Warrant shall be dated the date of its issuance (the date of delivery of the related Subordinate Lien Certificate of Issuance). Subordinate Lien Reserve Fund Warrants shall mature on the date determined as follows:

(1) if the issue date of a Subordinate Lien Reserve Fund Warrant is on or before January 1, 2022, such Subordinate Lien Reserve Fund Warrant shall mature on October 1, 2033;

(2) if the issue date of a Subordinate Lien Reserve Fund Warrant is after January 1, 2022 and on or before April 1, 2042, such Subordinate Lien Reserve Fund Warrant shall mature on the January 1, April 1, July 1 or October 1 last occurring prior to the date which is twelve years from the issue date of such Subordinate Lien Reserve Fund Warrant; or

(3) if the issue date of a Subordinate Lien Reserve Fund Warrant is after April 1, 2042, such Subordinate Lien Reserve Fund Warrant shall mature on March 1, 2054.

(g) **Interest Rate.** Each Reserve Fund Warrant shall bear interest at the following rates:

(1) for the period beginning on the issue date of such Subordinate Lien Reserve Fund Warrant and ending twenty-four months after such issue date, [\_\_\_\_\_] per annum. [This is market price +0.5%], and

(2) beginning on and including the first date of the twenty-fifth month following the issue date of such Subordinate Lien Reserve Fund Warrant, [\_\_\_\_\_] per annum. [This is market price +1.5%];

provided that, if the Issuer and JPMorgan Chase Bank are unable to jointly obtain, at their reasonable shared cost, an Approving Tax Opinion within six months of the issue date of a Subordinate Lien Reserve Fund Warrant, then the rate of interest applicable to such Subordinate Lien Reserve Fund Warrant shall increase to [\_\_\_\_\_] per annum beginning on the first day of the seventh month following the issue date of such Subordinate Lien Reserve Fund Warrant. [This is (g)(1) divided by .65].

(h) **Interest Payment Dates.** Interest on the Subordinate Lien Reserve Fund Warrants shall be payable in arrears on (i) April 1 and October 1 in each year, beginning on the first applicable date following issuance of a Subordinate Lien Reserve Fund Warrant, and (ii) the Maturity Date.



(i) **Principal Payment Dates.** Principal on the Subordinate Lien Reserve Fund Warrants shall be payable as follows:

(1) if the issue date of a Subordinate Lien Reserve Fund Warrant is on or before January 1, 2022, the principal of such Subordinate Lien Reserve Fund Warrant shall be payable in forty equal quarterly installments commencing on January 1, 2024 and quarterly thereafter on each April 1, July 1, October 1 and January 1 until paid in full;

(2) if the issue date of a Subordinate Lien Reserve Fund Warrant is after January 1, 2022, but on or before April 1, 2042, the principal of such Subordinate Lien Reserve Fund Warrant shall be payable in forty equal quarterly installments commencing on the first January 1, April 1, July 1 or October 1 occurring more than 24 months following the issue date of such Subordinate Lien Reserve Fund Warrant, and quarterly thereafter on each January 1, April 1, July 1 or October 1 until paid in full; or

(3) If the issue date of a Subordinate Lien Reserve Fund Warrant is after April 1, 2042, the principal of such Subordinate Lien Reserve Fund Warrant shall be amortized on the basis of forty equal quarterly installments and shall be payable according to such amortization commencing on the first January 1, April 1, July 1 or October 1 occurring more than 24 months following the issue date of such Subordinate Lien Reserve Fund Warrant, and quarterly thereafter on each January 1, April 1, July 1 or October 1 until March 1, 2054; provided that all unpaid principal of any Subordinate Lien Reserve Fund Warrant shall be payable in full on March 1, 2054.

(j) **Person to Whom Interest Payable.** If the Book Entry System is in effect, the Trustee shall pay principal and interest to DTC, and such payments shall be distributed by DTC to Holders in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the principal or interest due on any Reserve Fund Warrant Payment Date for the Subordinate Lien Reserve Fund Warrants shall be payable to Holders as of the Regular Record Date or any Special Record Date for such Reserve Fund Warrant Payment Date.

(k) **Computation of Interest Accrual.** The Subordinate Lien Reserve Fund Warrants shall bear interest from their issue date, or the most recent date to which interest has been paid or duly provided for, at the applicable rate per annum set forth in this Article. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each.

(l) **Interest on Overdue Payments.** Interest shall be payable on overdue principal of the Subordinate Lien Reserve Fund Warrants and (to the extent legally enforceable) on any overdue installment of interest on the Subordinate Lien Reserve Fund Warrants at the Post-Default Rate.

(m) **Execution and Authentication.** Physical certificates evidencing the Subordinate Lien Reserve Fund Warrants shall be executed on behalf of the Issuer by the President of the Commission under its official seal reproduced or impressed thereon and attested by its Minute Clerk. The signature of either of these officers on the Subordinate Lien Reserve Fund Warrants may be manual or, to the extent permitted by law, facsimile. Subordinate Lien Reserve Fund Warrants bearing the manual or facsimile signatures of individuals who, at the time of issuance or later, were the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Subordinate Lien Reserve Fund Warrants. No Subordinate Lien Reserve Fund 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 is attached to such Subordinate Lien Reserve Fund Warrant a Subordinate Lien Certificate of Issuance in the form provided in *Exhibit 4.2(b)* which shall contain a certificate of authentication substantially in the form provided for therein, executed by the Trustee by manual signature, and such certificate attached to any Subordinate Lien Reserve Fund Warrant shall be conclusive evidence, and the only evidence, that such Subordinate Lien Reserve Fund Warrant has been duly issued, authenticated and delivered hereunder.

(n) **Currency for Payment.** Payment of Debt Service on the Subordinate Lien Reserve Fund Warrants 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.

## ARTICLE 5

### Repurchases and Tenders

#### SECTION 5.1 No Optional Tender Rights for Holders

The Holders of the Reserve Fund Warrants will not have the right or the obligation to tender Reserve Fund Warrants for purchase by the Issuer.

## ARTICLE 6

### Redemption of Reserve Fund Warrants

#### SECTION 6.1 Redemption Provisions

The Reserve Fund Warrants shall be subject to redemption at the option and direction of the Issuer in whole or in part on any Business Day at a redemption price equal to par (100% of the principal amount of such Reserve Fund Warrant redeemed) plus accrued interest thereon to the date of redemption.

#### SECTION 6.2 Election to Redeem

The election of the Issuer to exercise any right of optional redemption of the Reserve Fund Warrants shall be authorized by a certificate of an Authorized Issuer Representative at least three Business Days prior to the date when notice of the redemption must be given to Holders (unless a shorter notice is acceptable to the Trustee), which certificate shall be in the form provided in *Exhibit 6.2* and shall specify (i) the principal amount of Reserve Fund Warrants to be redeemed (if less than all Reserve Fund Warrants Outstanding are to be redeemed pursuant to such option), (ii) the issue date and Tenor of Reserve Fund Warrants to be redeemed, (iii) the redemption date, and (iv) any conditions to such redemption specified in accordance with the provisions of *Section 6.4(d)*. If the Issuer intends to utilize funds in the Series 2013 Senior Lien Reserve Fund to redeem Senior Lien Reserve Fund Warrants, the Issuer shall deliver to the Trustee a certificate described in *Section 9.6(g)* of the Original Indenture. If the Issuer intends to utilize funds in the Series 2013 Subordinate Lien Reserve Fund to redeem Subordinate Lien Reserve Fund Warrants, the Issuer shall deliver to the Trustee a certificate described in *Section 9.7(g)* of the Original Indenture.

#### SECTION 6.3 Selection by Trustee of Reserve Fund Warrants to be Redeemed

(a) Except as otherwise provided in the specific redemption provisions for the Reserve Fund Warrants, if less than all Reserve Fund Warrants Outstanding are to be redeemed, the principal amount of Reserve Fund Warrants of each Tenor to be redeemed may be specified by the Issuer by notice delivered to the Trustee pursuant to *Section 6.2*, or, in the absence of timely receipt by the Trustee of such notice, shall be determined in accordance with the Book Entry System or, if the Book Entry System is no longer in effect, by lot or by such other method as the Trustee shall deem fair and appropriate; provided, however, that the principal amount of Reserve Fund Warrants of each Tenor to be redeemed may not be larger than the principal amount of Reserve Fund Warrants of such Tenor then eligible for redemption and may not be smaller than the smallest Authorized Denomination.

(b) The Trustee shall promptly notify the Issuer of the Reserve Fund Warrants selected for redemption and, in the case of any Reserve Fund Warrant selected for partial redemption, the principal amount thereof to be redeemed.

(c) For all purposes of the Indenture, unless the context otherwise requires, all provisions relating to the redemption of Reserve Fund Warrants shall relate, in the case of any Reserve Fund Warrant redeemed or to be redeemed only in part, to the portion of the principal of such Reserve Fund Warrant which has been or is to be redeemed.

#### SECTION 6.4 Notice of Redemption

(a) Notice of redemption shall be given to the affected Holder not less than 20 days prior to the redemption date. If the Book Entry System is in effect, notice of redemption shall be given to DTC and shall be

forwarded by DTC to Holders through methods established by the rules and operational arrangements of DTC. If the Book Entry System is not in effect, notice of redemption shall be given to Holders by certified mail.

- (b) All notices of redemption shall state:
  - (1) the redemption date,
  - (2) the redemption price (which shall be par),
  - (3) the principal amount of Reserve Fund Warrants to be redeemed, and, if less than all Outstanding Reserve Fund Warrants are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Reserve Fund Warrants to be redeemed,
  - (4) that on the redemption date the redemption price of each of the Reserve Fund Warrants to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date, and
  - (5) any conditions to such redemption specified in accordance with the provisions of *Section 6.4(d)*.

(c) Notice of optional redemption shall be given by the Trustee on behalf of the Issuer unless the Issuer elects to give such notice itself. If the Issuer gives notice of optional redemption, it shall deliver a copy of such notice to the Trustee on the following Business Day.

(d) A notice of optional redemption may state that the redemption of Reserve Fund Warrants is contingent upon specified conditions, such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the Issuer shall not be required to redeem the Reserve Fund Warrants (or portions thereof) identified in such notice, and any Reserve Fund Warrants surrendered on the specified redemption date shall be returned to the Holders of such Reserve Fund Warrants.

**SECTION 6.5 Deposit of Redemption Price**

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Reserve Fund Warrants which are to be redeemed on that date shall be deposited with the Trustee or transferred from the Series 2013 Senior Lien Reserve Fund with respect to Senior Lien Reserve Fund Warrants or Series 2013 Subordinate Lien Reserve Fund with respect to Subordinate Lien Reserve Fund Warrants, as permitted by the Original Indenture, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

**SECTION 6.6 Reserve Fund Warrants Payable on Redemption Date**

If notice of redemption is given and any conditions to such redemption specified pursuant to *Section 6.4(d)* are met, the Reserve Fund Warrants to be redeemed shall become due and payable on the redemption date at the applicable redemption price and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Reserve Fund Warrants shall cease to bear interest.

**SECTION 6.7 Reserve Fund Warrants Redeemed in Part**

(a) If the Book Entry System is in effect, partial redemption of any Reserve Fund Warrant shall be effected in accordance with the Book Entry System.

(b) If the Book Entry System has been terminated, any Reserve Fund Warrant which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Reserve Fund Warrant, without service charge, a new Reserve Fund Warrant or Reserve Fund Warrants of the same Tenor and of

any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Reserve Fund Warrant surrendered.

**SECTION 6.8 Purchase of Reserve Fund Warrants in Lieu of Redemption**

The Issuer shall have the option to purchase Reserve Fund Warrants in lieu of optional redemption either directly or through a nominee designated by the Issuer. If a Reserve Fund Warrant has been called for optional redemption, the Issuer may exercise its right of purchase by delivery to the Trustee on or prior to the Business Day preceding the optional redemption date of written notice from the Issuer specifying that the Reserve Fund Warrants shall not be redeemed, but instead shall be purchased pursuant to this Section. If the Issuer desires to effect its right of purchase through a nominee, the written notice shall specify the Issuer's nominee and that the nominee is acting on behalf of the Issuer. Upon delivery of such notice from the Issuer, the Reserve Fund Warrants shall not be redeemed, but shall instead be subject to mandatory tender on the date that would have been the optional redemption date at a purchase price equal to the redemption price that would have been payable with respect to such Reserve Fund Warrants. The Issuer's option to purchase pursuant to this Section shall be effective whether or not the notice of optional redemption sent to Reserve Fund Warrant holders indicates that the Issuer has exercised, or intends to exercise, such option. No further or additional notice to Reserve Fund Warrant holders shall be required in connection with the purchase in lieu of redemption. The Reserve Fund Warrants purchased pursuant to this Section shall be delivered to the Trustee for cancellation.

**ARTICLE 7**

**Additional Indenture Funds**

**SECTION 7.1 Senior Lien Reserve Fund Warrant Debt Service Fund**

(a) There is hereby established a special trust fund which shall be designated the "Senior Lien Reserve Fund Warrant Debt Service Fund". The Trustee shall be the depository, custodian and sole disbursing agent for the Senior Lien Reserve Fund Warrant Debt Service Fund. The Senior Lien Reserve Fund Warrant Debt Service Fund shall be part of the Senior Lien Reserve Fund Warrant Trust Estate and shall be held by the Trustee for the sole benefit of the Holders of the Senior Lien Reserve Fund Warrants. The Senior Lien Reserve Fund Warrant Debt Service Fund shall constitute a Senior Lien Debt Service Fund under the Indenture.

(b) Deposits shall be made to the Senior Lien Reserve Fund Warrant Debt Service Fund as follows:

(1) On or before the twenty-fifth day of each month, the Trustee shall deposit in the Senior Lien Reserve Fund Warrant Debt Service Fund an amount equal to 1/6 of the interest payable on the Senior Lien Reserve Fund Warrants on the next Interest Payment Date; provided, however, that if the period from the date of issuance of any Senior Lien Reserve Fund Warrant until the first Interest Payment Date is more or less than six months, such transfers during such initial period shall be sufficient on a monthly pro rata basis to provide for payment of interest on the first Interest Payment Date.

(2) On or before the twenty-fifth day of each month, if principal of Senior Lien Reserve Fund Warrants is payable within the next three months, the Trustee shall deposit in the Senior Lien Reserve Fund Warrant Debt Service Fund an amount equal to 1/3 of such principal amount; provided, however, that if the period from the date of issuance of any Senior Lien Reserve Fund Warrant until such principal is payable is less than three months, such transfers during such initial period shall be sufficient on a monthly pro rata basis to provide for payment of principal on such first principal payment date.

The Trustee may claim a credit against such deposits for the amount of investment earnings realized in, or transferred to, the Senior Lien Reserve Fund Warrant Debt Service Fund that have not been credited against prior deposits.

(c) On each Reserve Fund Warrant Payment Date, money in the Senior Lien Reserve Fund Warrant Debt Service Fund shall be applied by the Trustee to pay Debt Service due on the Senior Lien Reserve Fund Warrants.

(d) If money on deposit in the Senior Lien Reserve Fund Warrant Debt Service Fund on any Reserve Fund Warrant Payment Date is sufficient to pay Debt Service on the Senior Lien Reserve Fund Warrants due and payable on such date, but the Holder of any Senior Lien Reserve Fund Warrant that matures on such date or that is subject to redemption on such date fails to surrender such Senior Lien Reserve Fund Warrant to the Trustee for payment of Debt Service due and payable on such date, the Trustee shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay the Debt Service due and payable on such Senior Lien Reserve Fund Warrant on such date. Money so segregated and held in trust shall not be a part of the Senior Lien Reserve Fund Warrant Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Debt Service.

## **SECTION 7.2 Subordinate Lien Reserve Fund Warrant Debt Service Fund**

(a) There is hereby established a special trust fund which shall be designated the “Subordinate Lien Reserve Fund Warrant Debt Service Fund”. The Trustee shall be the depository, custodian and sole disbursing agent for the Subordinate Lien Reserve Fund Warrant Debt Service Fund. The Subordinate Lien Reserve Fund Warrant Debt Service Fund shall be part of the Subordinate Lien Reserve Fund Warrant Trust Estate and shall be held by the Trustee for the sole benefit of the Holders of the Subordinate Lien Reserve Fund Warrants. The Subordinate Lien Reserve Fund Warrant Debt Service Fund shall constitute a Subordinate Lien Debt Service Fund under the Indenture.

(b) Deposits shall be made to the Subordinate Lien Reserve Fund Warrant Debt Service Fund as follows:

(1) On or before the twenty-fifth day of each month, the Trustee shall deposit in the Subordinate Lien Reserve Fund Warrant Debt Service Fund an amount equal to 1/6 of the interest payable on the Subordinate Lien Reserve Fund Warrants on the next Interest Payment Date; provided, however, that if the period from the date of issuance of any Subordinate Lien Reserve Fund Warrant until the first Interest Payment Date is more or less than six months, such transfers during such initial period shall be sufficient on a monthly pro rata basis to provide for payment of interest on the first Interest Payment Date.

(2) On or before the twenty-fifth day of each month, if principal of Subordinate Lien Reserve Fund Warrants is payable within the next three months, the Trustee shall deposit in the Subordinate Lien Reserve Fund Warrant Debt Service Fund an amount equal to 1/3 of such principal amount; provided, however, that if the period from the date of issuance of any Subordinate Lien Reserve Fund Warrant until such principal is payable is less than three months, such transfers during such initial period shall be sufficient on a monthly pro rata basis to provide for payment of principal on such first principal payment date.

The Trustee may claim a credit against such deposits for the amount of investment earnings realized in, or transferred to, the Subordinate Lien Reserve Fund Warrant Debt Service Fund that have not been credited against prior deposits.

(c) On each Reserve Fund Warrant Payment Date, money in the Subordinate Lien Reserve Fund Warrant Debt Service Fund shall be applied by the Trustee to pay Debt Service due on the Subordinate Lien Reserve Fund Warrants.

(d) If money on deposit in the Subordinate Lien Reserve Fund Warrant Debt Service Fund on any Reserve Fund Warrant Payment Date is sufficient to pay Debt Service on the Subordinate Lien Reserve Fund Warrants due and payable on such date, but the Holder of any Subordinate Lien Reserve Fund Warrant that matures on such date or that is subject to redemption on such date fails to surrender such Subordinate Lien Reserve Fund Warrant to the Trustee for payment of Debt Service due and payable on such date, the Trustee shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay the Debt Service due and payable on such Subordinate Lien Reserve Fund Warrant on such date. Money so segregated and held in trust shall not be a part of the Subordinate Lien Reserve Fund Warrant Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Debt Service.

**ARTICLE 8**

**Amendments of First Supplemental Indenture**

**SECTION 8.1 Rights of JPMorgan Chase Bank**

Any amendment, supplement or modification to this First Supplemental Indenture made pursuant to *Article 13* of the Original Indenture that requires the consent of Holders of the Reserve Fund Warrants or materially adversely affects the rights and interests of the Holders of the Reserve Fund Warrants shall be subject to the prior written consent of JPMorgan Chase Bank, which consent shall not be unreasonably withheld. Any amendment, supplement or modification to the Original Indenture that requires consent of the Holders of the Warrants and materially alters the rights of JPMorgan Chase Bank with respect to its collateral delivery and return requirements shall be subject to the prior written consent of JPMorgan Chase Bank, which consent shall not be unreasonably be withheld.

**ARTICLE 9**

**Provisions of General Application**

**SECTION 9.1 Governing Law**

The Indenture, as previously supplemented and amended and as supplemented and amended hereby, shall be governed by the laws of the State of Alabama.

**SECTION 9.2 Severability**

If any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**SECTION 9.3 Construction of First Supplemental Indenture**

No provisions of this First Supplemental Indenture shall be construed to limit or restrict, either expressly or impliedly, the obligations of the Issuer contained in the Indenture or the powers of the trustee thereunder, nor shall the provisions of this First Supplemental Indenture be construed in any manner inconsistent with the provisions of the Indenture or in any manner that would adversely affect the interest of the Holders of any Outstanding Secured Obligations.

[Balance of page intentionally left blank.]

**County Draft – 11/12/2013; Settlement Communication Under FRE 408 and Similar Rules**

**IN WITNESS WHEREOF**, the Issuer and the Trustee have caused this instrument to be duly executed by their duly authorized officers.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
President, Jefferson County Commission

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

By: \_\_\_\_\_

Title: \_\_\_\_\_

This instrument was prepared by:

J. Foster Clark  
J. Hobson Presley, Jr.  
J. Thomas Longino  
Balch & Bingham LLP  
1901 Sixth Avenue North, Suite 1500  
Birmingham, Alabama 35203-4642  
(205) 251-8100

STATE OF ALABAMA

JEFFERSON COUNTY

I, \_\_\_\_\_, a Notary Public in and for said County in said State, do hereby certify that \_\_\_\_\_, whose name as President, Jefferson 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 said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said political subdivision.

Given under my hand this the \_\_\_\_\_ day of December, 2013.

\_\_\_\_\_  
Notary Public

NOTARIAL SEAL

My commission expires: \_\_\_\_\_

STATE OF \_\_\_\_\_

\_\_\_\_\_ COUNTY

I, \_\_\_\_\_, a Notary Public in and for said County, in said State, hereby certify that \_\_\_\_\_, whose name as \_\_\_\_\_ of WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as trustee, 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 said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said banking association.

Given under my hand this the \_\_\_\_\_ day of December, 2013.

\_\_\_\_\_  
Notary Public

NOTARIAL SEAL

My commission expires: \_\_\_\_\_



**EXHIBIT 4.1(b)**

**Senior Lien Reserve Fund Warrant Certificate of Issuance**

As authorized and directed by the Issuer in *Section 4.1(b)* of the First Supplemental Trust Indenture between Jefferson County, Alabama (the “Issuer”) and Wells Fargo Bank, National Association, as trustee (the “Trustee”), the Trustee hereby issues and delivers Senior Lien Reserve Fund Warrants of the following Tenor:

**Number:**

**Issue Date:**

**Maturity Date:**

**Principal Amount:**

**CUSIP:**

The Trustee certifies to the Issuer that (A) this Certificate of Issuance is delivered contemporaneously with a draw on the Series 2013 Senior Lien Reserve Fund Letter of Credit in an equivalent amount to the principal amount referenced above, and (B) if JPMorgan Chase Bank fails to honor the draw on the Series 2013 Senior Lien Reserve Fund Letter of Credit, this Senior Lien Reserve Fund Warrant Certificate of Issuance shall be revoked, canceled on the records of the Book Entry System, and no payment obligation shall arise hereunder.

Therefore, this Senior Lien Reserve Fund Warrant Certificate of Issuance is hereby authenticated, as follows:

**Certificate of Authentication**

This is one of the Senior Lien Reserve Fund Warrants referred to in the First Supplemental Indenture. The Senior Lien Reserve Fund Warrants have been issued as Senior Lien Obligations under the terms of the Indenture.

Date of authentication: \_\_\_\_\_

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

EXHIBIT 4.1(c)

Transfer Restriction Certificate of JPMorgan Chase Bank

To: Wells Fargo Bank, National Association, as trustee under the Indenture hereinafter referred to (the "Trustee"), and  
Jefferson County, Alabama (the "Issuer")

TRANSFER RESTRICTIONS CERTIFICATE

JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank"), a national banking association and provider of the Series 2013 Senior Lien Reserve Fund Letter of Credit and the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, as such terms are defined in that certain Trust Indenture dated December 1, 2013 between the Issuer and the Trustee (the "Original Indenture"), as supplemented by a First Supplemental Trust Indenture dated December 1, 2013 between the Issuer and the Trustee (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture") hereby certifies as follows:

1. This Transfer Restrictions Certificate is being provided to the Trustee and the Issuer under the requirements of *Sections 4.1(c)* and *4.2(c)* of the First Supplemental Indenture.

2. JPMorgan Chase Bank has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of owning the Reserve Fund Warrants.

3. Any Reserve Fund Warrant delivered to JPMorgan Chase Bank pursuant to the First Supplemental Indenture will be held for its own account and not with a present view toward resale or distribution; provided, however, that JPMorgan Chase Bank reserves the right to sell, transfer or redistribute the Reserve Fund Warrants, and agrees that any such sale, transfer or distribution by JPMorgan Chase Bank shall be to an entity that certifies in writing that (i) it is (a) an "accredited investor" within the meaning of Rule 501(a) promulgated under the Securities Act of 1933, as amended (the "1933 Act"); or (b) a "qualified institutional buyer" as defined in Rule 144A promulgated under the 1933 Act; or (c) a "national bank" organized under the laws of the United States of America, and, in each case, (ii) it is able to bear the economic risks of acquiring the Reserve Fund Warrants.

4. JPMorgan Chase Bank is a "national bank" organized under the laws of the United States of America and is able to bear the economic risks of owning the Reserve Fund Warrants.

5. JPMorgan Chase Bank understands that no official statement, prospectus, offering circular, or other comprehensive offering statement has been provided with respect to the Reserve Fund Warrants. JPMorgan Chase Bank has made its own inquiry and analysis with respect to the Issuer, the Reserve Fund Warrants and the security provided for repayment of the Reserve Fund Warrants under the provisions of the Indenture.

6. JPMorgan Chase Bank understands that the Reserve Fund Warrants (a) are not registered under the 1933 Act and may not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) are not listed on any stock or other securities exchange, and (c) have not been rated by any credit rating agency.

7. The Trustee is authorized and directed to deliver Reserve Fund Warrants, if any are issued, in accordance with the following instructions:

*[DTC delivery instructions/physical delivery instructions].*

This certificate shall be valid for so long as it is on file at the Office of the Trustee.

Dated: \_\_\_\_\_, 2013.

JPMORGAN CHASE BANK, NATIONAL

**ASSOCIATION**

By \_\_\_\_\_  
Authorized Signatory

**EXHIBIT 4.1(e)**

**Form of Senior Lien Reserve Fund Warrants**

ANY SALE, TRANSFER OR DISTRIBUTION OF THIS WARRANT SHALL BE TO AN ENTITY THAT CERTIFIES IN WRITING THAT (I) IT IS (A) AN “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(A) PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”); OR (B) A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A PROMULGATED UNDER THE 1933 ACT; OR (C) A "NATIONAL BANK" ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA, AND, IN EACH CASE, (II) IT IS ABLE TO BEAR THE ECONOMIC RISKS OF ACQUIRING THIS WARRANT.

VALIDATED AND CONFIRMED BY JUDGMENT AND CONFIRMATION ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ALABAMA, ENTERED ON THE \_\_\_ DAY OF \_\_\_\_\_, 2013.

**Jefferson County, Alabama**

**Senior Lien Reserve Fund Reimbursement Warrant**

**JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (the “Issuer”, which term includes any successor under the Indenture hereinafter referred to), for value received, hereby acknowledges itself indebted to

**CEDE & CO.,**

or registered assigns, and directs the Trustee (as hereinafter defined) to pay (but solely from the sources hereinafter identified) a maximum principal amount Outstanding at any one time of up to

\_\_\_\_\_ **DOLLARS**

in accordance with each Certificate of Issuance attached hereto and to pay interest hereon from the date of initial delivery of each 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 applicable interest rate specified herein; provided, however, that all such payments shall be limited obligations of the Issuer payable solely from the sources hereinafter identified.

**Authorizing Document**

This warrant is issued pursuant to a Trust Indenture dated December 1, 2013 (the “Original Indenture”), between the Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (the “Trustee”, which term includes any successor trustee under the Indenture), as supplemented by a First Supplemental Trust Indenture dated December 1, 2013 (the “First Supplemental Indenture” and, together with the Original Indenture, the “Indenture”). This warrant is part of a series of warrants issued by the Issuer under the Indenture in a maximum principal amount Outstanding at any one time of up to [\$Amount] and designated “Senior Lien Reserve Fund Reimbursement Warrants” (the “Senior Lien Reserve Fund Warrants”). Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. The provisions of the Indenture are hereby incorporated by reference as if fully set forth in this warrant.

**Limited Obligations**

This warrant and all other payment obligations under the Indenture are limited obligations of the Issuer payable solely out of the General Trust Estate and the Senior Lien Reserve Fund Warrant Trust Estate (together, the “Trust Estate”). The indebtedness acknowledged by this warrant shall not constitute or give rise to an indebtedness

or liability of, and shall not constitute a charge against, the general credit or taxing powers of the Issuer or of the State of Alabama.

### **Security for Payment**

The Indenture provides for the issuance of Secured Obligations from time to time in one or more series. Secured Obligations are issuable in two classes: (i) Senior Lien Obligations, which have a first priority lien with respect to right of payment from the General Trust Estate, and (ii) Subordinate Lien Obligations, which have a second priority lien with respect to right of payment from the General Trust Estate. The Senior Lien Reserve Fund Warrants are being issued as Senior Lien Obligations. The Indenture permits the issuance of additional Senior Lien Obligations secured on a parity of lien with the Senior Lien Reserve Fund Warrants, upon compliance with certain provisions of the Indenture. Subordinate Lien Reserve Fund Warrants may also be issued simultaneously with the issuance of the Senior Lien Reserve Fund Warrants, if any are issued, and the Indenture permits the issuance of additional Subordinate Lien Obligations, upon compliance with certain provisions of the Indenture.

Payment of the Senior Lien Reserve Fund Warrants is further secured by the Senior Lien Reserve Fund Warrant Trust Estate, which includes the Senior Lien Reserve Fund Warrant Debt Service Fund described in the Indenture, and which is held by the Trustee for the sole benefit of Holders of the Senior Lien Reserve Fund Warrants.

### **Secured Obligation Documents**

Copies of the Secured Obligation Documents are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of this warrant and the Financing Participants, and the terms upon which the Senior Lien Reserve Fund Warrants are, and are to be, authenticated and delivered.

### **Transfer, Registration, Exchange and Payment Provisions**

The ownership, transfer, exchange and payment of Senior Lien Reserve Fund Warrants shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to the terms and conditions of the Indenture. If the Book Entry System is terminated, the Indenture provides alternate provisions for the ownership, transfer, registration, exchange and payment of Senior Lien Reserve Fund Warrants.

### **Applicable Interest Rate**

This warrant shall bear interest at the following rates:

- (1) For the period beginning on the issue date of this warrant and ending twenty-four months after such issue date, [\_\_\_\_\_] % per annum. [This is market price +0.5%], and
- (2) Beginning on and including the first date of the twenty-fifth month following the issue date of this warrant, [\_\_\_\_\_] % per annum. [This is market price +1.5%].

provided that, if the Issuer and JPMorgan Chase Bank are unable to jointly obtain, at their reasonable shared cost, an Approving Tax Opinion within six months of the issue date of a Senior Lien Reserve Fund Warrant, then the rate of interest applicable to such Senior Lien Reserve Fund Warrant shall increase to [\_\_\_\_\_] % per annum beginning on the first day of the seventh month following the issue date of such Senior Lien Reserve Fund Warrant. [This is (g)(1) divided by .65].

### **Computation of Interest Accrual**

Interest on Senior Lien Reserve Fund Warrants shall be computed on the basis of a 360-day year with 12 months of 30 days each.

**Interest Payment Dates**

Interest on this warrant shall be payable in arrears on (i) April 1 and October 1 in each year, beginning on the first applicable date following issuance of this warrant, and (ii) the Maturity Date.

**Principal Payment Dates**

Principal on this warrant shall be payable on the following dates:

*[insert from Section 4.1(i) of the First Supplemental Indenture]*

**Regular Record Date for Debt Service Payments**

If the Book Entry System is in effect, the Trustee shall pay principal and interest on this warrant to DTC, and such principal and interest shall be distributed to the Holder of this warrant in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the principal and interest due on any Reserve Fund Warrant Payment Date with respect to this warrant shall be payable to the Holder of this warrant on the Regular Record Date for such Reserve Fund Warrant Payment Date.

**Special Record Date for Defaulted Interest**

Any Defaulted Interest shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the Issuer to the persons in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed as provided in the Indenture.

**Interest on Overdue Payments**

Interest shall be payable on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the Post-Default Rate specified in the First Supplemental Indenture.

**Authorized Denominations**

Senior Lien Reserve Fund Warrants may be in denominations of \$100,000 or any amount in excess thereof.

**Currency of Payment**

Payment of Debt Service on this warrant 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.

**Redemption Prior to Maturity**

The Senior Lien Reserve Fund Warrants shall be subject to redemption at the option and direction of the Issuer in whole or in part on any Business Day at a redemption price equal to par (100% of the principal amount of such Senior Lien Reserve Fund Warrant redeemed) plus accrued interest thereon to the date of redemption.

If less than all Senior Lien Reserve Fund Warrants outstanding are being redeemed, the Indenture provides procedures for selection of Senior Lien Reserve Fund Warrants to be redeemed.

Notice of redemption of any Senior Lien Reserve Fund Warrant shall be given to the affected Holder not less than 20 days prior to the redemption date. If the Book Entry System is in effect, notice of redemption shall be given to DTC and shall be forwarded by DTC to Holders through methods established by the rules and operational arrangements of the Book Entry System. If the Book Entry System is not in effect, notice shall be given to Holders by certified mail.

A notice of optional redemption may state that the redemption of Senior Lien Reserve Fund Warrants is contingent upon specified conditions, such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the Issuer shall not be required to redeem the Senior Lien Reserve Fund Warrants (or portions thereof) identified in such notice, and any Senior Lien Reserve Fund Warrants surrendered on the specified redemption date shall be returned to the Holders of such Senior Lien Reserve Fund Warrants.

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Senior Lien Reserve Fund Warrants which are to be redeemed on that date shall be deposited with the Trustee, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

If notice of redemption is given and any conditions to such redemption are met, the Senior Lien Reserve Fund Warrants to be redeemed shall become due and payable on the redemption date at the applicable redemption price, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Senior Lien Reserve Fund Warrants shall cease to bear interest.

If the Book Entry System is in effect, partial redemption of any Senior Lien Reserve Fund Warrant shall be effected in accordance with the Book Entry System. If the Book Entry System is not in effect, any Senior Lien Reserve Fund Warrant which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Senior Lien Reserve Fund Warrant, without service charge, a new Senior Lien Reserve Fund Warrant or Senior Lien Reserve Fund Warrants of the same Tenor and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Senior Lien Reserve Fund Warrant surrendered.

The Indenture permits the Issuer to purchase Senior Lien Reserve Fund Warrants that have been called for optional redemption in lieu of retiring such Senior Lien Reserve Fund Warrants on the redemption date. No notice to Holders is required in connection with a purchase in lieu of redemption.

### **Remedies**

If an “Indenture Default”, as defined in the Indenture, shall occur, the principal of all Secured Obligations then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as specified in the Indenture.

### **Amendments and Waivers**

The Indenture permits the amendment of the Secured Obligation Documents and waivers of past defaults under such Secured Obligation Documents and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Secured Obligations or a specified percentage of such Holders or a specified percentage of the Holders of the Senior Lien Obligations. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any Senior Lien Reserve Fund Warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

### **Exoneration of Public Officials, Officers and Employees of the Issuer**

No recourse under or upon any covenant or agreement of the Indenture, or of any Senior Lien Reserve Fund Warrants, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future public official, officer or employee of the Issuer, or of any successor, either directly or through the Issuer,

**County Draft – 11/12/2013; Settlement Communication Under FRE 408 and Similar Rules**

whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and the Senior Lien Reserve Fund Warrants are solely corporate obligations, and that no personal or pecuniary liability whatever shall attach to, or is or shall be incurred by, any public official, officer or employee of the Issuer or any successor, or any of them, because of the issuance of the Senior Lien Reserve Fund Warrants, or under or by reason of the covenants or agreements contained in the Indenture or in any Senior Lien Reserve Fund Warrants or implied therefrom. The provisions of this paragraph are not intended to preclude the enforcement of remedies provided for in the Indenture against the Trust Estate secured by the Indenture.

\* \* \*

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

NOTWITHSTANDING ANY PROVISION OF THIS WARRANT TO THE CONTRARY, UNLESS ONE OR MORE SENIOR LIEN CERTIFICATES OF ISSUANCE HAS BEEN EXECUTED BY THE TRUSTEE BY MANUAL SIGNATURE AND ATTACHED HERETO, THIS WARRANT SHALL NOT BE ENTITLED TO ANY BENEFIT UNDER THE INDENTURE OR BE VALID OR OBLIGATORY FOR ANY PURPOSE.

[Balance of page intentionally left blank.]



**IN WITNESS WHEREOF**, the Issuer has caused this warrant to be duly executed under its corporate seal.

Dated: Date of initial delivery of this warrant identified above.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
President, Jefferson County Commission

[SEAL]

Attest:

\_\_\_\_\_  
Minute Clerk

**Registration Certificate**

I hereby certify that this warrant has been duly registered by me as a claim against Jefferson County, Alabama, payable solely from the Trust Estate referred to herein.

Date of Registration: \_\_\_\_\_

\_\_\_\_\_  
Treasurer of Jefferson County, Alabama

\* \* \*

*Senior Lien Reserve Fund Warrant Certificates of Issuance appear on the following pages.*

**Assignment**

For value received, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto [Please insert name and taxpayer identification number] \_\_\_\_\_ this warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer this warrant on the books of the within named Issuer at the office of the within named Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTE:** The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

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

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

\*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the 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).

**EXHIBIT 4.2(b)**

**Subordinate Lien Reserve Fund Warrant Certificate of Issuance**

As authorized and directed by the Issuer in *Section 4.2(b)* of the First Supplemental Trust Indenture between Jefferson County, Alabama (the “Issuer”) and Wells Fargo Bank, National Association, as trustee (the “Trustee”), the Trustee hereby issues and delivers Subordinate Lien Reserve Fund Warrants of the following Tenor:

**Number:**

**Issue Date:**

**Maturity Date:**

**Principal Amount:**

**CUSIP:**

The Trustee certifies to the Issuer that (A) this Certificate of Issuance is delivered contemporaneously with a draw on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit in an equivalent amount to the principal amount referenced above, and (B) if JPMorgan Chase Bank fails to honor the draw on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, this Subordinate Lien Reserve Fund Warrant Certificate of Issuance shall be revoked, canceled on records of the Book Entry System, and no payment obligation shall arise hereunder.

Therefore, this Subordinate Lien Reserve Fund Warrant Certificate of Issuance is hereby authenticated, as follows:

**Certificate of Authentication**

This is one of the Subordinate Lien Reserve Fund Warrants referred to in the First Supplemental Indenture. The Subordinate Lien Reserve Fund Warrants have been issued as Subordinate Lien Obligations under the terms of the Indenture.

Date of authentication: \_\_\_\_\_

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

**EXHIBIT 4.2(e)**

**Form of Subordinate Lien Reserve Fund Warrants**

ANY SALE, TRANSFER OR DISTRIBUTION OF THIS WARRANT SHALL BE TO AN ENTITY THAT CERTIFIES IN WRITING THAT (I) IT IS (A) AN “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(A) PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”); OR (B) A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A PROMULGATED UNDER THE 1933 ACT; OR (C) A "NATIONAL BANK" ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA, AND, IN EACH CASE, (II) IT IS ABLE TO BEAR THE ECONOMIC RISKS OF ACQUIRING THIS WARRANT.

VALIDATED AND CONFIRMED BY JUDGMENT AND CONFIRMATION ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ALABAMA, ENTERED ON THE \_\_\_ DAY OF \_\_\_\_\_, 2013.

**Jefferson County, Alabama**

**Subordinate Lien Reserve Fund Reimbursement Warrant**

**JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (the “Issuer”, which term includes any successor under the Indenture hereinafter referred to), for value received, hereby acknowledges itself indebted to

**CEDE & CO.,**

or registered assigns, and directs the Trustee (as hereinafter defined) to pay (but solely from the sources hereinafter identified) a maximum principal amount Outstanding at any one time of up to

\_\_\_\_\_ **DOLLARS**

in accordance with each Certificate of Issuance attached hereto and to pay interest hereon from the date of initial delivery of each warrant, or the most recent date to which interest has been paid or duly provided for at the applicable interest rate specified herein; provided, however, that all such payments shall be limited obligations of the Issuer payable solely from the sources hereinafter identified.

**Authorizing Document**

This warrant is issued pursuant to a Trust Indenture dated December 1, 2013 (the “Original Indenture”), between the Issuer and Wells Fargo Bank, National Association, a national banking association, as trustee (the “Trustee”, which term includes any successor trustee under the Indenture), as supplemented by a First Supplemental Trust Indenture dated December 1, 2013 (the “First Supplemental Indenture” and, together with the Original Indenture, the “Indenture”). This warrant is part of a series of warrants issued by the Issuer under the Indenture in a maximum principal amount Outstanding at any one time of up to [\$Amount] and designated “Subordinate Lien Reserve Fund Reimbursement Warrants” (the “Subordinate Lien Reserve Fund Warrants”). Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. The provisions of the Indenture are hereby incorporated by reference as if fully set forth in this warrant.

### **Limited Obligations**

This warrant and all other payment obligations under the Indenture are limited obligations of the Issuer payable solely out of the General Trust Estate and the Subordinate Lien Reserve Fund Warrant Trust Estate (together, the “Trust Estate”). The indebtedness acknowledged by this warrant shall not constitute or give rise to an indebtedness or liability of, and shall not constitute a charge against, the general credit or taxing powers of the Issuer or of the State of Alabama.

### **Security for Payment**

The Indenture provides for the issuance of Secured Obligations from time to time in one or more series. Secured Obligations are issuable in two classes: (i) Senior Lien Obligations, which have a first priority lien with respect to right of payment from the General Trust Estate, and (ii) Subordinate Lien Obligations, which have a second priority lien with respect to right of payment from the General Trust Estate. The Subordinate Lien Reserve Fund Warrants are being issued as Subordinate Lien Obligations. The Indenture permits the issuance of additional Subordinate Lien Obligations secured on a parity of lien with the Subordinate Lien Reserve Fund Warrants, upon compliance with certain provisions of the Indenture. Senior Lien Reserve Fund Warrants may also be issued simultaneously with the issuance of the Subordinate Lien Reserve Fund Warrants, if any are issued, and the Indenture permits the issuance of additional Senior Lien Obligations without the consent of Holders of Subordinate Lien Reserve Fund Warrants, upon compliance with certain provisions of the Indenture.

Payment of the Subordinate Lien Reserve Fund Warrants is further secured by the Subordinate Lien Reserve Fund Warrant Trust Estate, which includes the Subordinate Lien Reserve Fund Warrant Debt Service Fund described in the Indenture, and which is held by the Trustee for the sole benefit of Holders of the Subordinate Lien Reserve Fund Warrants.

### **Secured Obligation Documents**

Copies of the Secured Obligation Documents are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of this warrant and the Financing Participants, and the terms upon which the Subordinate Lien Reserve Fund Warrants are, and are to be, authenticated and delivered.

### **Transfer, Registration, Exchange and Payment Provisions**

The ownership, transfer, exchange and payment of Subordinate Lien Reserve Fund Warrants shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to the terms and conditions of the Indenture. If the Book Entry System is terminated, the Indenture provides alternate provisions for the ownership, transfer, registration, exchange and payment of Subordinate Lien Reserve Fund Warrants.

### **Applicable Interest Rate**

This warrant shall bear interest at the following rates:

- (1) For the period beginning on the issue date of this warrant and ending twenty-four months after such issue date, [\_\_\_\_\_] per annum. [This is market price +0.5%], and
- (2) Beginning on and including the first date of the twenty-fifth month following the issue date of this warrant, [\_\_\_\_\_] per annum. [This is market price +1.5%].

provided that, if the Issuer and JPMorgan Chase Bank are unable to jointly obtain, at their reasonable shared cost, an Approving Tax Opinion within six months of the issue date of a Subordinate Lien Reserve Fund Warrant, then the rate of interest applicable to such Subordinate Lien Reserve Fund Warrant shall increase to [\_\_\_\_\_] per annum beginning on the first day of the seventh month following the issue date of such Subordinate Lien Reserve Fund Warrant. [This is (g)(1) divided by .65].

**Computation of Interest Accrual**

Interest on Subordinate Lien Reserve Fund Warrants shall be computed on the basis of a 360-day year with 12 months of 30 days each.

**Interest Payment Dates**

Interest on this warrant shall be payable in arrears on (i) April 1 and October 1 in each year, beginning on the first applicable date following issuance of this warrant, and (ii) the Maturity Date.

**Principal Payment Dates**

Principal on this warrant shall be payable on the following dates:

*[insert from Section 4.2(i) of the First Supplemental Indenture]*

**Regular Record Date for Debt Service Payments**

If the Book Entry System is in effect, the Trustee shall pay principal and interest on this warrant to DTC, and such principal and interest shall be distributed to the Holder of this warrant in accordance with the rules and operational arrangements of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date with respect to this warrant shall be payable to the Holder of this warrant on the Regular Record Date for such Interest Payment Date.

**Special Record Date for Defaulted Interest**

Any Defaulted Interest shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the Issuer to the persons in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed as provided in the Indenture.

**Interest on Overdue Payments**

Interest shall be payable on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the Post-Default Rate specified in the First Supplemental Indenture.

**Authorized Denominations**

Subordinate Lien Reserve Fund Warrants may be in denominations of \$100,000 or any amount in excess thereof.

**Currency of Payment**

Payment of Debt Service on this warrant 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.

**Redemption Prior to Maturity**

The Subordinate Lien Reserve Fund Warrants shall be subject to redemption at the option and direction of the Issuer in whole or in part on any Business Day at a redemption price equal to par (100% of the principal amount of such Subordinate Lien Reserve Fund Warrant redeemed) plus accrued interest thereon to the date of redemption.

If less than all Subordinate Lien Reserve Fund Warrants outstanding are being redeemed, the Indenture provides procedures for selection of Subordinate Lien Reserve Fund Warrants to be redeemed.

Notice of redemption of any Subordinate Lien Reserve Fund Warrant shall be given to the affected Holder not less than 20 days prior to the redemption date. If the Book Entry System is in effect, notice of redemption shall be given to DTC and shall be forwarded by DTC to Holders through methods established by the rules and operational arrangements of the Book Entry System. If the Book Entry System is not in effect, notice shall be given to Holders by certified mail.

A notice of optional redemption may state that the redemption of Subordinate Lien Reserve Fund Warrants is contingent upon specified conditions, such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the Issuer shall not be required to redeem the Subordinate Lien Reserve Fund Warrants (or portions thereof) identified in such notice, and any Subordinate Lien Reserve Fund Warrants surrendered on the specified redemption date shall be returned to the Holders of such Subordinate Lien Reserve Fund Warrants.

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Subordinate Lien Reserve Fund Warrants which are to be redeemed on that date shall be deposited with the Trustee, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

If notice of redemption is given and any conditions to such redemption are met, the Subordinate Lien Reserve Fund Warrants to be redeemed shall become due and payable on the redemption date at the applicable redemption price, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Subordinate Lien Reserve Fund Warrants shall cease to bear interest.

If the Book Entry System is in effect, partial redemption of any Subordinate Lien Reserve Fund Warrant shall be effected in accordance with the Book Entry System. If the Book Entry System is not in effect, any Subordinate Lien Reserve Fund Warrant which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Subordinate Lien Reserve Fund Warrant, without service charge, a new Subordinate Lien Reserve Fund Warrant or Subordinate Lien Reserve Fund Warrants of the same Tenor and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Subordinate Lien Reserve Fund Warrant surrendered.

The Indenture permits the Issuer to purchase Subordinate Lien Reserve Fund Warrants that have been called for optional redemption in lieu of retiring such Subordinate Lien Reserve Fund Warrants on the redemption date. No notice to Holders is required in connection with a purchase in lieu of redemption.

### **Remedies**

If an “Indenture Default”, as defined in the Indenture, shall occur, the principal of all Secured Obligations then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as specified in the Indenture.

### **Amendments and Waivers**

The Indenture permits the amendment of the Secured Obligation Documents and waivers of past defaults under such Secured Obligation Documents and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Secured Obligations or a specified percentage of such Holders or a specified percentage of the Holders of the Subordinate Lien Obligations. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and

upon all future Holders of this warrant and of any Subordinate Lien Reserve Fund Warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

**Exoneration of Public Officials, Officers and Employees of the Issuer**

No recourse under or upon any covenant or agreement of the Indenture, or of any Subordinate Lien Reserve Fund Warrants, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future public official, officer or employee of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and the Subordinate Lien Reserve Fund Warrants are solely corporate obligations, and that no personal or pecuniary liability whatever shall attach to, or is or shall be incurred by, any public official, officer or employee of the Issuer or any successor, or any of them, because of the issuance of the Subordinate Lien Reserve Fund Warrants, or under or by reason of the covenants or agreements contained in the Indenture or in any Subordinate Lien Reserve Fund Warrants or implied therefrom. The provisions of this paragraph are not intended to preclude the enforcement of remedies provided for in the Indenture against the Trust Estate secured by the Indenture.

\* \* \*

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

NOTWITHSTANDING ANY PROVISION OF THIS WARRANT TO THE CONTRARY, UNLESS ONE OR MORE SUBORDINATE LIEN CERTIFICATES OF ISSUANCE HAS BEEN EXECUTED BY THE TRUSTEE BY MANUAL SIGNATURE AND ATTACHED HERETO, THIS WARRANT SHALL NOT BE ENTITLED TO ANY BENEFIT UNDER THE INDENTURE OR BE VALID OR OBLIGATORY FOR ANY PURPOSE.

[Balance of page intentionally left blank.]



**IN WITNESS WHEREOF**, the Issuer has caused this warrant to be duly executed under its corporate seal.

Dated: Date of initial delivery of this warrant identified above.

**JEFFERSON COUNTY, ALABAMA**

By: \_\_\_\_\_  
President, Jefferson County Commission

[SEAL]

Attest:

\_\_\_\_\_  
Minute Clerk

**Registration Certificate**

I hereby certify that this warrant has been duly registered by me as a claim against Jefferson County, Alabama, payable solely from the Trust Estate referred to herein.

Date of Registration: \_\_\_\_\_

\_\_\_\_\_  
Treasurer of Jefferson County, Alabama

\* \* \*

*Subordinate Lien Reserve Fund Warrant Certificates of Issuance appear on the following pages.*

**Assignment**

For value received, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto [Please insert name and taxpayer identification number] \_\_\_\_\_ this warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer this warrant on the books of the within named Issuer at the office of the within named Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTE:** The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

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

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

\*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the 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).

EXHIBIT 6.2

Election to Redeem

To: WELLS FARGO BANK, NATIONAL ASSOCIATION, as trustee under the Indenture referred to below No. \_\_\_\_\_

RE: First Supplemental Trust Indenture dated [Date] (the "Indenture") between Jefferson County, Alabama and the Trustee

Capitalized terms not otherwise defined herein shall have the meanings assigned in the First Supplemental Indenture.

Request for Optional Redemption of Reserve Fund Warrants

Pursuant to Section 6.2 of the First Supplemental Indenture, the Issuer hereby requests the Trustee call Reserve Fund Warrants in accordance with the following instructions:

- A. Series of Reserve Fund Warrants to be redeemed: \_\_\_\_\_ (select Senior or Subordinate)
B. Principal amount of Reserve Fund Warrants to be redeemed: \_\_\_\_\_
C. Issue date and Tenor of Reserve Fund Warrants to be redeemed: \_\_\_\_\_
D. Redemption Date applicable to this certificate: \_\_\_\_\_
E. Specify in reasonable detail any conditions to redemption:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

F. Source of funds to be used for redemption: \_\_\_\_\_

If funds on deposit in either the Series 2013 Senior Lien Reserve Fund or the Series 2013 Subordinate Lien Reserve Fund are intended to be used, the certificate required by Section 9.6 or 9.7 of the Original Indenture, as applicable, shall accompany this notice.

The Issuer agrees to promptly provide such other information to the Trustee as may be required to carry out the optional redemption of Reserve Fund Warrants specified herein.

The Issuer hereby certifies that: (a) such payment is for a purpose permitted in Section 6.2 of the First Supplemental Indenture, (d) no Indenture Default exists, and (c) such payment will not cause or result in the violation of any covenant contained in the Tax Certificate and Agreement.

Dated: \_\_\_\_\_.

JEFFERSON COUNTY, ALABAMA

By: \_\_\_\_\_ Authorized Issuer Representative

# **Exhibit 3(a)**

**Reimbursement Agreement, Dated as of December 1, 2013,  
including the forms of the Reserve Fund LOC**

REIMBURSEMENT AGREEMENT

Dated as of December 1, 2013

between

JEFFERSON COUNTY, ALABAMA

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

Table of Contents

	Page
ARTICLE I DEFINITIONS AND ACCOUNTING TERMS .....	2
Section 1.01 Defined Terms .....	2
Section 1.02 Other Interpretive Provisions .....	8
Section 1.03 Accounting Term .....	9
Section 1.04 Times of Day.....	9
ARTICLE II LETTERS OF CREDIT .....	9
Section 2.01 Issuance of Letters of Credit.....	9
Section 2.02 Letter of Credit Drawings .....	10
Section 2.03 Reimbursement of Certain Drawings under the Letters of Credit; Mandatory Redemption; Interest .....	10
Section 2.04 Reinstatement of a Letter of Credit.....	12
Section 2.05 Fees .....	12
Section 2.06 Method of Payment; Etc .....	13
Section 2.07 Computation of Interest and Fees .....	13
Section 2.08 Payment Due on Non-Business Day to Be Made on Next Business Day	13
Section 2.09 Source of Funds .....	13
ARTICLE III MARGIN REGULATIONS; TAXES .....	13
Section 3.01 Margin Regulations.....	13
Section 3.02 Taxes .....	13
ARTICLE IV CONDITIONS PRECEDENT .....	15
Section 4.01 Conditions Precedent to Issuance of the Letters of Credit.....	15
ARTICLE V REPRESENTATIONS AND WARRANTIES.....	17
Section 5.01 Representations and Warranties of the County.....	17
ARTICLE VI COVENANTS OF THE COUNTY.....	21
Section 6.01 Parity Debt .....	21
Section 6.02 Financial and Other Reports .....	21
Section 6.03 Notices .....	22
Section 6.04 Payment of Obligations.....	23
Section 6.05 Preservation of Existence, Etc .....	23
Section 6.06 Compliance with Laws .....	23
Section 6.07 Books and Records .....	23
Section 6.08 Compliance with Related Documents.....	23
Section 6.09 Use of Proceeds.....	23
Section 6.10 Limitations on Amendments to Related Documents .....	23
Section 6.11 Rating on Warrants .....	24
Section 6.12 Accuracy of Information.....	24
Section 6.13 Documents Related to Other Securities of the County .....	24
Section 6.14 Tax Status of Warrants.....	24
Section 6.15 Partial Substitution.....	24

Table of Contents (continued)

	Page
Section 6.16 Official Statement .....	25
Section 6.17 Immunity .....	25
Section 6.18 Taxable Interest on Reserve Fund Warrants .....	25
ARTICLE VII EVENTS OF DEFAULT AND REMEDIES .....	25
Section 7.01 Events of Default and Remedies .....	25
Section 7.02 Remedies .....	26
ARTICLE VIII MISCELLANEOUS .....	27
Section 8.01 Amendments, Etc .....	27
Section 8.02 Notices; Effectiveness; Electronic Communications .....	27
Section 8.03 No Waiver; Cumulative Remedies; Enforcement; Conflict .....	28
Section 8.04 Liability of the Bank; Indemnification .....	28
Section 8.05 Payments Set Aside .....	30
Section 8.06 Successors and Assigns .....	30
Section 8.07 Treatment of Certain Information; Confidentiality .....	31
Section 8.08 Counterparts; Integration; Effectiveness .....	31
Section 8.09 Survival of Representations and Warranties .....	32
Section 8.10 Severability .....	32
Section 8.11 Governing Law .....	32
Section 8.12 Waiver of Jury Trial .....	32
Section 8.13 No Advisory or Fiduciary Responsibility .....	33
Section 8.14 Electronic Execution of Assignments and Certain Other Documents .....	33
Section 8.15 Government Regulations .....	33
Section 8.16 Unconditional Obligations .....	33
Section 8.17 Expenses and Taxes .....	34
Section 8.18 Modification, Amendment, Waiver, Etc .....	35
Section 8.19 Dealing with the County and/or the Trustee .....	35
Section 8.20 Table of Contents; Headings .....	35
Section 8.21 Limited Liability of County .....	35

TABLE OF CONTENTS

Page

SCHEDULE I — Certain Addresses for Notice

EXHIBIT A — Form of Senior Lien Letter of Credit

EXHIBIT B — Form of Subordinate Lien Letter of Credit



## REIMBURSEMENT AGREEMENT

This REIMBURSEMENT AGREEMENT (as amended, modified and/or supplemented from time to time, this “*Agreement*”) is entered into as of December 1, 2013, between Jefferson County, Alabama (together with its successors and assigns, the “*County*”), and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (together with its successors and assigns, the “*Bank*”).

### WITNESSETH:

WHEREAS, the County has determined to issue \$375,000,000\* Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A (the “*Series 2013-A Warrants*”), \$55,693,095.85\* Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B (the “*Series 2013-B Warrants*”), \$69,308,272.15\* Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C (the “*Series 2013-C Warrants*” and, together with the Series 2013-A Warrants and the Series 2013-B Warrants, the “*Senior Lien Obligations*”), \$750,155,000\* Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D (the “*Series 2013-D Warrants*”), \$71,935,073.95\* Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E (the “*Series 2013-E Warrants*”), and \$416,317,273\* Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F (the “*Series 2013-F Warrants*” and, together with the Series 2013-D Warrants and the Series 2013-E Warrants, the “*Subordinate Lien Obligations*”; the Subordinate Lien Obligations, together with the Senior Lien Obligations, are referred to herein as the “*Warrants*”) pursuant to a Trust Indenture, dated December 1, 2013 (the “*Original Indenture*,” as the same may be amended, modified and/or supplemented from time to time and as the same is supplemented by the First Supplemental Indenture (hereinafter defined), collectively, the “*Indenture*”), between the County and Wells Fargo Bank, National Association (the “*Trustee*”);

WHEREAS, the Warrants are secured by and payable from a pledge and assignment of the System Revenues (as defined below), and, further, (a) money and investments from time to time on deposit in, or forming a part of, the Revenue Fund, the Operating Account, the Costs of Issuance Fund and the Capital Improvement Fund established under the Indenture, and (b) any other property which may, from time to time, be specifically subjected to the lien of the Indenture as additional security for Warrants (collectively, together with the System Revenues, the “*General Trust Estate*”);

WHEREAS, as additional security for the Senior Lien Obligations, the County has determined that the scheduled payment of principal of (or, in the case of the Series 2013-B Warrants and the Series 2013-C Warrants, the accreted value) and interest on the Senior Lien Obligations when due will be guaranteed under an insurance policy (the “*Insurance Policy*”) to be issued concurrently with the delivery of the Senior Lien Obligations by Assured Guaranty Municipal Corp. (together with its successors and assigns, the “*Insurer*”);

WHEREAS, as further security for the Warrants, the County has requested the Bank, and the Bank has agreed, subject to the terms set forth in this Agreement, to deliver (a) an irrevocable standby letter of credit (the “*Senior Lien Letter of Credit*”) for deposit in the Senior Lien Reserve

Fund (as defined in the Original Indenture) and (b) an irrevocable standby letter of credit for deposit in the Subordinate Lien Reserve Fund (as defined in the Original Indenture) (the “*Subordinate Lien Letter of Credit*” and, together with the Senior Lien Letter of Credit, the “*Letters of Credit*”), in both cases, to provide funds to the Trustee in the event that funds on deposit in the Series 2013 Senior Lien Debt Service Fund (as defined in the Original Indenture) or the Series 2013 Subordinate Lien Debt Service Fund (as defined in the Original Indenture), as applicable, on a Warrant Payment Date (as defined in the Original Indenture) are inadequate to pay Debt Service (as defined in the Indenture) on the Senior Lien Obligations or the Subordinate Lien Obligations, respectively;

WHEREAS, as evidence of outstanding Advances (as defined below) made by the Bank pursuant to the Senior Lien Letter of Credit and the Subordinate Lien Letter of Credit, the County has duly authorized the issuance of Senior Lien Reserve Fund Warrants (as defined below) and Subordinate Lien Reserve Fund Warrants (as defined below and which, together with the Senior Lien Reserve Fund Warrants, the “*Reserve Fund Warrants*”), respectively, pursuant to the terms and conditions of that certain First Supplemental Trust Indenture, dated December 1, 2013 (as amended, modified and/or supplemented from time to time, the “*First Supplemental Indenture*”), between the County and the Trustee, which Reserve Fund Warrants (a) are additional Secured Obligations (as defined below) under the Original Indenture and (b) are authorized to be issued by the County pursuant to the Confirmed Plan of Adjustment (as defined below); and

WHEREAS, the Bank is willing to issue the Letters of Credit upon the terms and conditions provided herein.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS AND ACCOUNTING TERMS

*Section 1.01 Defined Terms.* As used in this Agreement, the following terms shall have the meanings set forth below:

“*Act of Bankruptcy*” means the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by the County after the effective date of the Plan of Adjustment under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect.

“*Advance*” has the meaning set forth in Section 2.03(a) hereof.

“*Advance Maturity Date*” means the date on which the final payment of principal is due on any Advance as provided in Section 2.03(b) hereof; *provided, however*, that the date on which any redemption or repayment of an Advance in full occurs prior to the date or dates specified in Section 2.03(b) shall also be deemed an “*Advance Maturity Date*.”

“*Affiliate*” means, with respect to a Person, any Person (whether for-profit or not-for-profit), which “controls,” or is “controlled” by, or is under common “control” with such Person. For purposes of this definition, a Person “controls” another Person when the first Person possesses or exercises directly, or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other Person, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract, or otherwise.

“*Agreement*” has the meaning set forth in the Introduction hereto.

“*Anti-Corruption Laws*” means all laws, rules and regulations of any jurisdiction applicable to the County from time to time concerning or relating to bribery or corruption.

“*Available Amount*” has the meaning set forth in each Letter of Credit.

“*Bank*” has the meaning set forth in the Introduction hereto.

“*Bankruptcy Code*” means Title 11 of the United States Code, as amended and supplemented from time to time.

“*Bankruptcy Court*” means the United States Bankruptcy Court for the Northern District of Alabama, Southern Division.

“*Business Day*” has the meaning set forth in each Letter of Credit.

“*Capital Lease*” means any lease of property which, in accordance with GAAP, would be required to be capitalized on the balance sheet of the lessee.

“*Capitalized Lease Obligations*” means the amount of the liability shown on the balance sheet of any Person in respect of a Capital Lease as determined in accordance with GAAP.

“*Charge Ordinance*” means that certain ordinance entitled “Jefferson County Sewer Use Charge Ordinance” adopted by the County Commission on November 6, 2012, as amended on September 23, 2013, as the same may from time to time again be amended, which sets forth, among other things, the County Commission’s reasonable and nondiscriminatory rules and regulations fixing rates and charges for service from the System and provisions for payment, collection and enforcement thereof.

“*Closing Date*” means December [\_\_\_], 2013, which, subject to the satisfaction of the conditions precedent set forth in Section 4.01 hereof, is the date on which the Letters of Credit are issued.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

“*Collateral Agreement*” means the Collateral Support Agreement, dated as of December 1, 2013, between the Bank and Wells Fargo Bank, National Association, solely in its

capacity as Trustee, as agreed and acknowledged by the County, and as the same may be amended, supplemented and/or modified from time to time in accordance with the terms thereof.

“*County Commission*” means the Jefferson County Commission, being the governing body of the County.

“*Confirmation Order*” means the order entered by the Bankruptcy Court confirming the Plan of Adjustment under Section 943(b) of the Bankruptcy Code.

“*Confirmed Plan of Adjustment*” means the Plan of Adjustment as confirmed by the Confirmation Order.

“*County*” has the meaning set forth in the Introduction hereto.

“*Current Interest Obligations*” has the meaning set forth in the Original Indenture.

“*Default*” means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“*Dodd-Frank Act*” means the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as enacted by the United States Congress, and signed into law on July 21, 2010, and all statutes, rules, guidelines or directives promulgated thereunder.

“*Dollar*” and “*\$*” mean lawful money of the United States.

“*Drawing*” has the meaning set forth in each Letter of Credit.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access system.

“*Event of Default*” has the meaning set forth in Section 7.01 hereof.

“*Facility Fee*” has the meaning set forth in Section 2.05(a) hereof.

“*First Supplemental Indenture*” has the meaning set forth in the Recitals hereto.

“*Fitch*” means Fitch, Inc., and any successor thereto.

“*GAAP*” means generally accepted accounting principles in the United States as in effect from time to time, applied by the County on a basis consistent with the County’s most recent financial statement furnished to the Bank.

“*General Trust Estate*” has the meaning set forth in the Recitals hereto.

“*Governmental Approval*” means an authorization, consent, approval, license, or exemption of, registration or filing with, or report to any Governmental Authority.

“*Governmental Authority*” means any nation or government, any state, department, agency or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government, and any

corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

“*Indemnitees*” has the meaning set forth in Section 8.04(b) hereof.

“*Indenture*” has the meaning set forth in the Recitals hereto.

“*Information*” has the meaning set forth in Section 8.07 hereof.

“*Insurance Policy*” has the meaning set forth in the Recitals hereto.

“*Insurer*” has the meaning set forth in the Recitals hereto.

“*ISP*” or “*ISP98*” means, with respect to a Letter of Credit, the International Standby Practices 1998 (International Chamber of Commerce Publication No. 590).

“*Laws*” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“*Letter of Credit*” means, as the context dictates, either the Senior Lien Letter of Credit or the Subordinate Lien Letter of Credit.

“*Letters of Credit*” has the meaning set forth in the Recitals hereto.

“*Lien*” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing).

“*Material*” or “*Materially*” (whether or not such terms are capitalized) shall be determined in light of the facts and circumstances of the matter in question; *provided, however*, that any specific monetary amount cited in this Agreement (or any attachment hereto) shall be deemed to determine materiality in that instance.

“*Moody’s*” means Moody’s Investors Service, Inc., and any successor thereto.

“*MSRB*” means the Municipal Securities Rulemaking Board, and any successor thereto.

“*Obligations*” means the Reimbursement Obligations, the obligations of the County to pay all fees and expenses specified in this Agreement and all other obligations of the County to the Bank arising under or in relation to this Agreement, including in each instance, all interest accrued thereon.

“*Official Statement*” means the Official Statement, dated December [\_\_\_], 2013, relating to the Warrants, together with any documents incorporated therein by reference.

“*Original Indenture*” has the meaning set forth in the Recitals hereto.

“*Original Stated Amount*” means \$[\_\_\_\_\_], in the case of the Senior Lien Letter of Credit, and \$[\_\_\_\_\_], in the case of the Subordinate Lien Letter of Credit.

“*Other Taxes*” has the meaning set forth in Section 3.02(a) hereof.

“*Parity Debt*” means warrants or other evidence of indebtedness issued by the County and secured by a Lien on System Revenues (excluding the Reserve Fund Warrants) that is on parity with, or senior to, the Lien securing the Warrants.

“*Participant*” has the meaning set forth in Section 8.06(b) hereof.

“*Patriot Act*” has the meaning set forth in Section 8.15 hereof.

“*Payment Documents*” has the meaning set forth in the Letter of Credit.

“*Person*” means any individual, a corporation, a partnership, an association, a limited liability company, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“*Plan*” or “*Plan of Adjustment*” means that certain Chapter 9 Plan of Adjustment for Jefferson County, Alabama (dated November 6, 2013), filed with the Bankruptcy Court on November 6, 2013, as confirmed by the Bankruptcy Court pursuant to the Confirmation Order.

“*Rating Agency*” or “*Rating Agencies*” means Fitch, Moody’s and S&P, as the context may require.

“*Reimbursement Obligations*” means any and all obligations of the County to reimburse the Bank for an unreimbursed Advance made by the Bank pursuant to a Letter of Credit, regardless of whether a Reserve Fund Warrant has been delivered to the Bank to evidence said Advance.

“*Related Documents*” means this Agreement, the Original Indenture, the First Supplemental Indenture, the Reserve Fund Warrants, the Collateral Agreement, the Warrant Purchase Agreement and any other agreement or instrument relating thereto.

“*Related Parties*” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person’s Affiliates.

“*Reserve Fund Warrants*” has the meaning set forth in the Recitals hereto and, as the context dictates herein, may mean either the Senior Lien Reserve Fund Warrants, the Subordinate Lien Reserve Fund Warrants or a combination thereof.

“S&P” means Standard & Poor’s, a Standard and Poor’s Financial Services LLC business, and any successor thereto.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the federal government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

“Sanctioned Country” means, at any time, a country or territory which is the subject or target of any Sanctions.

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

“Secured Obligations” has the meaning set forth in the Original Indenture.

“Senior Lien Letter of Credit” has the meaning set forth in the Recitals hereto.

“Senior Lien Obligations” has the meaning set forth in the Recitals hereto.

“Senior Lien Reserve Fund Warrant Debt Service Fund” has the meaning set forth in the First Supplemental Indenture.

“Senior Lien Reserve Fund Warrants” means the County’s Senior Lien Reserve Fund Reimbursement Warrants, authorized by the Confirmed Plan of Adjustment to be issued pursuant to the First Supplemental Indenture, on or after March 1, 2014, in a maximum principal amount outstanding at any one time of up to \$[\_\_\_\_\_], which Senior Lien Reserve Fund Warrants, if and when delivered to the Bank as provided in the First Supplemental Indenture and hereunder, shall constitute Senior Lien Obligations and Current Interest Obligations.

“Series 2013 Senior Lien Debt Service Fund” has the meaning set forth in the Original Indenture.

“Series 2013 Subordinate Lien Debt Service Fund” has the meaning set forth in the Original Indenture.

“State” means the State of Alabama.

“Stated Amount” has the meaning set forth in each Letter of Credit.

“Stated Expiration Date” means October 10, 2053, unless terminated in accordance with the terms of the related Letter of Credit.

“Subordinate Lien Letter of Credit” has the meaning set forth in the Recitals hereto.

“Subordinate Lien Obligations” has the meaning set forth in the Recitals hereto.

“*Subordinate Lien Reserve Fund Warrant Debt Service Fund*” has the meaning set forth in the First Supplemental Indenture.

“*Subordinate Lien Reserve Fund Warrants*” means the County’s Subordinate Lien Reserve Fund Reimbursement Warrants, authorized by the Confirmed Plan of Adjustment to be issued pursuant to the First Supplemental Indenture, on or after March 1, 2014, in a maximum principal amount outstanding at any one time of up to \$[\_\_\_\_\_], which Subordinate Lien Reserve Fund Warrants, if and when delivered to the Bank as provided in the First Supplemental Indenture and hereunder, shall constitute Subordinate Lien Obligations and Current Interest Obligations.

“*System*” means the sanitary sewer system owned and operated by the County, as now or hereafter constituted.

“*System Revenues*” means all revenues derived by the County from the ownership and/or operation of the System.

“*Taxes*” has the meaning set forth in Section 3.02(a) hereof.

“*Termination Date*” has the meaning set forth in each Letter of Credit.

“*Trustee*” has the meaning given to such term in the Recitals hereto.

“*United States*” and “*U.S.*” mean the United States of America.

“*Warrant Payment Date*” has the meaning in the Indenture.

“*Warrant Purchase Agreement*” means that certain agreement, between the County and the underwriters, regarding the sale and delivery of the Warrants by the County to the underwriters on the Closing Date.

“*Warrants*” has the meaning set forth in the Recitals hereto.

*Section 1.02 Other Interpretive Provisions.* With reference to this Agreement and each other Related Document, unless otherwise specified herein or in such other Related Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Related Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “herein,” “hereof” and “hereunder,” and words of similar import when used in any Related Document, shall be construed to refer to such Related



Document in its entirety and not to any particular provision thereof, (iv) all references in a Related Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Related Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including.”

(c) Section headings herein and in the other Related Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Related Document.

(d) Defined terms used herein which are stated to have the meanings assigned in the Indenture, shall incorporate any amendments, restatements, supplements or other modifications to such terms.

*Section 1.03 Accounting Term.* (a) *Generally.* All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements, except as otherwise specifically prescribed herein.

(b) *Changes in GAAP.* If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Related Document, and either the County or the Bank shall so request, the Bank and the County shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; *provided that*, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the County shall provide to the Bank financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

*Section 1.04 Times of Day.* Unless otherwise specified, all references herein to times of day shall be references to New York time (daylight or standard, as applicable).

## ARTICLE II

### LETTERS OF CREDIT

*Section 2.01 Issuance of Letters of Credit.* Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement or incorporated

herein by reference, the Bank agrees to issue the Senior Lien Letter of Credit (substantially in the form of Exhibit A hereto) and the Subordinate Lien Letter of Credit (substantially in the form of Exhibit B hereto). Each Letter of Credit shall be issued in an amount equal to the Original Stated Amount therefor and shall be an irrevocable obligation of the Bank. Notwithstanding anything herein to the contrary, this Agreement shall not expire or otherwise terminate until such time as the Senior Lien Letter of Credit and the Subordinate Letter of Credit shall have terminated and all Obligations due to the Bank or to become due to the Bank hereunder shall have been paid in full.

*Section 2.02 Letter of Credit Drawings.* The Trustee is authorized to make Drawings under the Letters of Credit in accordance with their respective terms. The County hereby directs the Bank to make payments under the Letters of Credit in the manner therein provided. The County hereby irrevocably approves reductions and reinstatements of the Stated Amount with respect to each Letter of Credit as provided in the related Letter of Credit.

*Section 2.03 Reimbursement of Certain Drawings under the Letters of Credit; Mandatory Redemption; Interest.* (a) If the conditions precedent contained in a Letter of Credit are satisfied at the time that a Drawing Certificate (as defined in each Letter of Credit) is submitted to the Bank and funds are forwarded to the Trustee in connection therewith, such Drawing shall constitute an advance (each, an “*Advance*”) to the County. Each Advance will be evidenced by either a Senior Lien Reserve Fund Warrant, in the case of a Drawing and Advance made by the Bank under the Senior Lien Letter of Credit, or a Subordinate Lien Reserve Fund Warrant, in the case of a Drawing and Advance made by the Bank under the Subordinate Lien Letter of Credit.

(b) Principal due on Senior Lien Reserve Fund Warrants and Subordinate Lien Reserve Fund Warrants shall be payable as follows:

(i) if the date of an Advance is on or before January 1, 2022, the principal of the related Reserve Fund Warrant shall be payable in forty (40) equal quarterly installments commencing on April 1, 2024, and quarterly thereafter on each July 1, October 1, January 1 and April 1 until January 1, 2034;

(ii) if the date of an Advance is after January 1, 2022, but on or before January 1, 2042, the principal of the related Reserve Fund Warrant shall be payable in forty (40) equal quarterly installments commencing on the first January 1, April 1, July 1 or October 1 occurring more than twenty-four (24) months following the date of the related Advance, and quarterly thereafter on each January 1, April 1, July 1 or October 1 until paid in full; or

(iii) if the date of an Advance is after January 1, 2042, the principal of the related Reserve Fund Warrant shall be amortized on the basis of forty (40) equal quarterly installments and shall be payable according to such amortization commencing on the first January 1, April 1, July 1 or October 1 occurring more than twenty-four (24) months following the date of the related Advance, and quarterly thereafter on each January 1, April 1, July 1 or October 1 until March 1,

2054; *provided* that all unpaid principal of each outstanding Advance and the related Reserve Fund Warrant shall be payable in full no later than March 1, 2054.

(c) The County also promises to pay to the Bank interest on the unpaid principal amount of each Advance (i) on the next Warrant Payment Date immediately following issuance of the Senior Lien Reserve Fund Warrants or Subordinate Lien Reserve Fund Warrants, as applicable, and on each Warrant Payment Date thereafter, (ii) on the date that the Senior Lien Reserve Fund Warrants or Subordinate Lien Reserve Fund Warrants, as applicable, are paid or redeemed and (iii) on the Advance Maturity Date. Interest shall accrue on the Senior Lien Reserve Fund Warrants or Subordinate Lien Reserve Fund Warrants, as applicable, as follows:

- (1) from the date of the related Advance and ending on the final day of the twenty-fourth (24<sup>th</sup>) month immediately following the date of said Advance, interest shall accrue on the applicable Reserve Fund Warrant at an interest rate equal to [\_\_\_\_] per annum, said interest rate being equal to the yield on the longest dated maturity of current interest Subordinate Lien Obligations (as such yield is in effect on the Closing Date), plus 0.5% per annum;
- (2) beginning on and including the first day of the twenty-fifth (25<sup>th</sup>) month immediately following the date of the related Advance, interest shall accrue on the applicable Reserve Fund Warrant at an interest rate equal to [\_\_\_\_%] per annum, said interest rate being equal to the yield on the longest dated maturity of current interest Subordinate Lien Obligations (as such yield is in effect on the Closing Date), plus 1.5% per annum; and
- (3) from and after a failure of the County to pay interest or principal when due on any Advance evidenced by a Reserve Fund Warrant, interest shall accrue on the applicable Reserve Fund Warrant at an interest rate equal to [\_\_\_\_%] per annum, said interest rate being equal to the yield on the longest dated maturity of current interest Subordinate Lien Obligations (as such yield is in effect on the Closing Date), plus 2.00% per annum.

Notwithstanding the foregoing, if interest on the Reserve Fund Warrants is deemed not to be exempt from federal income taxes in accordance with Section 6.18 hereof, then interest shall accrue on the Reserve Fund Warrants at a rate equal to the lesser of (i) 12.00% per annum and (ii) the (yield on the longest dated maturity of current interest Subordinate Lien Obligations (said yield being that which was in effect on the Closing Date) plus 0.5%) divided by 0.65%. For the avoidance of any doubt, if interest on the Reserve Fund Warrants is deemed to be exempt from federal income taxes as described in Section 6.18 hereof, then the provisions of this Section 2.03(c) (excluding this paragraph) will remain effective for the determination of interest on Reserve Fund Warrants.

(d) Any Reserve Fund Warrant may be prepaid, in whole or in part, without premium or penalty on any other Business Day upon one (1) Business Day's prior written notice from the County to the Bank.

(e) Upon the Bank's receipt of any payment or prepayment of any Reserve Fund Warrant and related Advance, the amount of such Reserve Fund Warrant and related Advance shall be reduced by the amount of such payment or prepayment.

(f) From and after the occurrence of any Event of Default hereunder, all Obligations of the County will automatically accrue interest at a fixed rate equal to the yield on the longest dated maturity of current interest Subordinate Lien Obligations (as such yield is in effect on the Closing Date), plus 2.00% per annum, payable on demand. For the avoidance of any doubt, this provision does not apply to the Reserve Fund Warrants which are already the subject of Section 2.03(c)(3).

*Section 2.04 Reinstatement of a Letter of Credit.* Any Reserve Fund Warrants repaid on or prior to the second (2nd) anniversary of the related Advance will result in reinstatement of the applicable Letter of Credit in an amount equal to the principal amount of the Reserve Fund Warrant that is repaid. From and after the second (2nd) anniversary of any Advance made pursuant to a Letter of Credit, to the extent that the principal amount drawn is not repaid, together with interest, if any, thereon, the Stated Amount of the said Letter of Credit will not be reinstated by the principal amount of such repayment.

*Section 2.05 Fees*

(a) With respect to the Letters of Credit, the County agrees to pay to the Bank, a nonrefundable facility fee (the "*Facility Fee*") at the rate equal to 0.05% per annum of the Available Amount of each Letter of Credit commencing on the Closing Date and continuing for the duration of the term of each Letter of Credit. In addition, upon (i) the delivery by the Bank of Collateral pursuant to Exhibit A2 to a Letter of Credit and (ii) the termination of such Letter of Credit in accordance therewith, the Facility Fee described hereinabove will continue to accrue with respect to the amount of the Collateral delivered by the Bank, less any portion of the Collateral applied to pay principal and/or interest on the Warrants, and said Facility Fee will be payable by the County in accordance with this Section 2.05 until such time as such Collateral has been returned to the Bank in full. Such Facility Fee shall be payable, without any requirement of notice or demand, in immediately available funds in arrears commencing on April 1, 2014, with respect to the period from the Closing Date to March 31, 2014 and, thereafter, on each July 1, October 1, January 1 and April 1 and upon the Termination Date of the Letter of Credit, in all cases, covering the period from the date of the immediately preceding payment to such date of payment. The Facility Fee shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. The Bank's determination of the Facility Fee pursuant to this Section 2.05(a) shall be conclusive absent manifest error.

(b) All amounts payable pursuant to this Section shall be nonrefundable, absent manifest error in the calculation thereof by the Bank.

(c) The Bank will forward to the County an invoice with respect to the Facility Fee referred to in Section 2.05(a) hereof; *provided, however*, that failure of the Bank to forward said invoice will not serve as a waiver, diminution or release of the County's obligation to pay the Facility Fee payable pursuant to Section 2.05(a).

*Section 2.06 Method of Payment; Etc.* All payments to be made by the County, or caused to be made by and on behalf of the County, under this Agreement shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff and shall be made to the Bank through the Federal Reserve Wire System to JPMorgan Chase Bank, National Association, ABA No. 021000021, Ref: Letter of Credit No. [\_\_\_\_\_] or [\_\_\_\_\_], as applicable, Credit to Account No. 324331754, Attention: Standby Letter of Credit Unit (or at such other address or location specified to the County in writing by the Bank), not later than 2:00 p.m. on the date when due and shall be made in lawful money of the United States of America in freely transferable and immediately available funds. All payments received by the Bank after 2:00 p.m. shall be deemed to have been on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

*Section 2.07 Computation of Interest and Fees.* Interest and fees payable hereunder shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof. Notwithstanding the foregoing, interest on the Reserve Fund Warrants shall be calculated on the basis set forth in the First Supplemental Indenture.

*Section 2.08 Payment Due on Non-Business Day to Be Made on Next Business Day.* If any sum becomes payable pursuant to this Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall not be included in the computation of interest and fees for such related payment date but shall be included in the computation of interest and fees for the following payment date.

*Section 2.09 Source of Funds.* All payments made by the Bank pursuant to a Letter of Credit shall be made from funds of the Bank, and not from the funds of any other Person.

### ARTICLE III

#### MARGIN REGULATIONS; TAXES

*Section 3.01 Margin Regulations.* No portion of the proceeds of any Drawings under a Letter of Credit shall be used by the County (or the Trustee or any other Person on behalf of the County) for the purpose of “purchasing” or “carrying” any margin stock or used in any manner which might cause the borrowing or the application of such proceeds to violate Regulation U of the Board of Governors of the Federal Reserve System or any other regulation of said Board of Governors or to violate the Securities Exchange Act of 1934, as amended, in each case, as in effect on the date or dates of such Drawings or Advances and such use of proceeds.

*Section 3.02 Taxes.*

(a) Any and all payments to the Bank by the County hereunder shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed thereon, excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political

subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as “*Taxes*”). If the County shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof (or any other jurisdiction from which or through which payments are made) from or in respect of any sum payable hereunder to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.02), the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the County shall make such deductions and (iii) the County shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the County shall make any payment under this Section 3.02 to or for the benefit of the Bank with respect to Taxes and if the Bank in its sole discretion determines that it shall receive a refund or shall claim any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States then the Bank shall pay to the County an amount equal to the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the County to the applicable party with respect to such Taxes. In addition, the County agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or any state of the United States or any other taxing jurisdiction from any payment made hereunder or from the execution or delivery or otherwise with respect to this Agreement (hereinafter referred to as “*Other Taxes*”). The Bank shall provide to the County within a reasonable time a copy of any written notification it receives with respect to Taxes or Other Taxes owing by the County to the Bank hereunder; *provided* that the Bank’s failure to send such notice shall not relieve the County of its obligation to pay such amounts hereunder.

(b) The County shall indemnify the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 3.02 paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided* that the County shall not be obligated to indemnify the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank’s gross negligence or willful misconduct. The Bank agrees to give notice to the County of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the Bank’s failure to notify the County promptly of such assertion shall not relieve the County of its obligation under this Section 3.02. Payments by the County pursuant to this indemnification shall be made within thirty (30) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to the County any refund actually received by the Bank (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the County pursuant to this Section 3.02 received by the Bank for Taxes or Other Taxes that were paid by the County pursuant to this Section 3.02 and to contest, with the cooperation and at the expense of the County, any such Taxes or Other Taxes which the Bank or the County reasonably believes not to have been properly assessed.

The agreements in this Section shall survive the termination of the Letters of Credit, this Agreement and the repayment, satisfaction or discharge of all the other Obligations.

## ARTICLE IV

### CONDITIONS PRECEDENT

*Section 4.01 Conditions Precedent to Issuance of the Letters of Credit.* As conditions precedent to the obligation of the Bank to issue the Letters of Credit, the County shall provide to the Bank on the Closing Date, each in form and substance reasonably satisfactory to the Bank and the Bank's counsel:

(i) *Approvals.* The Bank shall have received a counterpart of this Agreement duly executed by the County and copies of all resolutions and other official actions taken by the County and Governmental Authorities having jurisdiction over the County approving the execution and delivery by the County of this Agreement, the Warrants and the other Related Documents to which the County is a party, in each case, certified by an authorized official of the County as complete and correct as of the date hereof and as being in full force and effect on and as of the Closing Date.

(ii) *Incumbency of County Officials.* The Bank shall have received an incumbency certificate of the County in respect of each official who is authorized to (a) sign this Agreement, the Warrants and the other Related Documents to which the County is a party and (b) take actions on behalf of the County under this Agreement, the Warrants and the other Related Documents to which the County is a party.

(iii) *Opinion of Bond Counsel.* The Bank shall have received a written opinion of Bond Counsel, addressed to the Bank (or upon which the Bank may rely), dated the Closing Date and in form and substance reasonably satisfactory to the Bank and the Bank's counsel.

(iv) *Opinion of Counsel to the County.* The Bank shall have received a written opinion of counsel to the County, addressed to the Bank, dated the Closing Date and in form and substance reasonably satisfactory to the Bank and the Bank's counsel.

(v) *Trustee.* The Bank shall have received (a) an incumbency certificate of the Trustee in respect of each official who is authorized to make Drawings under the Letters of Credit confirming the authority and signature(s) of said official(s) to make such Drawings and (b) evidence that the Reserve Fund Warrants have been delivered to the Trustee to be held in escrow pending delivery to the Bank upon the Bank's making an Advance pursuant to a Letter of Credit.

(vi) *Related Documents.* The Bank shall have received an executed original or certified copies, as applicable, of each of the Related Documents (other than this Agreement) in form and substance reasonably satisfactory to the Bank,

all certified by an authorized officer of the County as being in full force and effect. In addition, the Bank shall have received (a) a record of the proceedings evidencing the authorization, execution, delivery and sale of the Warrants on the Closing Date, (b) evidence from the County that the Reserve Fund Warrants have been authorized, issued and delivered to the Trustee and (c) a specimen copy of a Reserve Fund Warrant.

(vii) *No Default, Etc.* (a) No Default or Event of Default shall have occurred and be continuing as of the date hereof or will result from the execution, delivery, and performance by the County of this Agreement, the Warrants or any other Related Document to which the County is a party, (b) the representations and warranties made by the County herein and in the other Related Documents to which it is a party shall be true and correct in all material respects on and as of the Closing Date, as if made on and as of such date, and (c) the Bank shall have received a certificate, given and made as of the Closing Date, from County to the foregoing effect.

(viii) *Financial Information.* The Bank shall have received copies of the County's most recent Audited Financial Statements.

(ix) *Official Statement.* The Bank shall have received copies of the preliminary and final Official Statement relating to the Warrants, including all amendments and supplements thereto to the Closing Date.

(x) *Insurance Policy.* The Bank shall have received (a) a copy of the Insurance Policy and (b) a copy of the opinion of counsel to the Insurer, dated the Closing Date and in form and substance reasonably satisfactory to the Bank and the Bank's counsel.

(xi) *Bankruptcy Proceedings.* The effective date of the Confirmed Plan of Adjustment shall have occurred, and the Bank shall have received a copy of the Confirmation Order, duly certified and entered on the docket by the clerk of the Bankruptcy Court, which Confirmation Order shall be in full force and effect, shall not have been stayed, reversed or modified, and shall approve the transactions contemplated by this Agreement and the other Related Documents.

(xii) *Bond Ratings.* The Bank shall have received satisfactory evidence that the Warrants, without regard to the Insurance Policy, shall have been assigned long-term ratings of "[\_\_\_\_]" by Fitch and "[\_\_\_\_]" by S&P.

(xiii) *Miscellaneous.* The Bank shall have received such other documents, certificates, and opinions as the Bank and the Bank's counsel shall have reasonably requested and all legal requirements provided herein incident to the execution, delivery and performance of the Related Documents and the transactions contemplated hereby and thereby shall be reasonably satisfactory to the Bank and the Bank's counsel.



Notwithstanding anything to the contrary, the Bank's execution and delivery of the Letters of Credit shall evidence its agreement that the foregoing conditions precedent to the issuance and delivery of the Letters of Credit have been met to its satisfaction or have been waived.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

*Section 5.01 Representations and Warranties of the County.* The County hereby represents and warrants to the Bank as of the Closing Date (which representations and warranties shall survive the execution and delivery of this Agreement and the making of any Advances, if any) as follows:

(a) *Legal Existence; Power and Authority.* The County is duly existing as a political subdivision of the State. The County has the full legal right, power, and authority to (i) execute and deliver this Agreement, the Warrants and the other Related Documents to which it is a party, (ii) perform all its obligations and liabilities under this Agreement, the Warrants and the other Related Documents to which it is a party, and (iii) otherwise incur indebtedness in accordance with this Agreement, the Warrants and the other Related Documents to which it is a party.

(b) *Due Authorization; Compliance with Law and Contracts.* The execution, delivery and performance by the County of this Agreement, the Warrants and the other Related Documents to which it is a party have been duly authorized by all necessary and proper action on the part of the County Commission, and do not and will not (i) conflict with, violate, or contravene any constitutional provision or any provision of existing law or regulation or any order, writ, injunction or decree of any court, tribunal, governmental authority, bureau, agency or other instrumentality applicable to the County including, without limitation, the Charge Ordinance, or (ii) conflict with, violate, or cause a default, or with the passage of time or the giving of notice or both would cause a default, under any bond, note or other evidence of indebtedness or mortgage, indenture, contract or other agreement to which the County is a party.

(c) *Governmental Authorization; Other Consent.* No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the County of this Agreement, the Warrants or any other Related Document to which it is a party, or if required, such approval, consent, exemption or authorization, as applicable, has been obtained, such notice has been given or such other appropriate action has been taken.

(d) *Binding Effect.* Each of this Agreement, the Warrants and the other Related Documents to which the County is a party constitutes a legal, valid and binding obligation of the County, enforceable against the County in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws now or hereafter affecting the enforcement of the rights of creditors generally and by general principles of equity which permit the exercise of judicial discretion.

(e) *Litigation.* Except as otherwise disclosed to the Bank in writing or in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, arbitrator, public board or body pending or, to the knowledge of the County, threatened against or affecting the County wherein an unfavorable decision, ruling or finding could reasonably be expected to have a material effect on the existence, organization or powers of the County or the titles of any of its officers to their respective offices.

(f) *No Default.* To the best of the County's knowledge, the County is not in default under (i) any order, writ, injunction or decree of any court or governmental body, agency or other instrumentality applicable to it including, without limitation, the Bankruptcy Court, or (ii) any law or regulation, or (iii) any warrants or other Parity Debt secured by or payable from System Revenues, or (iv) any contract, agreement or instrument to which the County is a party or by which it or its property is bound, the effect of which default, in each case, could reasonably be expected to have a material adverse effect on the ability or the power of the County to perform its obligations hereunder or under the Warrants or any other Related Document. No Default or Event of Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Related Document to which the County is a party.

(g) *Incorporation of Representations and Warranties.* Each Related Document to which the County is a party is a legal, valid and binding obligation of the County, has not been terminated, canceled or waived in any material respect and is in full force and effect, and the County is not in default under any such document. The County hereby makes to the Bank the same representations and warranties made by the County in the Indenture and Warrant Purchase Agreement, which representations and warranties, together with the related definitions of terms contained therein, are incorporated herein by this reference with the same effect as if each and every such representation and warranty and definition were set forth herein in its entirety.

(h) *Investment Company Act.* The County is not, and is not required to be registered as, an "investment company" under the Investment Company Act of 1940.

(i) *Disclosure.* Neither the Official Statement nor any other report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of the County to the Bank in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Related Document (in each case, as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the County represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time. Each financial statement furnished to the Bank by or on behalf of the County on or prior to the Closing Date in connection with the transactions contemplated hereby did, as of the date of such statement, fairly present the financial condition and results of operations of the County.

(j) *Pending Legislation and Decisions.* There is no amendment, or to the knowledge of the County, proposed amendment to the Constitution of the State, or any state law

or any administrative interpretation of any such Constitution or law, or any legislation that has passed either house of the legislature of the State or any judicial decision interpreting any of the foregoing, the effect of which will materially adversely affect the issuance of any of the Warrants including, without limitation, the Reserve Fund Warrants, the security for any of the Warrants including, without limitation, the Reserve Fund Warrants or the Obligations owed to the Bank hereunder or under any of the Related Documents, or the County's ability to repay when due its obligations under this Agreement, the Warrants and the other Related Documents to which it is a party.

(k) Security.

(i) The Senior Lien Obligations have a first priority lien with respect to the right of payment from the General Trust Estate, and will be additionally secured by the funds and amounts held in the Senior Lien Reserve Fund and the Series 2013 Senior Lien Debt Service Fund established under, and as such terms are defined in, the Original Indenture, in addition to the Insurance Policy. Contemporaneously with the issuance of the Warrants, the County shall deliver to the Trustee the Senior Lien Reserve Fund Warrants authorized by the Confirmed Plan of Adjustment and issued pursuant to the First Supplemental Indenture. The Senior Lien Reserve Fund Warrants are payable from the General Trust Estate, including money on deposit in any funds or accounts included therein. As and when issued, the Senior Lien Reserve Fund Warrants will constitute Senior Lien Obligations secured *pari passu* with all other Senior Lien Obligations issued from time to time under the Original Indenture with respect to the General Trust Estate. To secure the payment of principal and interest on the Senior Lien Reserve Fund Warrants and to secure the performance of the covenants contained in the Indenture that are for the benefit of the Senior Lien Reserve Fund Warrants, and in consideration of the premises and of the funding of Drawings under the Senior Lien Letter of Credit, the County has pledged and assigned to the Trustee, and granted to the Trustee, a security interest in the Senior Lien Reserve Fund Warrant Debt Service Fund; *provided, however*, that money and investments in the Senior Lien Reserve Fund Warrant Debt Service Fund may be applied for the purposes and on the terms and conditions set forth in the First Supplemental Indenture. Neither the Insurance Policy nor the Senior Lien Reserve Fund are security for, or provide a source of repayment for, the Senior Lien Reserve Fund Warrants.

(ii) The Subordinate Lien Obligations have a second priority lien with respect to the right of payment from the General Trust Estate, subordinate to the Senior Lien Obligations (including Senior Lien Reserve Fund Warrants as and to the extent described in clause (i) above) and any additional obligations hereafter issued on parity with the Senior Lien Obligations in accordance with the Indenture. The Subordinate Lien Obligations will be additionally secured by the funds and amounts held in the Subordinate Lien Reserve Fund and the Series 2013 Subordinate Lien Debt Service Fund established under, and as defined in, the Original Indenture. Contemporaneously with the issuance of the Warrants, the County shall deliver to the Trustee the Subordinate Lien Reserve Fund

Warrants authorized by the Confirmed Plan of Adjustment and issued pursuant to the First Supplemental Indenture. The Subordinate Lien Reserve Fund Warrants are payable from the General Trust Estate, including money on deposit in any funds or accounts included therein. As and when issued, the Subordinate Lien Reserve Fund Warrants will constitute Subordinate Lien Obligations secured *pari passu* with all other Subordinate Lien Obligations issued from time to time under the Original Indenture with respect to the General Trust Estate. To secure the payment of principal and interest on the Subordinate Lien Reserve Fund Warrants and the performance of the covenants contained in the Indenture that are for the benefit of the Subordinate Lien Reserve Fund Warrants, and in consideration of the premises and of the funding of Drawings under the Subordinate Lien Letter of Credit, the County has pledged and assigned to the Trustee, and granted to the Trustee, a security interest in the Subordinate Lien Reserve Fund Warrant Debt Service Fund; *provided, however*, that money and investments in the Subordinate Lien Reserve Fund Warrant Debt Service Fund may be applied for the purposes and on the terms and conditions set forth in the First Supplemental Indenture. Neither the Insurance Policy nor the Subordinate Lien Reserve Fund are security for, or provide a source of repayment for, the Subordinate Lien Reserve Fund Warrants.

(iii) All documents or instruments required to be filed or recorded in any public office, and all notifications required to be given to any Person, if any, in order to provide notice of such pledge to present and future creditors and otherwise protect the pledge in favor of the owners of the Warrants (including, without limitation, the Reserve Fund Warrants) and the Bank, have been filed, recorded or given, as the case may be.

(l) *No Immunity.* The County is not immune from any lawsuit brought by the Bank to enforce any of the contractual obligations under this Agreement, the Reserve Fund Warrants or any other Related Document to which the County is a party.

(m) *Tax Exempt Status.* No action has been taken or omitted to be taken, and the County knows of no action taken by any Governmental Authority, which action, if taken or omitted, would adversely affect the exclusion of interest on the Warrants from gross income for purposes of federal income taxation.

(n) *Compliance with Law.* The County is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it and its properties including, without limitation, the Charge Ordinance, except in such instances in which such requirement of Law or order, writ, injunction or decree, including, without limitation, the Charge Ordinance, is being contested in good faith by appropriate proceedings diligently conducted.

(o) *Additional Certificates.* Any certificates signed by any authorized representative of the County and delivered to the Bank pursuant to this Agreement or any other Related Document shall be deemed a representation and warranty by the County to the Bank as

to the statements made therein with the same effect as if such representation and warranty were set forth by the County herein.

(p) *Anti-Corruption Laws and Sanctions.* The County has implemented and maintains in effect policies and procedures designed to ensure compliance by the County and its officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the County and its officers and employees and, to the knowledge of the County, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (i) the County or, to the knowledge of the County, any of its officers or employees, or (b) to the knowledge of the County, any agent of the County that will act in any capacity in connection with or benefit from the Letters of Credit is a Sanctioned Person. No Drawing or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions.

## ARTICLE VI

### COVENANTS OF THE COUNTY

The County covenants and agrees that it will do the following unless and until the Letters of Credit shall have terminated and all Obligations shall have been paid in full.

*Section 6.01 Parity Debt.* The County shall not issue or incur any Parity Debt secured by a Lien on or pledge of the System Revenues unless in compliance with the terms of the Indenture.

*Section 6.02 Financial and Other Reports.* The County shall furnish the following reports to the Bank:

(i) as soon as available and, in any event, within two hundred seventy (270) days after the close of each fiscal year of the County, the Comprehensive Annual Financial Report of the County, certified and prepared by an independent certified public accountant in accordance with GAAP, consistently applied, together with a written certificate signed by the chief financial officer or other appropriate officer of the County to the effect that, to the best of such officer's knowledge and belief, no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by the County to remedy the same;

(ii) as soon as available and, in any event, within sixty (60) days after the close of the first, second and third quarter of each Fiscal Year of the County, the unaudited financial statements of the County including the balance sheet as of the end of such quarter and the related statements of revenues, expenses and changes in fund balance for such quarter, setting forth, in each case, in comparative form (A) the corresponding figures for the same quarter in the

immediately preceding fiscal year and (B) the corresponding figures set forth in the budget for such quarter of the current fiscal year;

(iii) as soon as available, but not later than sixty (60) days after adoption by the County, the County's budget and a copy of the capital budget, and any material amendments thereto as and when said amendments become available to the general public; and

(iv) such other statements, accounts, budgets, forecasts or reports with respect to the County and the System as the Bank may reasonably request.

As and to the extent that any financial statement, audit report or other filing described in sub-clauses (i) – (iv) above has been filed on a timely basis through EMMA or posted on the County's investor website and the County has provided written notice thereof to the Bank, the requirements of this Section 6.02 with respect thereto shall be deemed satisfied; *provided, however,* that if any information is posted on EMMA, the County shall provide notice to the Bank, via electronic mail, of the posting of the same.

*Section 6.03 Notices.* The County shall deliver to the Bank, in form and detail reasonably satisfactory to the Bank: (a) within thirty (30) days of the occurrence of any Default or Event of Default hereunder or any other default or event of default (however designated) under the Indenture, a duly completed certificate signed by a responsible officer of the County setting forth the details thereof and the action which the County is taking or proposes to take with respect thereto and also covering such other matters as the Bank may specify; (b) promptly upon obtaining actual knowledge thereof, written notice of any (i) breach or non-performance of, or any default under, a contractual obligation of the County; (ii) any dispute, litigation, investigation, proceeding or suspension between the County and any Governmental Authority; and (iii) the commencement of, or any development in, any litigation or proceeding affecting the County; *provided, however,* that in each instance described in the foregoing clauses (i), (ii) and (iii), no such written notice will be required if the subject thereof could not reasonably be expected to have a material adverse effect on the ability or the power of the County to perform its obligations hereunder or under the Warrants or any other Related Document; (c) no later than ten (10) days prior to the effective date thereof, any proposed waiver, amendment or modification of any Related Document or the Official Statement; (d) within ten (10) days of the occurrence thereof, any change in any ratings assigned by any Rating Agency to the Warrants or any long-term unenhanced ratings assigned by any Rating Agency to any other Parity Debt of the County secured by or payable from System Revenues senior to or on a parity with the Warrants; *provided, however,* if any such change in ratings shall have been posted on EMMA, and notice of said posting shall have been provided to the Bank via electronic mail within ten (10) days of such posting, the requirements of this Section 6.03(d) will be deemed satisfied; (e) promptly, copies of all material communications delivered or received under any Related Document or from any Governmental Authority or Rating Agency relating to the transactions contemplated by this Agreement and any other Related Document; (f) within thirty (30) days of the delivery thereof, copies of the information sent to the Trustee pursuant to Sections 10.6, 10.8 and 10.9 of Original Indenture; and (g) promptly, such additional information regarding the financial and legal affairs of the County, as related to the System, or compliance with the terms of this Agreement or any other Related Document, as the Bank may reasonably request; *provided,* that

such requests from the Bank shall be limited to twice in any calendar year except that, from and after the occurrence of an Event of Default and during the continuation thereof, the Bank may make such requests without regard to the foregoing limitation.

*Section 6.04 Payment of Obligations.* The County shall pay and discharge as the same shall become due and payable all its obligations and liabilities including, without limitation, all Parity Debt subject, however, to any subordination provisions contained in any instrument or agreement evidencing such Parity Debt; *provided, however*, that if an obligation or liability is being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the County therefor, the requirements of this Section 6.04 shall be suspended for so long as said proceedings are being pursued diligently and in good faith and said reserves are being maintained.

*Section 6.05 Preservation of Existence, Etc.* The County will maintain its existence and will not take any actions, or omit to take any action that could result, under applicable State law, in the termination of its existence.

*Section 6.06 Compliance with Laws.* The County shall comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property including, without limitation, the Charge Ordinance. The County will maintain in effect and enforce policies and procedures designed to ensure compliance by the County and its officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

*Section 6.07 Books and Records.* (a) The County shall maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the County, as the case may be; and (b) maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory or other jurisdiction over the County.

*Section 6.08 Compliance with Related Documents.* The County shall perform and comply in all material respects with each of the covenants, as in effect on the Closing Date or as such covenants may thereafter be amended or supplemented, set forth in the Related Documents that are binding on it.

*Section 6.09 Use of Proceeds.* The County shall use the proceeds of the Warrants as provided for in the Indenture and not in contravention of any Law. The County shall ensure that its officers, employees and agents shall not use, or cause to be used, the proceeds of the Warrants (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (b) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (c) in any manner that would result in the violation of any Sanctions applicable to any party hereto

*Section 6.10 Limitations on Amendments to Related Documents.* The Bank acknowledges that the provisions of Article 13 of the Original Indenture govern amendments to

the Indenture and provides for situations in which the County and the Trustee may amend the Indenture without the consent of the holders of the Warrants or the Reserve Fund Warrants, if any are issued. Subject to Article 13 of the Original Indenture, if the County desires to amend, supplement or otherwise modify the Indenture in a way that could reasonably be expected to materially adversely affect the rights, duties or obligations of the Bank under the Reserve Fund Warrants, the Letters of Credit, the Indenture or the Collateral Agreement, the County agrees that it will not amend, supplement or otherwise modify the Original Indenture or the First Supplemental Indenture without the prior written consent of the Bank.

*Section 6.11 Rating on Warrants.* The County shall at all times maintain long-term credit rating on the Warrants from Fitch and S&P.

*Section 6.12 Accuracy of Information.* All data, certificates, reports, documents and other information furnished to the Bank, whether pursuant to this Agreement, or in connection with or pursuant to an amendment or modification of, or waiver under, this Agreement shall, at the time the same are so furnished, (a) be complete and correct in all material respects to the extent necessary to give the Bank true and accurate knowledge of the subject matter thereof, and (b) not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading, and the furnishing of the same to the Bank shall constitute a representation and warranty by the County to that effect. Each financial statement furnished to the Bank, whether pursuant to this Agreement, or in connection with or pursuant to an amendment or modification of, or waiver under, this Agreement, shall, at the time the same is so furnished, fairly present the financial condition and results of operations of the County.

*Section 6.13 Documents Related to Other Securities of the County.* Prior to the issuance thereof, the County shall notify the Bank of the sale or placement of any securities of which the County is issuer or which are issued for its direct benefit and which are secured by any portion of the System Revenues, and as soon as practicable but in any event within ten (10) days after the issuance thereof, provide the Bank with copies of any such prospectus, official statement, offering circular or placement memorandum, and any supplements thereto, that the County makes available in connection with the offering for sale of any securities of which it is the issuer or which are issued for its direct benefit, and which are secured by any System Revenues; *provided, however*, that this Section 6.13 shall not apply to Unsecured Obligations (as defined in the Original Indenture) undertaken in compliance with the terms of the Original Indenture.

*Section 6.14 Tax Status of Warrants.* The County shall not take any action or suffer any action to be taken by others that will impair the tax-exempt status of the Warrants.

*Section 6.15 Partial Substitution.* The County shall not provide or permit to be provided credit enhancement for the Senior Lien Debt Service Reserve Fund or the Subordinate Lien Debt Service Reserve Fund (each as defined in the Indenture) other than the related Letter of Credit unless the Senior Lien Letter of Credit or the Subordinate Lien Letter of Credit, as the case may be, shall have been returned to the Bank for cancellation and all Obligations related thereto shall have been paid in full.



*Section 6.16 Official Statement.* The County shall not refer to the Bank in any offering document or make any changes in reference to the Bank in any offering document without the Bank's prior written consent thereto (the Bank hereby giving its written consent to the reference to it in the Official Statement as in effect on the Closing Date to the extent the same conforms to information provided by the Bank for inclusion in such Official Statement). The Bank acknowledges that the information regarding the Bank that has been included under the heading "SUMMARY OF SERIES 2013 RESERVE FUNDS LETTERS OF CREDIT – Certain Information Respecting JPMorgan Chase Bank" in the preliminary official statement prepared by the County in connection with the sale of the Warrants has been prepared and delivered by the Bank for use by the County therein.

*Section 6.17 Immunity.* The County shall not assert any immunity it may have against lawsuits with respect to the enforcement of any of the contractual obligations of the County under this Agreement or the Reserve Fund Warrants.

*Section 6.18 Taxable Interest on Reserve Fund Warrants.* Upon delivery of a Reserve Fund Warrant, the County will deliver to the Bank, within 180 days of delivery of a written request therefor from the Bank, either a ruling from the Internal Revenue Service or the opinion of counsel of nationally recognized counsel in municipal finance reasonably acceptable to the Bank, in either case, to the effect that interest on said Reserve Fund Warrants is exempt from federal income tax. The parties hereto agree that the costs and expenses incurred in connection with the delivery of said ruling or opinion, regardless of the determination, shall be borne equally by said parties.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

*Section 7.01 Events of Default and Remedies.* If any of the following events shall occur, each such event shall be an "Event of Default":

(a) the County shall fail to pay (i) any principal of or interest on any Reserve Fund Warrant (including any Advance for which the related Reserve Fund Warrant has not been delivered to the Bank) as and when due hereunder or (ii) any other Obligations (other than Reimbursement Obligations) within fifteen (15) calendar days of the date when due; or

(b) any representation or warranty made by the County in this Agreement (or incorporated herein by reference) shall prove to have been incorrect, incomplete or misleading in any material respect when made;

(c) an "event of default" shall have occurred under the Indenture or, to the extent of the County's obligations thereunder, the Collateral Agreement;

(d) default in the due observance or performance of any other term, covenant or agreement set forth in this Agreement and the continuance of such default for thirty (30) days immediately following the date that written notice of said default was delivered by the Bank to the County;

(e) (i) any provision of this Agreement, the Warrants, the Reserve Fund Warrants or the Indenture relating to (y) the ability or the obligation of the County to pay, when due, the principal of or interest on the Warrants, the Reserve Fund Warrants or any Parity Debt or (z) the security for the Warrants, the Reserve Fund Warrants or any Parity Debt as provided in the Indenture (any provision described in clause (y) or (z) being referred to herein as a “*Material Provision*”), shall at any time, and for any reason, cease to be valid and binding on the County, or any such Material Provision shall be declared to be null and void, invalid or unenforceable as the result of a final nonappealable judgment by any federal or state court or as a result of any legislative or administrative action by any Governmental Authority having jurisdiction over the County; (ii) the County, or any Governmental Authority having jurisdiction over the County, shall contest any Material Provision; or (iii) the County, or any Governmental Authority having jurisdiction over the County, shall deny that the County has any or further liability under this Agreement, the Warrants, the Reserve Fund Warrants, any Parity Debt or the Indenture;

(f) an Act of Bankruptcy by the County;

(g) any judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes in an aggregate amount in excess of \$5,000,000 shall be entered or filed against the System, the subject of which is/are the System Revenues, and remain unvacated, unsatisfied, unbonded or unstayed, or no appeal thereof shall have been effected by the County, for a period of thirty (30) days after the date of any of the foregoing; or

(h) any pledge created by the Indenture to secure any amount due under the Warrants shall fail to be fully enforceable or fail to have the priority required under the Indenture, in either case, by reason of a final, non-appealable judgment of a court of competent jurisdiction.

*Section 7.02 Remedies.* Upon the occurrence of any Event of Default, the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies herein provided:

(a) pursue any rights and remedies it may have under the Indenture and, to the extent that the County has obligations under the Collateral Agreement, pursue any rights and remedies thereunder against the County; and

(b) pursue any other action available at law or in equity including, without limitation, to petition the Bankruptcy Court or any other court of competent jurisdiction for an order enforcing this Agreement, any other Related Document and the requirements of the Confirmed Plan of Adjustment.

(c) The foregoing rights and remedies notwithstanding, the Bank will have no right to withhold or delay its obligations under the Letters of Credit after the occurrence, and during the continuation, of an Event of Default hereunder.

## ARTICLE VIII

### MISCELLANEOUS

*Section 8.01 Amendments, Etc.* No amendment or waiver of any provision or term of this Agreement or a Letter of Credit, and no consent to any departure by the County or any other party therefrom, shall be effective unless in writing signed by the Bank and, the County and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however*, that no amendment to or waiver of any term or provision of any Related Document incorporated herein by reference shall have the effect of amending or otherwise modifying any corresponding term or provision incorporated into this Agreement unless the Bank has consented to such amendment or waiver, as applicable, in writing.

*Section 8.02 Notices; Effectiveness; Electronic Communications.*

(a) *Notices Generally.* Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule I, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, for such Person on Schedule I. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) *Electronic Communications.* Notices and other communications to the Bank hereunder may be delivered or furnished by electronic communication (including e-mail and internet or intranet websites) pursuant to procedures approved by the Bank; *provided* that the foregoing shall not apply to notices to the Bank pursuant to Article II if the Bank has notified the County that it is incapable of receiving notices under such Article by electronic communication. The Bank or the County may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; *provided* that approval of such procedures may be limited to particular notices or communications.

Unless the Bank otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient,

and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) *Change of Address, Etc.* The County or the Bank may change its address, telecopier or telephone number for notices and other communications hereunder by written notice to the other party hereto.

(d) *Reliance by Bank.* The Bank shall be entitled to rely and act upon any notices (including telephonic notices) purportedly given by or on behalf of the County even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The County shall indemnify the Bank and the Related Parties of the Bank from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the County; *provided, however*, that the County shall not be required to indemnify the Bank or any Related Party under this Section 8.02(d) to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Bank or such Related Party.

*Section 8.03 No Waiver; Cumulative Remedies; Enforcement; Conflict.* No failure by the Bank to exercise, and no delay by the Bank in exercising, any right, remedy, power or privilege hereunder or under any other Related Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided and provided under each other Related Document are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

To the extent of any conflict between this Agreement and any other Related Document, this Agreement shall control solely as between the County and the Bank.

*Section 8.04 Liability of the Bank; Indemnification.*

(a) *Liability of Bank.* With respect to the Bank, the County assumes all risks of the acts or omissions of the Trustee and its agents in respect of their use of this Agreement or any amounts made available by the Bank under the Letters of Credit. No Indemnitee (as hereinafter defined) shall be liable or responsible for: (i) the use which may be made of this Agreement or any amounts made available by the Bank under the Letters of Credit or for any acts or omissions of the Trustee or its agents in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (iii) any other circumstances whatsoever in making or failing to make payment under a Letter of Credit, except only that the County shall have a claim against the Bank, and the Bank shall be liable to the County to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by the County which the County proves were caused by the Bank's gross negligence or willful failure to make payment under a Letter of Credit in accordance with the

terms hereof. In furtherance and not in limitation of the foregoing, the Bank may accept documents that the Bank in good faith determines appear on their face to be in order, without responsibility for further investigation. The County assumes all risks associated with the acceptance by the Bank of documents received by telecommunication, it being agreed that the use of telecommunication devices is for the benefit of the County and that the Bank assumes no liabilities or risks with respect thereto.

(b) *Indemnification by the County.* To the extent permitted by law, the County agrees to indemnify and hold harmless the Bank and each of its Related Parties (each an “*Indemnitee*”) from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever which an Indemnitee may incur (or which may be claimed against an Indemnitee by any Person) by reason of or in connection with the execution and delivery of and consummation of the transactions contemplated under the Letters of Credit, this Agreement and the other Related Documents including, without limitation, (i) the offering and sale of Warrants (including, without limitation, by reason of any untrue statement or alleged untrue statement contained or incorporated by reference in any preliminary official statement or official statement (other than information therein set forth in the heading entitled “SUMMARY OF SERIES 2013 RESERVE FUNDS LETTERS OF CREDIT – Certain Information Respecting JPMorgan Chase Bank”), or in any supplement or amendment thereof, prepared with respect to the Warrants, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances under which they are or were made, not misleading or the failure to deliver a preliminary official statement or an official statement to any offeree or purchaser of Bonds) and (ii) the execution and delivery of, or payment or failure to pay by any Person under, this Agreement; *provided, however*, that the County shall not be required to indemnify an Indemnitee for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Bank. Nothing in this Section 8.04(b) is intended to limit the obligations of the County under the Warrants or of the County to pay its Obligations hereunder and under the other Related Documents.

(c) *Waiver of Consequential Damages, Etc.* To the fullest extent permitted by applicable law, the County shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Related Document, the Warrants or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, or the Letters of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Related Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction. Notwithstanding the foregoing, the County shall not be prohibited by the provisions of this Section 8.04(c) from commencing an action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, arbitrator, public board or body, against the Bank for any material breach of this Agreement or the Letters of Credit.

(d) *Payments.* All amounts due under this Section shall be payable not later than fifteen (15) calendar days after demand therefor.

(e) *Survival.* The agreements in this Section shall survive the termination of the Letters of Credit, this Agreement and the repayment, satisfaction or discharge of all the other Obligations.

*Section 8.05 Payments Set Aside.* To the extent that any payment by or on behalf of the County is made to the Bank and such payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under the Bankruptcy Code or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made.

*Section 8.06 Successors and Assigns.*

(a) *Successors and Assigns Generally.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the County may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Bank. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, participants to the extent provided in subsection (b) of this Section and, to the extent expressly contemplated hereby, the Related Parties of the Bank) any legal or equitable right, remedy or claim under or by reason of this Agreement. The Bank may not assign or transfer its obligations under the Letters of Credit without the prior written consent of the County (which consent shall not be unreasonably withheld); *provided, however*, that said obligations and the Letters of Credit may be assigned or transferred by merger, consolidation or operation of law without the consent of the County if the assignee or transferee of the Letters of Credit has agreed to assume and maintain the Letters of Credit on the same terms and conditions as were in effect on the date of such assignment or transfer.

(b) *Participations.* The Bank shall have the right to grant participations in one or both of the Letters of Credit to one or more banking institutions (each a "Participant"), and such Participants shall be entitled to the benefits of this Agreement including, without limitation, Article III, Section 8.04 and Section 8.18 hereof, to the same extent as if they were a direct party hereto; *provided, however*, that no such participation by any such Participant shall in any way affect the obligation of the Bank under either Letter of Credit; and provided further that no such Participant shall be entitled to receive payment hereunder of any amount greater than the amount which would have been payable had the Bank not granted a participation to such Participant; and *provided further* that no Participant shall be entitled to any greater rights than those set forth in this Section 8.06(b). No such participation shall release the Bank from its obligations hereunder or under the Letters of Credit.

(c) *Certain Pledges.* The Bank may assign and pledge all or any portion of the Obligations owing to it to any Federal Reserve Bank or the United States Treasury as

collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank; *provided* that any payment in respect of such assigned Obligations made by the County to the Bank in accordance with the terms of this Agreement shall satisfy the County's Obligations hereunder in respect of such assigned Obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder or under the Letters of Credit.

*Section 8.07 Treatment of Certain Information; Confidentiality.* The Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, trustees, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required by any regulatory authority having jurisdiction over it, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Related Document or any action or proceeding relating to this Agreement, any other Related Document, the Letters of Credit or the Warrants or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the County or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Bank or any of its Affiliates on a non-confidential basis from a source other than the County.

For purposes of this Section, "*Information*" means all information received from the County about it or its businesses, other than any such information that is available to the Bank on a non-confidential basis prior to disclosure by the County; *provided* that, in the case of information received from the County after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

The Bank acknowledges that (i) the Information may include material non-public information concerning the County, (ii) it has developed compliance procedures regarding the use of material non-public information and (iii) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

*Section 8.08 Counterparts; Integration; Effectiveness.* This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Related Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic

imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

*Section 8.09 Survival of Representations and Warranties.* All representations and warranties made hereunder and in any other Related Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Bank, regardless of any investigation made by the Bank or on its behalf and notwithstanding that the Bank may have had notice or knowledge of any Default or Event of Default at the time of any payment under the Letter of Credit, and shall continue in full force and effect as long as any Obligation hereunder shall remain unpaid or unsatisfied or a Letter of Credit shall remain outstanding.

*Section 8.10 Severability.* If any provision of this Agreement or the other Related Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Related Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

*Section 8.11 Governing Law.* THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW, WITHOUT REGARD TO CHOICE OF LAW RULES; PROVIDED, HOWEVER, THE OBLIGATIONS OF THE COUNTY HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ALABAMA, WITHOUT REGARD TO CHOICE OF LAW RULES. THE COUNTY AND THE BANK HEREBY AGREE THAT NOTHING CONTAINED IN THIS SECTION 8.11 SHALL LIMIT OR OTHERWISE MODIFY THE RETAINED JURISDICTION OF THE BANKRUPTCY COURT PURSUANT TO THE CONFIRMED PLAN OF ADJUSTMENT.

*Section 8.12 Waiver of Jury Trial.* EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER RELATED



DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

*Section 8.13 No Advisory or Fiduciary Responsibility.* The County understands and agrees that neither the Bank nor any of its Affiliates has acted, or is acting, as its financial advisor, municipal advisor, or in any other advisory, agency or fiduciary capacity with respect to this Agreement, any other Related Document, the Warrants or any of the transactions contemplated hereby or thereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), whether or not the Bank or any of its Affiliates has provided or is currently providing other services to the Bank on related or other matters. In addition, the County acknowledges that it has determined, without reliance upon the Bank or any of its Affiliates, the financial and economic risks and merits, as well as the legal, tax and accounting characterizations and consequences, of this Agreement, the other Related Documents, the Warrants and the transactions contemplated hereby and thereby and it is capable of assuming such risks.

*Section 8.14 Electronic Execution of Assignments and Certain Other Documents.* The words “execution,” “signed,” “signature,” and words of like import in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

*Section 8.15 Government Regulations.* The Bank hereby notifies the County that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Patriot Act”), it is required to obtain, verify and record information that identifies the County, which information includes the name and address of the County and other information that will allow the Bank to identify the County in accordance with the Patriot Act. The County shall, promptly following a request by the Bank, provide all documentation and other information that the Bank reasonably requests in order to comply with its ongoing obligations under applicable law or regulation, including, without limitation, “know your customer” and anti-money laundering rules and regulations, including the Patriot Act, and shall comply, and cause any of its subsidiaries to comply, with all applicable Bank Secrecy Act laws and regulations, as amended.

*Section 8.16 Unconditional Obligations.* The obligations of the County under this Agreement shall be absolute, unconditional, irrevocable and payable strictly in accordance with the terms of the Indenture and this Agreement, under all circumstances whatsoever, including, without limitation, the following:

(a) any lack of validity or enforceability of this Agreement, the Collateral Agreement, the Warrants or the Indenture;

(b) any amendment or waiver of or any consent to or departure from a material term of the Warrants or all or any of the Related Documents to which the Bank has not consented in writing;

(c) the existence of any claim, counterclaim, set-off, recoupment, defense, or other right which any Person may have at any time against the Bank, the County, the Trustee or any other Person, whether in connection with this Agreement, any other Related Document, the Warrants or any other transaction related thereto;

(d) any statement or any other document presented pursuant hereto or pursuant to a Letter of Credit which the Bank in good faith determines to be valid, sufficient or genuine and which subsequently proves to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(e) payment by the Bank of a Drawing or an Advance against presentation of a request which the Bank in good faith determines to be valid, sufficient or genuine and which subsequently is found not to comply with the terms of this Agreement; *provided that* such payment shall not have constituted gross negligence or willful misconduct of the Bank;

(f) the Bank or any correspondent honoring a drawing against a Payment Document up to the Available Amount of the Letter of Credit even if such Payment Document claims an amount in excess of the Available Amount of the Letter of Credit; or

(g) the Bank or any correspondent having previously paid against fraudulently signed or presented Payment Documents (whether or not the County shall have reimbursed the Bank for such Drawing).

*Section 8.17 Expenses and Taxes.* The County will promptly pay (a) the reasonable out-of-pocket expenses of the Bank incurred in connection with the preparation, execution and delivery of any amendment, supplement or modification to this Agreement or any Related Document that adversely affects the rights, duties or obligations of the Bank under the Reserve Fund Warrants, the Letters of Credit, the Indenture or the Collateral Agreement, and (b) all reasonable costs and expenses, if any, in connection with the enforcement of this Agreement, the Reserve Fund Warrants, any other Related Document and any other documents which may be delivered in connection herewith or therewith, including in each case the fees and disbursements of counsel to the Bank. In addition, the County shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing, and recording of this Agreement and the security contemplated by the Related Documents and agrees to hold the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees. In addition, the County agrees to pay, after the occurrence of an Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from the County hereunder by reason of such Event of Default or in connection with any refinancing or restructuring of the Letters of Credit, this Agreement or any Related Document in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The obligations of the County under this Section 8.17 shall survive the termination of this Agreement.

*Section 8.18 Modification, Amendment, Waiver, Etc.* No modification, amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed in accordance with Section 8.01 hereof.

*Section 8.19 Dealing with the County and/or the Trustee.* The Bank and its Affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with the County and/or the Trustee regardless of the capacity of the Bank hereunder.

*Section 8.20 Table of Contents; Headings.* The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

*Section 8.21 Limited Liability of County.* Notwithstanding any other provision of this Agreement to the contrary, all obligations of the County to the Bank hereunder are special, limited obligations of the County payable solely from the System Revenues and other funds available for such purposes under the Indenture.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

JEFFERSON COUNTY, ALABAMA

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By\_\_\_\_\_

Name\_\_\_\_\_

Title\_\_\_\_\_

**SCHEDULE I**  
**CERTAIN ADDRESSES FOR NOTICES**

**COUNTY:**

**[TEXT TO COME]**

**BANK:**

**[TEXT TO COME]**

**EXHIBIT A**

**FORM OF SENIOR LIEN LETTER OF CREDIT**

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**IRREVOCABLE LETTER OF CREDIT**

December [\_\_\_], 2013

\*\*U.S. \$[\_\_\_\_\_]\*\*

Credit No. CTCS – [\_\_\_\_\_]

Wells Fargo Bank, N.A., as  
Trustee (the “*Trustee*”)  
under the Trust Indenture,  
dated December 1, 2013, as supplemented  
by the First Supplemental Indenture,  
dated [December 1, 2013], each  
between Jefferson County, Alabama  
and the Trustee (the “*Indenture*”)

[**ADDRESS TO COME**]

Attention: [**INFO TO COME**]

Ladies and Gentlemen:

We (the “*Bank*”) hereby establish in your favor as Trustee, for the benefit of the holders of the Senior Lien Obligations (as hereinafter defined), our irrevocable Letter of Credit No. CTCS - [\_\_\_\_\_] for the account of JEFFERSON COUNTY, ALABAMA (the “*County*”). We hereby irrevocably authorize you to draw on us from time to time, from and after the date hereof to and including the earliest to occur of (the “*Termination Date*”):

(i) our close of business on [October 10, 2053] (the “*Stated Expiration Date*”),

(ii) our delivery to you of Collateral (as defined below) in an amount equal to the Stated Amount (as defined below) in replacement of this Letter of Credit together with a certificate substantially in the form of Exhibit A2 hereto, and

(iii) our close of business on the date which is ten (10) days following the date specified in a certificate delivered by you and substantially in the form set forth as Exhibit A1 hereto, accompanied by the original of this irrevocable Letter of Credit,

a maximum aggregate amount not exceeding [**TEXT TO COME DESCRIBING SIZE OF L/C**] Dollars (U.S. \$\$[\_\_\_\_\_]) (the “*Stated Amount*”) to pay principal of and/or accrued interest on the Senior Lien Obligations (as defined in the Reimbursement Agreement, dated as of December 1, 2013, between the County and the Bank (as amended or modified from time to

time, the “*Reimbursement Agreement*”), which Senior Lien Obligations were issued pursuant to the Indenture, to the extent amounts are not otherwise available under the Indenture to pay such principal and/or interest pursuant to the Indenture.

Funds under this Letter of Credit are available to the Trustee against the Trustee’s presentation of the certificate described hereinbelow (a “*Payment Document*”) which shall be made by telecopier at (312) 954-6163 or alternately to (312) 954-3140), Attention: Standby Letter of Credit Unit, or at any office or offices or number or numbers which may be designated by the Bank by written notice delivered to the Trustee, without further need of documentation, including the original of this Letter of Credit, it being understood that each Payment Document so submitted is to be the sole operative instrument of Drawing. Each demand for payment under this Letter of Credit shall be made under a drawing certificate in the form attached as Exhibit B hereto (a “*Drawing*”), each such certificate to state therein that it is given by your duly authorized officer and dated the date such certificate is presented hereunder.

We agree to honor and pay the amount of any Drawing if presented in compliance with all of the terms and conditions of this Letter of Credit. If such Drawing is presented prior to 2:30 p.m., prevailing New York City time, on a Business Day, payment shall be made to the account number or address designated by you of the amount specified, in immediately available funds, by 11:00 a.m., prevailing New York City time, on the following Business Day. If any such Drawing, is presented at or after 2:30 p.m., prevailing New York City time, on a Business Day, payment shall be made to the account number or address designated by you of the amount specified, in immediately available funds, by 11:00 a.m., prevailing New York City time, on the second succeeding Business Day. “*Business Day*” means a day which is not (a) a Saturday or Sunday, (b) a legal holiday on which banking institutions in the State of Illinois or the State of New York are authorized by law to close, (c) a day on which the office of the Bank for presentation of a Payment Document is authorized by law to close, (d) a day on which the Trustee is authorized to be closed under general law or regulation applicable in the place where the Trustee performs its business with respect to the Indenture or (e) a day on which the New York Stock Exchange is closed.

The “*Stated Amount*” of this Letter of Credit shall be reduced automatically and permanently from time to time, without the possibility of reinstatement, as of the next Business Day following the date of our receipt of a certificate of the Trustee in the form of Exhibit C hereto (appropriately completed) (a “*Reduction Certificate*”) to the amount specified in such Certificate as the amount to which the Stated Amount is so reduced. Upon our receipt of such Reduction Certificate, we will deliver to you a notice substantially in the form of Exhibit D hereto (appropriately completed) to reflect any such reduction.

The Stated Amount of this Letter of Credit will be reduced automatically, subject to reinstatement as described below, from time to time as of the next Business Day following the date that cash and/or Qualified Investments (as defined in the Reimbursement Agreement) that have been delivered to you pursuant to the Collateral Agreement, dated as of December 1, 2013, between you and us (as amended or otherwise modified from time to time, the “*Collateral Agreement*”) are applied to pay principal of and/or accrued interest on the Senior Lien Obligations (said cash and Qualified Investments being referred to herein as “*Collateral*”). Notice of such application of Collateral will be provided to us by delivery of a certificate in the



form of Exhibit F (appropriately completed) (a “*Collateral Application Certificate*”) hereto signed by you, in which certificate you shall acknowledge and confirm the reduction of the Stated Amount in an amount equal to the Collateral applied by you to pay the principal of and/or accrued interest on Senior Lien Obligations. Application of Collateral as described herein will, for purposes of the next succeeding paragraph, constitute a “Collateral Application” hereunder.

The Stated Amount of this Letter of Credit will be reduced automatically by the amount of any Drawing paid or Collateral Application made hereunder; *provided however*, that to the extent that any Drawing or Collateral Application is reimbursed to the Bank, together with interest accrued thereon, on or prior to the second (2<sup>nd</sup>) anniversary of the date of such Drawing or Collateral Application, the Stated Amount will be reinstated automatically in an amount equal to (a) the principal and/or interest component of the Drawing or Collateral Application repaid to the Bank upon our receipt thereof or (b) the principal and/or interest component of the Collateral repaid to the Bank upon our receipt thereof. Notice of such reinstatement will be provided to the Bank by delivery of a certificate in the form of Exhibit G hereto (appropriately completed) (a “*Reinstatement Certificate*”) signed by you in which certificate you shall acknowledge and confirm the reinstatement of the principal and/or interest component. Any such reinstatement will be effective as of the Business Day following our receipt of such notice and will be confirmed by delivery to you of a Notice of Reinstatement as per Exhibit H hereto (appropriately completed) to reflect such reinstatement. From and after the date immediately following the second (2<sup>nd</sup>) anniversary of the date of a Drawing or Collateral Application that has not been reimbursed to the Bank by the County, the Stated Amount of this Letter of Credit will no longer be subject to reinstatement of any amounts not so repaid to the Bank.

The amount available to be drawn hereunder at any particular time (the “*Available Amount*”) of this Letter of Credit shall be the Stated Amount from time to time less (1)(A) the amount of all Drawings paid and Collateral Applications processed under this Letter of Credit that are not subject to reinstatement as stated hereinabove, and (B) the amount by which the Stated Amount has been reduced on a permanent basis pursuant to a Reduction Certificate plus (2) the amount of all reinstatements due to Drawings paid and Collateral Applications processed that have been reimbursed to the Bank together with interest thereon.

Upon the Termination Date, this Letter of Credit shall automatically terminate, and you agree to promptly deliver the same to the Bank for cancellation. Failure to deliver said Letter of Credit will have no effect on such termination, and the Letter of Credit will still be considered terminated on the Termination Date.

This Letter of Credit is transferable to any transferee who has succeeded you as Trustee under the Indenture, and may be successively transferred. Any transfer request must be affected by presenting to us the attached form of Exhibit E hereto signed by the transferor and the transferee together with the original of this Letter of Credit and any amendments thereto. Upon our endorsement of such transfer, the transferee instead of the transferor shall, without the necessity of further action, be entitled to all the benefits of and rights under this Letter of Credit in the transferor’s place; *provided* that, in such case, any certificates of the Trustee to be provided hereunder shall be signed by one who states therein that he is a duly authorized officer or agent of the transferee.

Communications with respect to this Letter of Credit shall be addressed to us at JPMorgan Chase Bank, National Association, 131 South Dearborn, 5th Floor, Mail Code IL1-0236, Chicago, IL 60603-5506, Attention: Standby Letter of Credit Unit, specifically referring to the number of this Letter of Credit. For telephone assistance, please contact the Standby Client Service Unit at 1-800-634-1969, select Option 1, and have this Letter of Credit number available. Except for any Payment Document, any communication to the Bank which is made by telecopier as permitted hereby shall be immediately confirmed in writing delivered to the Bank at the address of the Bank set forth above; *provided* that failure to provide such written confirmation shall not affect the validity of such notice by telecopier.

Except as expressly stated herein, this Letter of Credit shall be governed by the International Standby Practice 1998, International Chamber of Commerce Publication No. 590 (the “*ISP98*”) and, to the extent not governed by the ISP, by the laws of the State of New York, including, without limitation, Article 5 of the Uniform Commercial Code as in effect in the State of New York without regard to principles of conflict of laws.

All payments made by us hereunder shall be made from our own funds and not from the funds of any other Person.

This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A1  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_]

**NOTICE OF TERMINATION**

JPMorgan Chase Bank, National Association  
131 South Dearborn, 5th Floor  
Mail Code IL1-0236  
Chicago, Illinois 60603  
Attention: Manager, Standby Letter of Credit Unit  
Telephone: 800-634-1969  
Facsimile: 312-954-5986

with a copy to:

JPMorgan Chase Bank, National Association  
Mail Code IN1-0045  
1 East Ohio Street, 4th Floor  
Indianapolis, Indiana 46277-0045  
Attention: Nancy A. Dorsa, Vice President  
Telephone: 317-767-8344  
Facsimile: 317-767-8008

Dear Sirs:

Reference is hereby made to that certain Irrevocable Letter of Credit No. CTCS - [\_\_\_\_], dated December [\_\_], 2013 (as amended from time to time, the “*Letter of Credit*”), which has been established in favor of JEFFERSON COUNTY, ALABAMA.

The undersigned hereby certifies and confirms that, as of [\_\_\_\_\_, \_\_\_\_\*] [\* - *Trustee to specify the applicable date and select from the following options*] [no Senior Lien Obligations (as defined in the Letter of Credit) remain Outstanding within the meaning of the Indenture (as defined in said Letter of Credit)]/[all Drawings required to be made under the Indenture and available under the Letter of Credit have been made and honored]/[an alternate to the Letter of Credit has been delivered to the Trustee in replacement of the Letter Credit in accordance with the Indenture]/[Collateral (as defined in the Letter of Credit) in an amount equal to the Stated Amount has been delivered to the Trustee together with a certificate substantially in the form of Exhibit A2 to this Letter of Credit] and, accordingly, said Letter of Credit shall be terminated in accordance with its terms.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT A2  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_\_]

**NOTICE OF COLLATERAL DELIVERY AND TERMINATION BY THE BANK**

[Trustee]

Attention: [\_\_\_\_\_]

Dear Sirs:

Reference is hereby made to that certain Irrevocable Letter of Credit No. CTCS - [\_\_\_\_\_], dated December [\_\_\_], 2013 (the "*Letter of Credit*"), established by us in your favor as Trustee. We hereby notify you that, in accordance with the terms of the Letter of Credit, the Reimbursement Agreement and the Collateral Agreement (as such terms are defined in the Letter of Credit), we are hereby delivering to you herewith Collateral (as such term is defined in the Letter of Credit) in an amount equal to the Stated Amount of the Letter of Credit and are instructing you to terminate the Letter of Credit effective on the Business Day immediately following receipt of this Notice and the Collateral and to promptly return said Letter of Credit to us for cancellation.

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT B  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_]

**DRAWING CERTIFICATE**

JPMorgan Chase Bank, National Association  
Telecopy No.: (312) 954-6163 or (312) 954-3140  
Attention: Manager, Standby Letter of Credit Unit

Dear Sirs:

The undersigned, a duly authorized officer of \_\_\_\_\_ (the “Trustee”), hereby CERTIFIES on behalf of the Trustee as follows with respect to (i) that certain Irrevocable Letter of Credit No. CTCS - [\_\_\_\_], dated December [\_\_\_], 2013 (the “Letter of Credit”), issued by JPMorgan Chase Bank, National Association (the “Bank”) in favor of the Trustee; (ii) those certain Senior Lien Obligations (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The undersigned is the Trustee under the Indenture.

2. The undersigned hereby certifies and confirms that [\* - *Trustee to specify the applicable option*]

- [a deficiency of \$\_\_\_\_\_ exists in the amount on deposit in the Series 2013 Senior Lien Debt Service Fund (as defined in the Indenture) which amount is to be used to pay regularly scheduled principal and/or interest on the Senior Lien Obligations on [\_\_\_\_ \_\_, \_\_\_\_\*] [\*-*Trustee to specify date on which principal and/or interest are next due*] and, as a result thereof, amounts on deposit in the Senior Lien Debt Service Reserve Fund (as defined in the Indenture) in an amount equal to said deficiency are required by Section [\_\_\_\_] of the Indenture to be transferred to the Series 2013 Senior Lien Debt Service Fund. The amount of this drawing, \$\_\_\_\_\_, is equal to the amount of said deficiency and does not exceed the Available Amount of the Letter of Credit as presently in effect.]

OR

- [the Bank has failed to deliver Collateral (as defined in the Letter of Credit) to the Trustee in accordance with the Reimbursement Agreement and Collateral Agreement (as such terms are defined in the Letter of Credit) and, accordingly, the amount of this drawing is equal to the Available Amount of the Letter of Credit as presently in effect.]

EXHIBIT B  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_]

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT C  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_\_]

**REDUCTION CERTIFICATE**

JPMorgan Chase Bank, National Association  
131 South Dearborn, 5th Floor  
Mail Code IL1-0236  
Chicago, Illinois 60603  
Attention: Manager, Standby Letter of Credit Unit  
Telephone: 800-634-1969  
Facsimile: 312-954-5986

with a copy to:

JPMorgan Chase Bank, National Association  
Mail Code IN1-0045  
1 East Ohio Street, 4th Floor  
Indianapolis, Indiana 46277-0045  
Attention: Nancy A. Dorsa, Vice President  
Telephone: 317-767-8344  
Facsimile: 317-767-8008

Dear Sirs:

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "Trustee"), hereby CERTIFIES on behalf of the Trustee as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. CTCS - [\_\_\_\_\_], dated December [\_\_\_], 2013 (the "Letter of Credit"), issued by JPMorgan Chase Bank, National Association in favor of the Trustee; (ii) those certain Senior Lien Obligations (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The undersigned is the Trustee under the Indenture.
2. The Series 2013 Senior Lien Reserve Fund Requirement (as defined in the Indenture) has been reduced to \$\_\_\_\_\_.
3. As a result, upon receipt by the Bank of this Certificate, the Stated Amount (as defined in the Letter of Credit) shall be reduced by \$\_\_\_\_\_, and the Stated Amount shall thereupon equal \$\_\_\_\_\_, all in accordance with the provisions of the Indenture.

EXHIBIT C  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_]

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]



EXHIBIT D  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_\_]

**NOTICE OF REDUCTION AMENDMENT**

[Trustee]

Attention: [\_\_\_\_\_]

Dear Sirs:

Reference is hereby made to that certain Irrevocable Letter of Credit No. CTCS - [\_\_\_\_\_] , dated December [\_\_], 2013 (the "*Letter of Credit*"), established by us in your favor as Trustee. We hereby notify you that, in accordance with the terms of the Letter of Credit and the Reimbursement Agreement (as defined in the Letter of Credit), the Stated Amount of the Letter of Credit has been reduced to \$\_\_\_\_\_.

This letter shall be attached to the Letter of Credit and made a part thereof.

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT E  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_]

**REQUEST FOR TRANSFER**

JPMorgan Chase Bank, National Association  
131 South Dearborn, 5th Floor  
Mail Code IL1-0236  
Chicago, IL 60606-0236  
Attn: Standby Letter of Credit

Date: \_\_\_\_\_

Re: Irrevocable Letter of Credit No. CTCS - \_\_\_\_\_

We, the undersigned "Transferor", hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit (the "*Credit*") in its entirety to:

NAME OF TRANSFEREE \_\_\_\_\_  
(Print Name and complete address of the Transferee) "Transferee"

ADDRESS OF TRANSFEREE \_\_\_\_\_

CITY, STATE/COUNTRY ZIP \_\_\_\_\_

In accordance with ISP98 Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in such Credit are transferred to the Transferee, who shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity if any consent of or notice to the undersigned Transferor.

The original Credit, including amendments to this date, is attached and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse thereof. The undersigned Transferor requests that you notify the Transferee of this Credit in such form and manner as you deem appropriate, and the terms and conditions of the Credit as transferred. The undersigned Transferor acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Transferee.

If you agree to these instructions, please advise the Transferee of the terms and conditions of this transferred Credit and these instructions.

Transferor represents and warrants that (a) the Transferee is the Transferor's successor trustee under the Indenture, (b) the enclosed Credit is original and complete and (c) there is no outstanding demand or request for payment or transfer under the Credit affecting the rights to be transferred.

EXHIBIT E  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_]

The effective date shall be the date hereafter on which Transferring Bank effects the requested transfer by acknowledging this request and giving notice thereof to Transferee.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

EXHIBIT E  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_]

This Request is made subject to ISP98 and is subject to and shall be governed by Article 5 of the Uniform Commercial Code of the State of New York, without regard to principles of conflict of laws.

Sincerely yours,

\_\_\_\_\_  
(Print Name of Transferor)

\_\_\_\_\_  
(Transferor's Authorized Signature)

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Telephone Number/Fax Number)

<b>SIGNATURE GUARANTEED</b> Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement.
_____ (Print Name of Bank)
_____ (Address of Bank)
_____ (City, State, Zip Code)
_____ (Print Name and Title of Authorized Signer)
_____ (Authorized Signature)
_____ (Telephone Number)
_____ (Date)

Acknowledged:

\_\_\_\_\_  
(Print Name of Transferee)

\_\_\_\_\_  
(Transferee's Authorized Signature)

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Telephone Number/Fax Number)

<b>SIGNATURE GUARANTEED</b> Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement.
_____ (Print Name of Bank)
_____ (Address of Bank)
_____ (City, State, Zip Code)
_____ (Print Name and Title of Authorized Signer)
_____ (Authorized Signature)
_____ (Telephone Number)
_____ (Date)

Acknowledged as of \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**COLLATERAL APPLICATION CERTIFICATE**

JPMorgan Chase Bank, National Association  
Telecopy No.: (312) 954-6163 or (312) 954-3140  
Attention: Manager, Standby Letter of Credit Unit

Dear Sirs:

The undersigned, a duly authorized officer of \_\_\_\_\_ (the "Trustee"), hereby CERTIFIES on behalf of the Trustee as follows with respect to (i) that certain Irrevocable Letter of Credit No. CTCS - [\_\_\_\_], dated December [\_\_], 2013 (the "Letter of Credit"), issued by JPMorgan Chase Bank, National Association (the "Bank") in favor of the Trustee; (ii) those certain Senior Lien Obligations (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The undersigned is the Trustee under the Indenture.

2. The undersigned hereby certifies and confirms that, as Trustee under the Indenture, it has applied Collateral (as defined in this Letter of Credit) in an amount equal to \$\_\_\_\_\_ on \_\_\_\_\_, \_\_\_\_\_ in order to pay principal of and accrued interest on the Senior Lien Obligations. Delivered herewith is a principal amount of Reserve Fund Warrants in an amount equal \$\_\_\_\_\_. ("Reserve Fund Warrants" mean Jefferson County Alabama's Senior Lien Reserve Fund Reimbursement Warrants issued pursuant to the First Supplemental Indenture, between the Jefferson County, Alabama and Wells Fargo Bank, National Association, as trustee, dated as of December 1, 2013 (as the same may be amended or otherwise modified from time to time)).

3. As a result of the action described in 2. above, upon receipt by the Bank of this Certificate, the Stated Amount (as defined in the Letter of Credit) shall be reduced by \$\_\_\_\_\_, and the Stated Amount shall thereupon equal \$\_\_\_\_\_, all in accordance with the provisions of the Indenture. It is our understanding that, upon payment to the Bank of a principal amount of Reserve Fund Warrants as described in 2. above within two years of the delivery of said Warrants to the Bank, the Stated Amount of the Letter of Credit will be reinstated in the principal amount of such payment.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_ day of \_\_\_\_\_,

—

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

**REINSTATEMENT CERTIFICATE**

JPMORGAN CHASE BANK, N.A.  
Telecopy No.: (312) 954-6163 or (312) 954-3140  
Attention: Manager, Standby Letter of Credit Unit

Dear Sirs:

The undersigned hereby certifies to JPMorgan Chase Bank, N.A. (the “Bank”), with reference to Irrevocable Letter of Credit No. \_\_\_\_\_, dated December \_\_, 2013 (the “Letter of Credit”) issued by the Bank in favor of the Trustee, that:

1. The undersigned is the Trustee under the Indenture.
2. [The Trustee has previously made a Drawing under the Letter of Credit on \_\_\_\_\_ in the amount of U.S. \$\_\_\_\_\_.\*]/[The Trustee has previously submitted a Collateral Application Certificate under the Letter of Credit on \_\_\_\_\_ in the amount of U.S. \$\_\_\_\_\_.\*][\* - Trustee to designate as applicable].
3. Payment of the amount of the [Drawing\*]/ [Collateral Application\*][\* - Trustee to designate as applicable], together with interest accrued thereon, has been received by the Bank on or prior to the second (2nd) anniversary of the date of such [Drawing\*]/ [Collateral Application\*][\* - Trustee to designate as applicable].
4. In accordance with the terms of the Letter of Credit, the Trustee deems that the amount available under the Letter of Credit has been automatically reinstated in the amount of the [Drawing\*]/[Collateral Application\*][\* - Trustee to designate as applicable] described above, all in accordance with the terms of the Letter of Credit and this notice.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT H  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_\_]

**NOTICE OF REINSTATEMENT**

[Trustee]

Attention: [\_\_\_\_\_]

Dear Sirs:

Reference is hereby made to that certain Irrevocable Letter of Credit No. CTCS - [\_\_\_\_\_], dated December [\_\_\_], 2013 (the "*Letter of Credit*"), established by us in your favor as Trustee. We confirm receipt of the Reinstatement Certificate dated [DATE] and hereby notify you that, in accordance with the terms of the Letter of Credit and the Reimbursement Agreement (as defined in the Letter of Credit), the Stated Amount of the Letter of Credit has been reinstated by \$\_\_\_\_\_ to \$\_\_\_\_\_.

This letter shall be attached to the Letter of Credit and made a part thereof.

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_  
[Title of Authorized Officer]

**EXHIBIT B**  
**FORM OF SUBORDINATE LIEN LETTER OF CREDIT**

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**IRREVOCABLE LETTER OF CREDIT**

December [\_\_\_], 2013

\*\*U.S. \$[\_\_\_\_\_]\*\*

Credit No. CTCS – [\_\_\_\_\_]

Wells Fargo Bank, N.A., as  
Trustee (the “*Trustee*”)  
under the Trust Indenture,  
dated December 1, 2013, as supplemented  
by the First Supplemental Indenture,  
dated [December 1, 2013], each  
between Jefferson County, Alabama  
and the Trustee (the “*Indenture*”)

[**ADDRESS TO COME**]

Attention: [**INFO TO COME**]

Ladies and Gentlemen:

We (the “*Bank*”) hereby establish in your favor as Trustee, for the benefit of the holders of the Subordinate Lien Obligations (as hereinafter defined), our irrevocable Letter of Credit No. CTCS - [\_\_\_\_\_] for the account of JEFFERSON COUNTY, ALABAMA (the “*County*”). We hereby irrevocably authorize you to draw on us from time to time, from and after the date hereof to and including the earliest to occur of (the “*Termination Date*”):

- (i) our close of business on October 10, 2053 (the “*Stated Expiration Date*”),
- (ii) our delivery to you of Collateral (as defined below) in an amount equal to the Stated Amount (as defined below) in replacement of this Letter of Credit together with a certificate substantially in the form of Exhibit A2 hereto, and
- (iii) our close of business on the date which is ten (10) days following the date specified in a certificate delivered by you and substantially in the form set forth as Exhibit A1 hereto, accompanied by the original of this irrevocable Letter of Credit,

a maximum aggregate amount not exceeding [**TEXT TO COME DESCRIBING SIZE OF L/C**] Dollars (U.S. \$\$[\_\_\_\_\_]) (the “*Stated Amount*”) to pay principal of and/or accrued interest on the Subordinate Lien Obligations (as defined in the Reimbursement Agreement, dated as of December 1, 2013, between the County and the Bank (as amended or modified from time to time, the “*Reimbursement Agreement*”)), which Subordinate Lien Obligations were issued



pursuant to the Indenture, to the extent amounts are not otherwise available under the Indenture to pay such principal and/or interest pursuant to the Indenture.

Funds under this Letter of Credit are available to the Trustee against the Trustee's presentation of the certificate described hereinbelow (a "*Payment Document*") which shall be made by telecopier at (312) 954-6163 or alternately to (312) 954-3140), Attention: Standby Letter of Credit Unit, or at any office or offices or number or numbers which may be designated by the Bank by written notice delivered to the Trustee, without further need of documentation, including the original of this Letter of Credit, it being understood that each Payment Document so submitted is to be the sole operative instrument of Drawing. Each demand for payment under this Letter of Credit shall be made under a drawing certificate in the form attached as Exhibit B hereto (a "*Drawing*"), each such certificate to state therein that it is given by your duly authorized officer and dated the date such certificate is presented hereunder.

We agree to honor and pay the amount of any Drawing if presented in compliance with all of the terms and conditions of this Letter of Credit. If such Drawing is presented prior to 2:30 p.m., prevailing New York City time, on a Business Day, payment shall be made to the account number or address designated by you of the amount specified, in immediately available funds, by 11:00 a.m., prevailing New York City time, on the following Business Day. If any such Drawing, is presented at or after 2:30 p.m., prevailing New York City time, on a Business Day, payment shall be made to the account number or address designated by you of the amount specified, in immediately available funds, by 11:00 a.m., prevailing New York City time, on the second succeeding Business Day. "*Business Day*" means a day which is not (a) a Saturday or Sunday, (b) a legal holiday on which banking institutions in the State of Illinois or the State of New York are authorized by law to close, (c) a day on which the office of the Bank for presentation of a Payment Document is authorized by law to close, (d) a day on which the Trustee is authorized to be closed under general law or regulation applicable in the place where the Trustee performs its business with respect to the Indenture or (e) a day on which the New York Stock Exchange is closed.

The "Stated Amount" of this Letter of Credit shall be reduced automatically and permanently from time to time, without the possibility of reinstatement, as of the next Business Day following the date of our receipt of a certificate of the Trustee in the form of Exhibit C hereto (appropriately completed) (a "*Reduction Certificate*") to the amount specified in such Certificate as the amount to which the Stated Amount is so reduced. Upon our receipt of such Reduction Certificate, we will deliver to you a notice substantially in the form of Exhibit D hereto (appropriately completed) to reflect any such reduction.

The Stated Amount of this Letter of Credit will be reduced automatically, subject to reinstatement as described below, from time to time as of the next Business Day following the date that cash and/or Qualified Investments (as defined in the Reimbursement Agreement) that have been delivered to you pursuant to the Collateral Agreement, dated as of December 1, 2013, between you and us (as amended or otherwise modified from time to time, the "*Collateral Agreement*") are applied to pay principal of and/or accrued interest on the Subordinate Lien Obligations (said cash and Qualified Investments being referred to herein as "*Collateral*"). Notice of such application of Collateral will be provided to us by delivery of a certificate in the form of Exhibit F (appropriately completed) (a "*Collateral Application Certificate*") hereto

signed by you, in which certificate you shall acknowledge and confirm the reduction of the Stated Amount in an amount equal to the Collateral applied by you to pay the principal of and/or accrued interest on Subordinate Lien Obligations. Application of Collateral as described herein will, for purposes of the next succeeding paragraph, constitute a "Collateral Application" hereunder.

The Stated Amount of this Letter of Credit will be reduced automatically by the amount of any Drawing paid or Collateral Application made hereunder; *provided however*, that to the extent that any Drawing or Collateral Application is reimbursed to the Bank, together with interest accrued thereon, on or prior to the second (2<sup>nd</sup>) anniversary of the date of such Drawing or Collateral Application, the Stated Amount will be reinstated automatically in an amount equal to (a) the principal and/or interest component of the Drawing or Collateral Application repaid to the Bank upon our receipt thereof or (b) the principal and/or interest component of the Collateral repaid to the Bank upon our receipt thereof. Notice of such reinstatement will be provided to the Bank by delivery of a certificate in the form of Exhibit G hereto (appropriately completed) (a "*Reinstatement Certificate*") signed by you in which certificate you shall acknowledge and confirm the reinstatement of the principal and/or interest component. Any such reinstatement will be effective as of the Business Day following our receipt of such notice and will be confirmed by delivery to you of a Notice of Reinstatement as per Exhibit H hereto (appropriately completed) to reflect such reinstatement. From and after the date immediately following the second (2<sup>nd</sup>) anniversary of the date of a Drawing or Collateral Application that has not been reimbursed to the Bank by the County, the Stated Amount of this Letter of Credit will no longer be subject to reinstatement of any amounts not so repaid to the Bank.

The amount available to be drawn hereunder at any particular time (the "*Available Amount*") of this Letter of Credit shall be the Stated Amount from time to time less (1)(A) the amount of all Drawings paid and Collateral Applications processed under this Letter of Credit that are not subject to reinstatement as stated hereinabove, and (B) the amount by which the Stated Amount has been reduced on a permanent basis pursuant to a Reduction Certificate plus (2) the amount of all reinstatements due to Drawings paid and Collateral Applications processed that have been reimbursed to the Bank together with interest thereon.

Upon the Termination Date, this Letter of Credit shall automatically terminate, and you agree to promptly deliver the same to the Bank for cancellation. Failure to deliver said Letter of Credit will have no effect on such termination, and the Letter of Credit will still be considered terminated on the Termination Date.

This Letter of Credit is transferable to any transferee who has succeeded you as Trustee under the Indenture, and may be successively transferred. Any transfer request must be affected by presenting to us the attached form of Exhibit E hereto signed by the transferor and the transferee together with the original of this Letter of Credit and any amendments thereto. Upon our endorsement of such transfer, the transferee instead of the transferor shall, without the necessity of further action, be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place; *provided* that, in such case, any certificates of the Trustee to be provided hereunder shall be signed by one who states therein that he is a duly authorized officer or agent of the transferee.

Communications with respect to this Letter of Credit shall be addressed to us at JPMorgan Chase Bank, National Association, 131 South Dearborn, 5th Floor, Mail Code IL1-0236, Chicago, IL 60603-5506, Attention: Standby Letter of Credit Unit, specifically referring to the number of this Letter of Credit. For telephone assistance, please contact the Standby Client Service Unit at 1-800-634-1969, select Option 1, and have this Letter of Credit number available. Except for any Payment Document, any communication to the Bank which is made by telecopier as permitted hereby shall be immediately confirmed in writing delivered to the Bank at the address of the Bank set forth above; *provided* that failure to provide such written confirmation shall not affect the validity of such notice by telecopier.

Except as expressly stated herein, this Letter of Credit shall be governed by the International Standby Practice 1998, International Chamber of Commerce Publication No. 590 (the “ISP98”) and, to the extent not governed by the ISP, by the laws of the State of New York, including, without limitation, Article 5 of the Uniform Commercial Code as in effect in the State of New York without regard to principles of conflict of laws.

All payments made by us hereunder shall be made from our own funds and not from the funds of any other Person.

This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A1  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_]

**NOTICE OF TERMINATION**

JPMorgan Chase Bank, National Association  
131 South Dearborn, 5th Floor  
Mail Code IL1-0236  
Chicago, Illinois 60603  
Attention: Manager, Standby Letter of Credit Unit  
Telephone: 800-634-1969  
Facsimile: 312-954-5986

with a copy to:

JPMorgan Chase Bank, National Association  
Mail Code IN1-0045  
1 East Ohio Street, 4th Floor  
Indianapolis, Indiana 46277-0045  
Attention: Nancy A. Dorsa, Vice President  
Telephone: 317-767-8344  
Facsimile: 317-767-8008

Dear Sirs:

Reference is hereby made to that certain Irrevocable Letter of Credit No. CTCS - [\_\_\_\_], dated December [\_\_], 2013 (as amended from time to time, the “*Letter of Credit*”), which has been established in favor of JEFFERSON COUNTY, ALABAMA.

The undersigned hereby certifies and confirms that, as of [\_\_\_\_\_, \_\_\_\_\*] [\* - *Trustee to specify the applicable date and select from the following options*] [no Subordinate Lien Obligations (as defined in the Letter of Credit) remain Outstanding within the meaning of the Indenture (as defined in said Letter of Credit)]/[all Drawings required to be made under the Indenture and available under the Letter of Credit have been made and honored]/[an alternate to the Letter of Credit has been delivered to the Trustee in replacement of the Letter Credit in accordance with the Indenture]/[Collateral (as defined in the Letter of Credit) in an amount equal to the Stated Amount has been delivered to the Trustee together with a certificate substantially in the form of Exhibit A2 to this Letter of Credit] and, accordingly, said Letter of Credit shall be terminated in accordance with its terms.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT A2  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_\_]

**NOTICE OF COLLATERAL DELIVERY AND TERMINATION BY THE BANK**

[Trustee]

Attention: [\_\_\_\_\_]

Dear Sirs:

Reference is hereby made to that certain Irrevocable Letter of Credit No. CTCS - [\_\_\_\_\_], dated December [\_\_\_], 2013 (the "*Letter of Credit*"), established by us in your favor as Trustee. We hereby notify you that, in accordance with the terms of the Letter of Credit, the Reimbursement Agreement and the Collateral Agreement (as such terms are defined in the Letter of Credit), we are hereby delivering to you herewith Collateral (as such term is defined in the Letter of Credit) in an amount equal to the Stated Amount of the Letter of Credit and are instructing you to terminate the Letter of Credit effective on the Business Day immediately following receipt of this Notice and the Collateral and to promptly return said Letter of Credit to us for cancellation.

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT B  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_]

**DRAWING CERTIFICATE**

JPMorgan Chase Bank, National Association  
Telecopy No.: (312) 954-6163 or (312) 954-3140  
Attention: Manager, Standby Letter of Credit Unit

Dear Sirs:

The undersigned, a duly authorized officer of \_\_\_\_\_ (the “Trustee”), hereby CERTIFIES on behalf of the Trustee as follows with respect to (i) that certain Irrevocable Letter of Credit No. CTCS - [\_\_\_\_], dated December [\_\_\_], 2013 (the “Letter of Credit”), issued by JPMorgan Chase Bank, National Association (the “Bank”) in favor of the Trustee; (ii) those certain Subordinate Lien Obligations (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The undersigned is the Trustee under the Indenture.
2. The undersigned hereby certifies and confirms that [\* - *Trustee to specify the applicable option*]

- [a deficiency of \$\_\_\_\_\_ exists in the amount on deposit in the Series 2013 Subordinate Lien Debt Service Fund (as defined in the Indenture) which amount is to be used to pay regularly scheduled principal and/or interest on the Subordinate Lien Obligations on [\_\_\_\_\_ \_\_, \_\_\_\_\*] [\*-*Trustee to specify date on which principal and/or interest are next due*] and, as a result thereof, amounts on deposit in the Subordinate Lien Debt Service Reserve Fund (as defined in the Indenture) in an amount equal to said deficiency are required by Section [\_\_\_] of the Indenture to be transferred to the Series 2013 Subordinate Lien Debt Service Fund. The amount of this drawing, \$\_\_\_\_\_, is equal to the amount of said deficiency and does not exceed the Available Amount of the Letter of Credit as presently in effect.]

OR

- [the Bank has failed to deliver Collateral (as defined in the Letter of Credit) to the Trustee in accordance with the Reimbursement Agreement and Collateral Agreement (as such terms are defined in the Letter of Credit) and, accordingly, the amount of this drawing is equal to the Available Amount of the Letter of Credit as presently in effect.]

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT C  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_\_]

**REDUCTION CERTIFICATE**

JPMorgan Chase Bank, National Association  
131 South Dearborn, 5th Floor  
Mail Code IL1-0236  
Chicago, Illinois 60603  
Attention: Manager, Standby Letter of Credit Unit  
Telephone: 800-634-1969  
Facsimile: 312-954-5986

with a copy to:

JPMorgan Chase Bank, National Association  
Mail Code IN1-0045  
1 East Ohio Street, 4th Floor  
Indianapolis, Indiana 46277-0045  
Attention: Nancy A. Dorsa, Vice President  
Telephone: 317-767-8344  
Facsimile: 317-767-8008

Dear Sirs:

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the “Trustee”), hereby CERTIFIES on behalf of the Trustee as follows with respect to (i) that certain Irrevocable Transferable Direct Pay Letter of Credit No. CTCS - [\_\_\_\_\_], dated December [\_\_\_], 2013 (the “Letter of Credit”), issued by JPMorgan Chase Bank, National Association in favor of the Trustee; (ii) those certain Subordinate Lien Obligations (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The undersigned is the Trustee under the Indenture.
2. The Series 2013 Subordinate Lien Reserve Fund Requirement (as defined in the Indenture) has been reduced to \$\_\_\_\_\_.
3. As a result, upon receipt by the Bank of this Certificate, the Stated Amount (as defined in the Letter of Credit) shall be reduced by \$\_\_\_\_\_, and the Stated Amount shall thereupon equal \$\_\_\_\_\_, all in accordance with the provisions of the Indenture.



EXHIBIT C  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_\_]

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT D  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_\_]

**NOTICE OF REDUCTION AMENDMENT**

[Trustee]

Attention: [\_\_\_\_\_]

Dear Sirs:

Reference is hereby made to that certain Irrevocable Letter of Credit No. CTCS - [\_\_\_\_\_], dated December [\_\_\_], 2013 (the "*Letter of Credit*"), established by us in your favor as Trustee. We hereby notify you that, in accordance with the terms of the Letter of Credit and the Reimbursement Agreement (as defined in the Letter of Credit), the Stated Amount of the Letter of Credit has been reduced to \$\_\_\_\_\_.

This letter shall be attached to the Letter of Credit and made a part thereof.

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT E  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_]

**REQUEST FOR TRANSFER**

JPMorgan Chase Bank, National Association  
131 South Dearborn, 5th Floor  
Mail Code IL1-0236  
Chicago, IL 60606-0236  
Attn: Standby Letter of Credit

Date: \_\_\_\_\_

Re: Irrevocable Letter of Credit No. CTCS - \_\_\_\_\_

We, the undersigned "Transferor", hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit (the "*Credit*") in its entirety to:

NAME OF TRANSFEREE \_\_\_\_\_  
(Print Name and complete address of the Transferee) "Transferee"

ADDRESS OF TRANSFEREE \_\_\_\_\_  
\_\_\_\_\_

CITY, STATE/COUNTRY ZIP \_\_\_\_\_

In accordance with ISP98 Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in such Credit are transferred to the Transferee, who shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity if any consent of or notice to the undersigned Transferor.

The original Credit, including amendments to this date, is attached and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse thereof. The undersigned Transferor requests that you notify the Transferee of this Credit in such form and manner as you deem appropriate, and the terms and conditions of the Credit as transferred. The undersigned Transferor acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Transferee.

If you agree to these instructions, please advise the Transferee of the terms and conditions of this transferred Credit and these instructions.

Transferor represents and warrants that (a) the Transferee is the Transferor's successor trustee under the Indenture, (b) the enclosed Credit is original and complete and (c) there is no outstanding demand or request for payment or transfer under the Credit affecting the rights to be transferred.

EXHIBIT E  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_]

The effective date shall be the date hereafter on which Transferring Bank effects the requested transfer by acknowledging this request and giving notice thereof to Transferee.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

EXHIBIT E  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_]

This Request is made subject to ISP98 and is subject to and shall be governed by Article 5 of the Uniform Commercial Code of the State of New York, without regard to principles of conflict of laws.

Sincerely yours,

\_\_\_\_\_  
(Print Name of Transferor)

\_\_\_\_\_  
(Transferor's Authorized Signature)

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Telephone Number/Fax Number)

<b>SIGNATURE GUARANTEED</b> Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement.
_____ (Print Name of Bank)
_____ (Address of Bank)
_____ (City, State, Zip Code)
_____ (Print Name and Title of Authorized Signer)
_____ (Authorized Signature)
_____ (Telephone Number)
_____ (Date)

Acknowledged:

\_\_\_\_\_  
(Print Name of Transferee)

\_\_\_\_\_  
(Transferee's Authorized Signature)

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Telephone Number/Fax Number)

<b>SIGNATURE GUARANTEED</b> Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement.
_____ (Print Name of Bank)
_____ (Address of Bank)
_____ (City, State, Zip Code)
_____ (Print Name and Title of Authorized Signer)
_____ (Authorized Signature)
_____ (Telephone Number)
_____ (Date)

Acknowledged as of \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT F  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_]

**COLLATERAL APPLICATION CERTIFICATE**

JPMorgan Chase Bank, National Association  
Telecopy No.: (312) 954-6163 or (312) 954-3140  
Attention: Manager, Standby Letter of Credit Unit

Dear Sirs:

The undersigned, a duly authorized officer of \_\_\_\_\_ (the “Trustee”), hereby CERTIFIES on behalf of the Trustee as follows with respect to (i) that certain Irrevocable Letter of Credit No. CTCS - [\_\_\_\_], dated December [\_\_\_], 2013 (the “Letter of Credit”), issued by JPMorgan Chase Bank, National Association (the “Bank”) in favor of the Trustee; (ii) those certain Subordinate Lien Obligations (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The undersigned is the Trustee under the Indenture.

2. The undersigned hereby certifies and confirms that, as Trustee under the Indenture, it has applied Collateral (as defined in this Letter of Credit) in an amount equal to \$\_\_\_\_\_ on \_\_\_\_\_, \_\_\_\_\_ in order to pay principal of and accrued interest on the Subordinate Lien Obligations. Delivered herewith is a principal amount of Reserve Fund Warrants in an amount equal \$\_\_\_\_\_. (“Reserve Fund Warrants” mean Jefferson County Alabama’s Subordinate Lien Reserve Fund Reimbursement Warrants issued pursuant to the First Supplemental Indenture, between the Jefferson County, Alabama and Wells Fargo Bank, National Association, as trustee, dated as of December 1, 2013 (as the same may be amended or otherwise modified from time to time)).

3. As a result of the action described in 2. above, upon receipt by the Bank of this Certificate, the Stated Amount (as defined in the Letter of Credit) shall be reduced by \$\_\_\_\_\_, and the Stated Amount shall thereupon equal \$\_\_\_\_\_, all in accordance with the provisions of the Indenture. It is our understanding that, upon payment to the Bank of a principal amount of Reserve Fund Warrants as described in 2. above within two years of the delivery of said Warrants to the Bank, the Stated Amount of the Letter of Credit will be reinstated in the principal amount of such payment.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

**REINSTATEMENT CERTIFICATE**

JPMORGAN CHASE BANK, N.A.  
Telecopy No.: (312) 954-6163 or (312) 954-3140  
Attention: Manager, Standby Letter of Credit Unit

Dear Sirs:

The undersigned hereby certifies to JPMorgan Chase Bank, N.A. (the "Bank"), with reference to Irrevocable Letter of Credit No. \_\_\_\_\_, dated December \_\_\_\_, 2013 (the "Letter of Credit") issued by the Bank in favor of the Trustee, that:

1. The undersigned is the Trustee under the Indenture.
2. [The Trustee has previously made a Drawing under the Letter of Credit on \_\_\_\_\_ in the amount of U.S. \$\_\_\_\_\_.\*]/[The Trustee has previously submitted a Collateral Application Certificate under the Letter of Credit on \_\_\_\_\_ in the amount of U.S. \$\_\_\_\_\_.\*][\* - *Trustee to designate as applicable*].
3. Payment of the amount of the [Drawing\*]/ [Collateral Application\*][\* - *Trustee to designate as applicable*], together with interest accrued thereon, has been received by the Bank on or prior to the second (2nd) anniversary of the date of such [Drawing\*]/ [Collateral Application\*][\* - *Trustee to designate as applicable*].
4. In accordance with the terms of the Letter of Credit, the Trustee deems that the amount available under the Letter of Credit has been automatically reinstated in the amount of the [Drawing\*]/[Collateral Application\*][\* - *Trustee to designate as applicable*] described above, all in accordance with the terms of the Letter of Credit and this notice.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
[Title of Authorized Officer]

EXHIBIT H  
TO  
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
LETTER OF CREDIT  
NO. CTCS-[\_\_\_\_\_]

**NOTICE OF REINSTATEMENT**

[Trustee]

Attention: [\_\_\_\_\_]

Dear Sirs:

Reference is hereby made to that certain Irrevocable Letter of Credit No. CTCS - [\_\_\_\_], dated December [\_\_\_], 2013 (the "*Letter of Credit*"), established by us in your favor as Trustee. We confirm receipt of the Reinstatement Certificate dated [DATE] and hereby notify you that, in accordance with the terms of the Letter of Credit and the Reimbursement Agreement (as defined in the Letter of Credit), the Stated Amount of the Letter of Credit has been reinstated by \$\_\_\_\_\_ to \$\_\_\_\_\_.

This letter shall be attached to the Letter of Credit and made a part thereof.

JPMORGAN CHASE BANK, NATIONAL  
ASSOCIATION

By \_\_\_\_\_  
[Title of Authorized Officer]



# **Exhibit 3(b)**

**Collateral Support Agreement, Dated as of December 1, 2013  
[Senior Lien]**

**COLLATERAL SUPPORT AGREEMENT**

This COLLATERAL SUPPORT AGREEMENT (as amended, modified and/or supplemented from time to time, this “*Agreement*”) is entered into as of December 1, 2013, between JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (together with its successors and assigns, “Party A”) and WELLS FARGO BANK, NATIONAL ASSOCIATION, SOLELY IN ITS CAPACITY AS TRUSTEE UNDER THE ORIGINAL INDENTURE AND INDENTURE (together with its successors and assigns, “Party B”) and is acknowledged and agreed upon by Jefferson County, Alabama (the “County”).

**WITNESSETH:**

WHEREAS, Jefferson County, Alabama (the “Issuer”) has duly authorized the issuance of its (i) [\$Amount] aggregate principal amount of Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A (the “Series 2013-A Warrants”), (ii) [\$Amount] aggregate principal amount of Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B (the “Series 2013-B Warrants”), (iii) [\$Amount] aggregate principal amount of Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C (the “Series 2013-C Warrants”, and, together with the Series 2013-A Warrants and the Series 2013-B Warrants, the “Senior Lien Warrants”), (iv) [\$Amount] aggregate principal amount of Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D (the “Series 2013-D Warrants”), (v) [\$Amount] aggregate principal amount of Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E (the “Series 2013-E Warrants”), and (vi) [\$Amount] aggregate principal amount of Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F (the “Series 2013-F Warrants”, and, together with the Series 2013-A Warrants, the Series 2013-B Warrants, the Series 2013-C Warrants, the Series 2013-D Warrants, and the Series 2013-E Warrants, the “Warrants”) pursuant to the Original Indenture. The Series 2013-D Warrants, together with the Series 2013-E Warrants and the Series 2013-F Warrants are collectively referred to herein as the “Subordinate Lien Warrants”.

WHEREAS, the security for the Senior Lien Warrants includes the Series 2013 Senior Lien Reserve Fund. The Series 2013 Senior Lien Reserve Fund is being funded with a letter of credit being issued by Party A in favor of Party B contemporaneously with the issuance of the Warrants. Likewise, the security for the Subordinate Lien Warrants includes the Series 2013 Subordinate Lien Reserve Fund. The Series 2013 Subordinate Lien Reserve Fund is being funded with a letter of credit being issued by Party A in favor of Party B contemporaneously with the issuance of the Warrants.

WHEREAS, if the senior long-term debt ratings of Party A fall to or below certain levels, a Rating Event will occur and Party A will be required, pursuant to this Agreement, to deliver Eligible Collateral to Party B in order to secure the Series 2013 Senior Lien Letter of Credit and the Series 2013 Subordinate Lien Letter of Credit. Party B will return, pursuant to the Original Indenture and this Agreement, the Eligible Collateral to Party A if the Rating Event is no longer continuing.

WHEREAS, this Agreement describes the use of Eligible Collateral as security for the Series 2013 Senior Lien Letter of Credit;

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

**Paragraph 1. Interpretation**

(a) **Definitions and Inconsistency.** All references in this Agreement to Paragraphs are to Paragraphs of this Agreement. All definitions herein not otherwise defined in the Recitals to this Agreement are set forth in Paragraph 12 below.

## **Paragraph 2. Security Interest**

Party A hereby pledges to Party B as security for its Obligations and grants to Party B a continuing security interest in and lien on all Posted Collateral Transferred to or received by Party B hereunder. Upon the Transfer by Party B to Party A of Posted Collateral, the security interest and lien granted hereunder on that Posted Collateral will be released immediately and, to the extent possible, without any further action by either party.

## **Paragraph 3. Credit Support Obligations**

(a) **Delivery Amount.**

(i) Party A shall Transfer, within 5 Local Business Days after the occurrence and continuance of a Rating Event, Eligible Collateral to Party B having a Value as of the date of Transfer at least equal to the Available Amount under the Series 2013 Senior Lien Reserve Fund Letter of Credit.

(ii) If at any time subsequent to the Transfer from Party A to Party B of Eligible Collateral in accordance with Paragraph 3(a)(i) herein, the amount of Posted Collateral held by Party B is less than the Available Amount, Party A shall Transfer, within 5 Local Business Days after receipt of written notice from Party B specifying the amount by which the Available Amount exceeds the Posted Collateral held by Party B (the "Shortfall") and requesting the Shortfall, the Shortfall to Party B.

(b) **Return Amount.**

(i) If subsequent to the Transfer from Party A to Party B of Eligible Collateral in accordance with Paragraph 3(a) herein, the Rating Event is no longer continuing, Party A will notify Party B in writing and provide written evidence to Party B that the Rating Event is no longer continuing and will demand the return of all Posted Collateral that Party A had delivered to Party B under Paragraph 3(a) herein minus the portion, if any, of such Posted Collateral used by Party B to pay principal of and interest on the Senior Lien Warrants as a result of the failure of Party A to make payment of a properly delivered draw request submitted by Party B in conformity with the Series 2013 Senior Lien Reserve Fund Letter of Credit. Party B will Transfer, subject to Paragraph 4 (b) herein, all of such Eligible Collateral to Party A.

(ii) If at any time subsequent to the Transfer from Party A to Party B of Eligible Collateral in accordance with Paragraph 3(a)(i) herein, the amount of Posted Collateral held by Party B exceeds the Available Amount, Party B shall, within 5 Local Business Days, Transfer the portion of Posted Collateral that exceeds the Available Amount to Party A.

## **Paragraph 4. Conditions Precedent, Transfer Timing, Calculations and Substitutions**

(a) **Conditions Precedent.** Each Transfer obligation of Party A under Paragraph 3(a) is subject to the conditions precedent that the Series 2013 Senior Lien Reserve Fund Letter of Credit has not been drawn in full by Party B.

(b) **Transfer Timing.** Subject to Paragraph 4(a) and unless otherwise provided herein, if a written demand for the Transfer of Eligible Collateral or Posted Collateral is made by 10:00 a.m., New York time on a Local Business Day, then the relevant Transfer will be made not later than the close of business on the

next Local Business Day; if a written demand is made after 10:00 a.m., New York time on a Local Business Day, then the relevant Transfer will be made not later than the close of business on the second Local Business Day thereafter.

(c) **Calculations.** All calculations of Value will be made by the relevant party as of the Valuation Time. For purposes of Paragraph 3(a), Party A and, for purposes of Paragraphs 4(d)(ii) and 11(h), Party B will notify the other party of its calculations not later than 10:00 a.m., New York time on the Local Business Day following the date of calculation.

(d) **Substitutions.**

(i) Upon notice to Party B specifying the items of Posted Collateral to be exchanged, Party A may, on any Local Business Day, Transfer to Party B substitute Eligible Collateral (the “Substitute Collateral”); and

(ii) Subject to Paragraph 4(a), Party B will Transfer to Party A the items of Posted Collateral specified by Party A in its notice not later than the Local Business Day following the date on which Party B receives the Substitute Collateral (the “Substitution Date”); *provided* that Party B will only be obligated to Transfer Posted Collateral with a Value as of the date of Transfer equal to the Value as of that date of the Substitute Collateral.

#### **Paragraph 5. Notifications**

Party A will promptly notify Party B in writing (i) of the occurrence of a Rating Event and (ii) that a Rating Event is no longer continuing. Party B will promptly notify Party A in writing of the use by Party B of any Posted Collateral delivered pursuant to this Agreement in order to make payment of principal of and interest on the Senior Lien Warrants as permitted by Paragraph 6(b)(i) below.

#### **Paragraph 6. Holding and Using Posted Collateral**

(a) **Care of Posted Collateral.** Party B will exercise reasonable care to assure the safe custody of all Posted Collateral and it will exercise at least the same degree of care as it would exercise with respect to monies and other property it is holding as trustee under the Original Indenture. Party B will have no duty or obligation to invest or reinvest any dividends, distributions or income from Posted Collateral and shall not be liable or responsible for any loss or decline in Value thereof. Except as otherwise expressly provided herein, Party B shall have no duty or obligation to determine the Value of the Posted Collateral at any time or to determine whether any collateral delivered by Party A is Eligible Collateral.

(b) **Holding and Using Posted Collateral.**

(i) **General.** Party B will hold all Posted Collateral in a segregated account within the Senior Lien Debt Service Reserve Fund and the Posted Collateral will not be commingled with any other monies or property in such segregated account. The Posted Collateral will not be used by Party B except if Party A fails to make full and timely payment of a properly submitted draw request under the Senior Lien Reserve Fund Letter of Credit, the Posted Collateral can be used by Party B to make payment of principal of and interest on the Senior Lien Warrants up to the amount requested in the dishonored draw request. If Party A provides written notice and evidence to Party B of the discontinuance of a Rating Event, Party B will Transfer all Posted Collateral to Party A in accordance with Paragraph 3(b).

(c) ***Distributions and Interest Amount.***

(i) ***Distributions.*** Subject to Paragraph 4(a), if Party B receives Distributions on a Local Business Day, it will Transfer to Party A not later than the following Business Day any Distributions it receives.

(ii) ***Interest Amount.*** Subject to Paragraph 4(a), in lieu of any interest, dividends or other amounts paid with respect to Posted Collateral in the form of Cash (all of which may be retained by Party B), Party B will Transfer the Interest Amount to Party A on the first Local Business Day of each calendar month. The Interest Amount or portion thereof not Transferred pursuant to this Paragraph will constitute Posted Collateral in the form of Cash and will be subject to the security interest granted under Paragraph 2.

**Paragraph 7. Events of Default**

An Event of Default will exist with respect to a party under this Agreement if:

(i) that party fails to make, when due, any Transfer of Eligible Collateral, Posted Collateral or the Interest Amount, as applicable, required to be made by it and that failure continues for two Local Business Days after notice of that failure is given to that party;

(ii) that party fails to comply with any requirements specified in this Agreement with respect to Paragraph 6 (other than as provided in Paragraph 7(i)) and that failure continues for five Local Business Days after notice of that failure is given to that party; or

(iii) that party fails to comply with or perform any agreement or obligation other than those specified in Paragraphs 7(i) and 7(ii) and that failure continues for 30 days after notice of that failure is given to that party.

**Paragraph 8. Certain Rights and Remedies**

(a) ***Party B's Rights and Remedies.*** If at any time Party A fails to Transfer Eligible Collateral to Party B in accordance with the terms of Paragraph 3(a), Party B may submit a draw request for the full Available Amount under the Series 2013 Senior Lien Reserve Fund Letter of Credit and hold or apply the funds as set forth in the Original Indenture as supplemented by the Indenture. In addition, Party B may pursue any other rights and remedies it may have under this Agreement and the Series 2013 Senior Lien Letter of Credit or at law or in equity including, without limitation, the remedy of specific performance.

(b) ***Party A's Rights and Remedies.*** If at any time an Event of Default occurs hereunder with respect to Party B, Party A may:

(i) pursue any rights and remedies it may have under this Agreement, the Indenture, the Original Indenture and the Reimbursement Agreement or at law or in equity, including, without limitation, the remedy of specific performance; and

(ii) pursue any other action available at law or in equity including, without limitation, to petition the Bankruptcy Court or any other court of competent jurisdiction for an order enforcing this Agreement, any or all of the Indenture, the Original Indenture and the Reimbursement Agreement and the requirements of the Confirmed Plan of Adjustment.

(c) **Final Returns.** When no amounts are or thereafter may become payable by Party A with respect to the 2013 Senior Lien Reserve Fund Letter of Credit, Party B will Transfer to Party A all Posted Collateral minus the portion, if any, of such Posted Collateral used by Party B to pay principal of and interest on the Senior Lien Warrants as a result of the failure of Party A to make payment of a properly delivered draw request by Party B under the Series 2013 Senior Lien Reserve Fund Letter of Credit, and the Interest Amount, if any.

#### **Paragraph 9. Representations**

Party A represents to the Party B (which representation will be deemed to be repeated as of each date on which it, as Party A, Transfers Eligible Collateral) that:

- (i) it has the power to grant a security interest in and lien on any Eligible Collateral it Transfers as Party A and has taken all necessary actions to authorize the granting of that security interest and lien;
- (ii) it is the sole owner of or otherwise has the right to Transfer all Eligible Collateral it Transfers to Party B hereunder, free and clear of any security interest, lien, encumbrance or other restrictions other than the security interest and lien granted to Party B under Paragraph 2;
- (iii) upon the Transfer of any Eligible Collateral to Party B under the terms of this Agreement, Party B will have a valid and perfected security interest therein (assuming that any central clearing corporation or any third-party financial intermediary or other entity not within the control of Party A involved in the Transfer of that Eligible Collateral gives the notices and takes the action required of it under applicable law for perfection of that interest); and
- (iv) the performance by it of its obligations under this Agreement will not result in the creation of any security interest, lien or other encumbrance on any Posted Collateral other than the security interest and lien granted under Paragraph 2.

#### **Paragraph 10. Expenses**

(a) **General.** Except as otherwise provided in Paragraphs 10(b), each party will pay its own costs and expenses in connection with performing its obligations under this Agreement and neither party will be liable for any costs and expenses incurred by the other party in connection herewith.

(b) **Posted Collateral.** Party A will promptly pay when due all taxes, assessments or charges of any nature that are imposed with respect to Posted Collateral held by Party B upon becoming aware of the same.

#### **Paragraph 11. Miscellaneous**

(a) **Governing Law.** THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CHOICE OF LAW RULES.

(b) **Waiver of Jury Trial.** EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON

CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

(c) ***Trustee Rights; Collateral Support Agreement Controls.*** Section 12.12 of the Original Indenture is incorporated herein, as if set forth herein in full together with all relevant definitions set forth therein. In the event of any inconsistency or conflict between the provisions in the Original Indenture, the Indenture and this Agreement, this Agreement will prevail. Party B undertakes to perform only such duties as are expressly set forth in this Agreement, and no further duties shall be implied. Party B shall have no duty to solicit the delivery of any payment or notice that is required or permitted to be delivered pursuant to the terms of this Agreement. In the administration of this Agreement, Party B may perform any of its duties and execute any of its powers through its agents and attorneys and may consult with counsel, accountants and other skilled persons to be selected and retained by it. Party B may rely and shall be protected in acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder or under the Original Indenture or the Indenture and reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. Party B shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. Party B shall be entitled to consult with its attorneys concerning all matters involving this Agreement, and Party B shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of such attorneys. No provision of this Agreement shall require Party B to risk or expend its own funds. Provided that Party B has performed its duties that are expressly set forth in this Agreement, Party B shall not be liable for any mistake of fact or error of judgment, or for any acts or omissions of any kind, unless a court of competent jurisdiction determines that Party B's willful misconduct or gross negligence was the primary cause of loss to Party A. Party B shall not incur any liability for following any instructions or directions given to it by Party A or the County or that are contained in or expressly provided for in this Agreement. Party B shall not be liable under this Agreement or deemed in breach of or default under this Agreement if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of Party B and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(d) ***Successors and Assigns.*** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that Party B may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Party A. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(e) ***Amendments.*** This Agreement may be modified or otherwise amended, and the observance of any term of this Agreement may be waived, if such modification, amendment or waiver is in writing and signed by the parties and consented to by the County. The parties and the County agree to amend this Agreement, if necessary, to comply with any applicable law or regulation related to security for letter of credit obligations to which Party A is subject.

(f) ***Headings.*** The headings of the Sections have been inserted for convenience of reference only and shall not be deemed to constitute a part of this Agreement.

(g) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall constitute an original, but such counterparts together shall constitute but one and the same Agreement.

(h) **Default Interest.** If Party B fails to make, when due, any Transfer of Posted Collateral or the Interest Amount, Party B will be obliged to pay to Party A (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value of the items of property that were required to be Transferred, from (and including) the date that the Posted Collateral or Interest Amount was required to be Transferred to (but excluding) the date of Transfer of that Posted Collateral or Interest Amount. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(i) **Further Assurances.** Promptly following a demand made by a party, the other party will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action that may be necessary or desirable and reasonably requested by that party to create, preserve, perfect or validate any security interest or lien granted under Paragraph 2, to enable that party to exercise or enforce its rights under this Agreement with respect to Posted Collateral or an Interest Amount or to effect or document a release of a security interest on Posted Collateral or an Interest Amount.

(j) **Further Protection.** Party A will promptly give notice to Party B of, and defend against, any suit, action, proceeding or lien that involves Posted Collateral Transferred by Party A or that could adversely affect the security interest and lien granted by it under Paragraph 2.

(k) **Good Faith and Commercially Reasonable Manner.** Performance of all obligations under this Agreement, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.

(l) **Demands and Notices.** All demands and notices given by a party under this Agreement will be made as specified below:

## **Paragraph 12. Definitions**

As used in this Agreement:—

“**Available Amount**” has the meaning for such term provided in the Series 2013 Senior Lien Reserve Fund Letter of Credit.

“**Cash**” means the lawful currency of the United States of America.

“**Default Rate**” means the Interest Rate plus 2.00%.

“**Distributions**” means, with respect to Posted Collateral other than Cash, all principal, interest and other payments and distributions of cash or other property with respect thereto. Distributions will not include any item of property acquired by Party B upon any disposition or liquidation of Posted Collateral or, with



respect to any Posted Collateral in the form of Cash, any distributions on that collateral, unless otherwise specified herein.

**“Eligible Collateral”** means, cash or Qualified Investments (as defined in the Original Indenture).

**“ Indenture”** means that certain First Supplemental Trust Indenture dated December 1, 2013 between Jefferson County, Alabama and Wells Fargo Bank, National Association.

**“Interest Amount”** means, with respect to an Interest Period, the aggregate sum of the amounts of interest calculated for each day in that Interest Period on the principal amount of Posted Collateral in the form of Cash held by Party B on that day, determined by Party B for each such day as follows:

- (x) the amount of Cash on that day; multiplied by
- (y) the Interest Rate in effect for that day; divided by
- (z) 360.

The Interest Amount will be calculated without compounding.

**“Interest Period”** means the period from (and including) the last Local Business Day on which an Interest Amount was Transferred (or, if no Interest Amount has yet been Transferred, the Local Business Day on which Posted Collateral in the form of Cash was Transferred to or received by Party B) to (but excluding) the Local Business Day on which the current Interest Amount is to be Transferred.

**“Interest Rate”** means the per annum rate actually earned on the Posted Collateral in the form of Cash in the segregated account being used by Party B to hold Posted Collateral in the form of Cash; **provided that**, Party B shall use its best efforts to invest the Cash in Qualified Investments (as defined in the Original Indenture) so that the earnings on the Cash are at least equal to the overnight Federal Funds Rate as reported in Federal Reserve Publication H.15-519 for each day Cash is held by Party B.

**“Local Business Day,”** means a day on which commercial banks in New York City and Jefferson County, Alabama and in the city in which the corporate trust office of Party B primarily responsible for the administration of the Original Indenture are open for business.

**“Obligations”** means, with respect to Party A, the obligation of Party A to fund all properly requested draws by Party B under the Series 2013 Senior Lien Reserve Fund Letter of Credit up to the Available Amount of such Series 2013 Senior Lien Reserve Fund Letter of Credit.

**“Original Indenture”** means that certain Trust Indenture dated December 1, 2013 between Jefferson County, Alabama and Wells Fargo Bank, National Association, as trustee.

**“Posted Collateral”** means all Eligible Collateral, other property, Distributions, and all proceeds thereof that have been Transferred to or received by Party B under this Agreement and not Transferred to Party A pursuant to Paragraph 3(b), 4(d)(ii) or 6(c)(i) or released by Party B under Paragraph 8. Any Interest Amount or portion thereof not Transferred pursuant to Paragraph 6(c)(ii) will constitute Posted Collateral in the form of Cash.

**“Rating Event”** means any one of the senior long-term debt ratings of Party A fall to or below [“Baa3”] by Moody’s Investor’s Service, [“BBB-”] by Standard & Poor’s Ratings Group or [“BBB-”] by Fitch, Inc.

**“Series 2013 Senior Lien Reserve Fund Letter of Credit”** means that certain irrevocable letter of credit no. \_\_\_\_\_ issued by Party A and delivered to Party B as security for the Series 2013 Senior Lien Reserve Fund.

**“Series 2013 Senior Lien Reserve Fund”** means the fund established pursuant to Section 9.6 of the Original Indenture.

**“Series 2013 Senior Lien Debt Service Fund”** means the fund established pursuant to Section 9.3 of the Original Indenture.

**“Substitute Collateral”** has the meaning specified in Paragraph 4(d)(i).

**“Substitution Date”** has the meaning specified in Paragraph 4(d)(ii).

**“Transfer”** means, with respect to any Eligible Collateral, Posted Collateral or Interest Amount, and in accordance with the instructions of Party A or Party B, as applicable:

- (i) in the case of Cash, payment or delivery by wire transfer into one or more bank accounts specified by the recipient;
- (ii) in the case of certificated securities that cannot be paid or delivered by book-entry, payment or delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, assignments in blank, transfer tax stamps and any other documents necessary to constitute a legally valid transfer to the recipient;
- (iii) in the case of securities that can be paid or delivered in book-entry, the giving of written instruments to the relevant depository institution or other entity specified by the recipient, together with a written copy thereof to the recipient, sufficient if complied with to result in a legally effective transfer of the relevant interest to the recipient; and

**“Valuation Time”** means the close of business on the Local Business Day before the date of calculation.

**“Value”** means for any date for which Value is calculated, with respect to:

- (i) Eligible Collateral or Posted Collateral that is:
  - (A) Cash, the amount thereof; and
  - (B) Qualified Investments, the bid price obtained by Party A or Party B, as applicable, in a commercially reasonable manner.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

WELLS FARGO BANK, NATIONAL ASSOCIATION, solely in its capacity as trustee under the Original Indenture and Indenture

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

ACKNOWLEDGED AND AGREED:

JEFFERSON COUNTY, ALABAMA

By: \_\_\_\_\_  
Name:  
Title:  
Date:

# **Exhibit 3(c)**

**Collateral Support Agreement, Dated as of December 1, 2013  
[Subordinate Lien]**

**COLLATERAL SUPPORT AGREEMENT**

This COLLATERAL SUPPORT AGREEMENT (as amended, modified and/or supplemented from time to time, this “*Agreement*”) is entered into as of December 1, 2013, between JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (together with its successors and assigns, “Party A”) and WELLS FARGO BANK, NATIONAL ASSOCIATION, SOLELY IN ITS CAPACITY AS TRUSTEE UNDER THE ORIGINAL INDENTURE AND INDENTURE (together with its successors and assigns, “Party B”) and is acknowledged and agreed upon by Jefferson County, Alabama (the “County”).

**WITNESSETH:**

WHEREAS, Jefferson County, Alabama (the “Issuer”) has duly authorized the issuance of its (i) [\$Amount] aggregate principal amount of Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A (the “Series 2013-A Warrants”), (ii) [\$Amount] aggregate principal amount of Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B (the “Series 2013-B Warrants”), (iii) [\$Amount] aggregate principal amount of Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C (the “Series 2013-C Warrants”, and, together with the Series 2013-A Warrants and the Series 2013-B Warrants, the “Senior Lien Warrants”), (iv) [\$Amount] aggregate principal amount of Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D (the “Series 2013-D Warrants”), (v) [\$Amount] aggregate principal amount of Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E (the “Series 2013-E Warrants”), and (vi) [\$Amount] aggregate principal amount of Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F (the “Series 2013-F Warrants”, and, together with the Series 2013-A Warrants, the Series 2013-B Warrants, the Series 2013-C Warrants, the Series 2013-D Warrants, and the Series 2013-E Warrants, the “Warrants”) pursuant to the Original Indenture. The Series 2013-D Warrants, together with the Series 2013-E Warrants and the Series 2013-F Warrants are collectively referred to herein as the “Subordinate Lien Warrants”.

WHEREAS, the security for the Senior Lien Warrants includes the Series 2013 Senior Lien Reserve Fund. The Series 2013 Senior Lien Reserve Fund is being funded with a letter of credit being issued by Party A in favor of Party B contemporaneously with the issuance of the Warrants. Likewise, the security for the Subordinate Lien Warrants includes the Series 2013 Subordinate Lien Reserve Fund. The Series 2013 Subordinate Lien Reserve Fund is being funded with a letter of credit being issued by Party A in favor of Party B contemporaneously with the issuance of the Warrants.

WHEREAS, if the senior long-term debt ratings of Party A fall to or below certain levels, a Rating Event will occur and Party A will be required, pursuant to this Agreement, to deliver Eligible Collateral to Party B in order to secure the Series 2013 Senior Lien Letter of Credit and the Series 2013 Subordinate Lien Letter of Credit. Party B will return, pursuant to the Original Indenture and this Agreement, the Eligible Collateral to Party A if the Rating Event is no longer continuing.

WHEREAS, this Agreements describes the use of Eligible Collateral as security for the Series 2013 Subordinate Lien Letter of Credit;.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

**Paragraph 1. Interpretation**

(a) **Definitions and Inconsistency.** All references in this Agreement to Paragraphs are to Paragraphs of this Agreement. All definitions herein not otherwise defined in the Recitals to this Agreement are set forth in Paragraph 12 below.

## **Paragraph 2. Security Interest**

Party A hereby pledges to Party B as security for its Obligations and grants to Party B a continuing security interest in and lien on all Posted Collateral Transferred to or received by Party B hereunder. Upon the Transfer by Party B to Party A of Posted Collateral, the security interest and lien granted hereunder on that Posted Collateral will be released immediately and, to the extent possible, without any further action by either party.

## **Paragraph 3. Credit Support Obligations**

(a) **Delivery Amount.**

(i) Party A shall Transfer, within 5 Local Business Days after the occurrence and continuance of a Rating Event, Eligible Collateral to Party B having a Value as of the date of Transfer at least equal to the Available Amount under the Series 2013 Subordinate Lien Reserve Fund Letter of Credit.

(ii) If at any time subsequent to the Transfer from Party A to Party B of Eligible Collateral in accordance with Paragraph 3(a)(i) herein, the amount of Posted Collateral held by Party B is less than the Available Amount, Party A shall Transfer, within 5 Local Business Days after receipt of written notice from Party B specifying the amount by which the Available Amount exceeds the Posted Collateral held by Party B (the "Shortfall") and requesting the Shortfall, the Shortfall to Party B.

(b) **Return Amount.**

(i) If subsequent to the Transfer from Party A to Party B of Eligible Collateral in accordance with Paragraph 3(a) herein, the Rating Event is no longer continuing, Party A will notify Party B in writing and provide written evidence to Party B that the Rating Event is no longer continuing and will demand the return of all Posted Collateral that Party A had delivered to Party B under Paragraph 3(a) herein minus the portion, if any, of such Posted Collateral used by Party B to pay principal of and interest on the Subordinate Lien Warrants as a result of the failure of Party A to make payment of a properly delivered draw request submitted by Party B in conformity with the Series 2013 Subordinate Lien Reserve Fund Letter of Credit. Party B will Transfer, subject to Paragraph 4 (b) herein, all of such Eligible Collateral to Party A.

(ii) If at any time subsequent to the Transfer from Party A to Party B of Eligible Collateral in accordance with Paragraph 3(a)(i) herein, the amount of Posted Collateral held by Party B exceeds the Available Amount, Party B shall, within 5 Local Business Days, Transfer the portion of Posted Collateral that exceeds the Available Amount to Party A.

## **Paragraph 4. Conditions Precedent, Transfer Timing, Calculations and Substitutions**

(a) **Conditions Precedent.** Each Transfer obligation of Party A under Paragraph 3(a) is subject to the conditions precedent that the Series 2013 Subordinate Lien Reserve Fund Letter of Credit has not been drawn in full by Party B.

(b) **Transfer Timing.** Subject to Paragraph 4(a) and unless otherwise provided herein, if a written demand for the Transfer of Eligible Collateral or Posted Collateral is made by 10:00 a.m., New York time on a Local Business Day, then the relevant Transfer will be made not later than the close of business on the

next Local Business Day; if a written demand is made after 10:00 a.m., New York time on a Local Business Day, then the relevant Transfer will be made not later than the close of business on the second Local Business Day thereafter.

(c) **Calculations.** All calculations of Value will be made by the relevant party as of the Valuation Time. For purposes of Paragraph 3(a), Party A and, for purposes of Paragraphs 4(d)(ii) and 11(h), Party B will notify the other party of its calculations not later than 10:00 a.m., New York time on the Local Business Day following the date of calculation.

(d) **Substitutions.**

(i) Upon notice to Party B specifying the items of Posted Collateral to be exchanged, Party A may, on any Local Business Day, Transfer to Party B substitute Eligible Collateral (the “Substitute Collateral”); and

(ii) Subject to Paragraph 4(a), Party B will Transfer to Party A the items of Posted Collateral specified by Party A in its notice not later than the Local Business Day following the date on which Party B receives the Substitute Collateral (the “Substitution Date”); *provided* that Party B will only be obligated to Transfer Posted Collateral with a Value as of the date of Transfer equal to the Value as of that date of the Substitute Collateral.

#### **Paragraph 5. Notifications**

Party A will promptly notify Party B in writing (i) of the occurrence of a Rating Event and (ii) that a Rating Event is no longer continuing. Party B will promptly notify Party A in writing of the use by Party B of any Posted Collateral delivered pursuant to this Agreement in order to make payment of principal of and interest on the Subordinate Lien Warrants as permitted by Paragraph 6(b)(i) below.

#### **Paragraph 6. Holding and Using Posted Collateral**

(a) **Care of Posted Collateral.** Party B will exercise reasonable care to assure the safe custody of all Posted Collateral and it will exercise at least the same degree of care as it would exercise with respect to monies and other property it is holding as trustee under the Original Indenture. Party B will have no duty or obligation to invest or reinvest any dividends, distributions or income from Posted Collateral and shall not be liable or responsible for any loss or decline in Value thereof. Except as otherwise expressly provided herein, Party B shall have no duty or obligation to determine the Value of the Posted Collateral at any time or to determine whether any collateral delivered by Party A is Eligible Collateral.

(b) **Holding and Using Posted Collateral.**

(i) **General.** Party B will hold all Posted Collateral in a segregated account within the Subordinate Lien Debt Service Reserve Fund and the Posted Collateral will not be commingled with any other monies or property in such segregated account. The Posted Collateral will not be used by Party B except if Party A fails to make full and timely payment of a properly submitted draw request under the Subordinate Lien Reserve Fund Letter of Credit, the Posted Collateral can be used by Party B to make payment of principal of and interest on the Subordinate Lien Warrants up to the amount requested in the dishonored draw request. If Party A provides written notice and evidence to Party B of the discontinuance of a Rating Event, Party B will Transfer all Posted Collateral to Party A in accordance with Paragraph 3(b).

(c) ***Distributions and Interest Amount.***

(i) ***Distributions.*** Subject to Paragraph 4(a), if Party B receives Distributions on a Local Business Day, it will Transfer to Party A not later than the following Business Day any Distributions it receives.

(ii) ***Interest Amount.*** Subject to Paragraph 4(a), in lieu of any interest, dividends or other amounts paid with respect to Posted Collateral in the form of Cash (all of which may be retained by Party B), Party B will Transfer the Interest Amount to Party A on the first Local Business Day of each calendar month. The Interest Amount or portion thereof not Transferred pursuant to this Paragraph will constitute Posted Collateral in the form of Cash and will be subject to the security interest granted under Paragraph 2.

**Paragraph 7. Events of Default**

An Event of Default will exist with respect to a party under this Agreement if:

(i) that party fails to make, when due, any Transfer of Eligible Collateral, Posted Collateral or the Interest Amount, as applicable, required to be made by it and that failure continues for two Local Business Days after notice of that failure is given to that party;

(ii) that party fails to comply with any requirements specified in this Agreement with respect to Paragraph 6 (other than as provided in Paragraph 7(i)) and that failure continues for five Local Business Days after notice of that failure is given to that party; or

(iii) that party fails to comply with or perform any agreement or obligation other than those specified in Paragraphs 7(i) and 7(ii) and that failure continues for 30 days after notice of that failure is given to that party.

**Paragraph 8. Certain Rights and Remedies**

(a) ***Party B's Rights and Remedies.*** If at any time Party A fails to Transfer Eligible Collateral to Party B in accordance with the terms of Paragraph 3(a), Party B may submit a draw request for the full Available Amount under the Series 2013 Subordinate Lien Reserve Fund Letter of Credit and hold or apply the funds as set forth in the Original Indenture as supplemented by the Indenture. In addition, Party B may pursue any other rights and remedies it may have under this Agreement and the Series 2013 Subordinate Lien Letter of Credit or at law or in equity including, without limitation, the remedy of specific performance.

(b) ***Party A's Rights and Remedies.*** If at any time an Event of Default occurs hereunder with respect to Party B, Party A may:

(i) pursue any rights and remedies it may have under this Agreement, the Indenture, the Original Indenture and the Reimbursement Agreement or at law or in equity, including, without limitation, the remedy of specific performance; and

(ii) pursue any other action available at law or in equity including, without limitation, to petition the Bankruptcy Court or any other court of competent jurisdiction for an order enforcing this Agreement, any or all of the Indenture, the Original Indenture and the Reimbursement Agreement and the requirements of the Confirmed Plan of Adjustment.



(c) **Final Returns.** When no amounts are or thereafter may become payable by Party A with respect to the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, Party B will Transfer to Party A all Posted Collateral minus the portion, if any, of such Posted Collateral used by Party B to pay principal of and interest on the Subordinate Lien Warrants as a result of the failure of Party A to make payment of a properly delivered draw request by Party B under the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, and the Interest Amount, if any.

#### **Paragraph 9. Representations**

Party A represents to the Party B (which representation will be deemed to be repeated as of each date on which it, as Party A, Transfers Eligible Collateral) that:

- (i) it has the power to grant a security interest in and lien on any Eligible Collateral it Transfers as Party A and has taken all necessary actions to authorize the granting of that security interest and lien;
- (ii) it is the sole owner of or otherwise has the right to Transfer all Eligible Collateral it Transfers to Party B hereunder, free and clear of any security interest, lien, encumbrance or other restrictions other than the security interest and lien granted to Party B under Paragraph 2;
- (iii) upon the Transfer of any Eligible Collateral to Party B under the terms of this Agreement, Party B will have a valid and perfected security interest therein (assuming that any central clearing corporation or any third-party financial intermediary or other entity not within the control of Party A involved in the Transfer of that Eligible Collateral gives the notices and takes the action required of it under applicable law for perfection of that interest); and
- (iv) the performance by it of its obligations under this Agreement will not result in the creation of any security interest, lien or other encumbrance on any Posted Collateral other than the security interest and lien granted under Paragraph 2.

#### **Paragraph 10. Expenses**

(a) **General.** Except as otherwise provided in Paragraphs 10(b), each party will pay its own costs and expenses in connection with performing its obligations under this Agreement and neither party will be liable for any costs and expenses incurred by the other party in connection herewith.

(b) **Posted Collateral.** Party A will promptly pay when due all taxes, assessments or charges of any nature that are imposed with respect to Posted Collateral held by Party B upon becoming aware of the same.

#### **Paragraph 11. Miscellaneous**

(a) **Governing Law.** THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CHOICE OF LAW RULES.

(b) **Waiver of Jury Trial.** EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON

CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

(c) ***Trustee Rights; Collateral Support Agreement Controls.*** Section 12.12 of the Original Indenture is incorporated herein, as if set forth herein in full together with all relevant definitions set forth therein. In the event of any inconsistency or conflict between the provisions in the Original Indenture, the Indenture and this Agreement, this Agreement will prevail. Party B undertakes to perform only such duties as are expressly set forth in this Agreement, and no further duties shall be implied. Party B shall have no duty to solicit the delivery of any payment or notice that is required or permitted to be delivered pursuant to the terms of this Agreement. In the administration of this Agreement, Party B may perform any of its duties and execute any of its powers through its agents and attorneys and may consult with counsel, accountants and other skilled persons to be selected and retained by it. Party B may rely and shall be protected in acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder or under the Original Indenture or the Indenture and reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. Party B shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. Party B shall be entitled to consult with its attorneys concerning all matters involving this Agreement, and Party B shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of such attorneys. No provision of this Agreement shall require Party B to risk or expend its own funds. Provided that Party B has performed its duties that are expressly set forth in this Agreement, Party B shall not be liable for any mistake of fact or error of judgment, or for any acts or omissions of any kind, unless a court of competent jurisdiction determines that Party B's willful misconduct or gross negligence was the primary cause of loss to Party A. Party B shall not incur any liability for following any instructions or directions given to it by Party A or the County or that are contained in or expressly provided for in this Agreement. Party B shall not be liable under this Agreement or deemed in breach of or default under this Agreement if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of Party B and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(d) ***Successors and Assigns.*** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that Party B may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Party A. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(e) ***Amendments.*** This Agreement may be modified or otherwise amended, and the observance of any term of this Agreement may be waived, if such modification, amendment or waiver is in writing and signed by the parties and consented to by the County. The parties and the County agree to amend this Agreement, if necessary, to comply with any applicable law or regulation related to security for letter of credit obligations to which Party A is subject.

(f) ***Headings.*** The headings of the Sections have been inserted for convenience of reference only and shall not be deemed to constitute a part of this Agreement.

(g) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall constitute an original, but such counterparts together shall constitute but one and the same Agreement.

(h) **Default Interest.** If Party B fails to make, when due, any Transfer of Posted Collateral or the Interest Amount, Party B will be obliged to pay to Party A (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value of the items of property that were required to be Transferred, from (and including) the date that the Posted Collateral or Interest Amount was required to be Transferred to (but excluding) the date of Transfer of that Posted Collateral or Interest Amount. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(i) **Further Assurances.** Promptly following a demand made by a party, the other party will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action that may be necessary or desirable and reasonably requested by that party to create, preserve, perfect or validate any security interest or lien granted under Paragraph 2, to enable that party to exercise or enforce its rights under this Agreement with respect to Posted Collateral or an Interest Amount or to effect or document a release of a security interest on Posted Collateral or an Interest Amount.

(j) **Further Protection.** Party A will promptly give notice to Party B of, and defend against, any suit, action, proceeding or lien that involves Posted Collateral Transferred by Party A or that could adversely affect the security interest and lien granted by it under Paragraph 2.

(k) **Good Faith and Commercially Reasonable Manner.** Performance of all obligations under this Agreement, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.

(l) **Demands and Notices.** All demands and notices given by a party under this Agreement will be made as specified below:

## **Paragraph 12. Definitions**

As used in this Agreement:—

“**Available Amount**” has the meaning for such term provided in the Series 2013 Subordinate Lien Reserve Fund Letter of Credit.

“**Cash**” means the lawful currency of the United States of America.

“**Default Rate**” means the Interest Rate plus 2.00%.

“**Distributions**” means, with respect to Posted Collateral other than Cash, all principal, interest and other payments and distributions of cash or other property with respect thereto. Distributions will not include any item of property acquired by Party B upon any disposition or liquidation of Posted Collateral or, with

respect to any Posted Collateral in the form of Cash, any distributions on that collateral, unless otherwise specified herein.

**“Eligible Collateral”** means, cash or Qualified Investments (as defined in the Original Indenture).

**“ Indenture”** means that certain First Supplemental Trust Indenture dated December 1, 2013 between Jefferson County, Alabama and Wells Fargo Bank, National Association.

**“Interest Amount”** means, with respect to an Interest Period, the aggregate sum of the amounts of interest calculated for each day in that Interest Period on the principal amount of Posted Collateral in the form of Cash held by Party B on that day, determined by Party B for each such day as follows:

- (x) the amount of Cash on that day; multiplied by
- (y) the Interest Rate in effect for that day; divided by
- (z) 360.

The Interest Amount will be calculated without compounding.

**“Interest Period”** means the period from (and including) the last Local Business Day on which an Interest Amount was Transferred (or, if no Interest Amount has yet been Transferred, the Local Business Day on which Posted Collateral in the form of Cash was Transferred to or received by Party B) to (but excluding) the Local Business Day on which the current Interest Amount is to be Transferred.

**“Interest Rate”** means the per annum rate actually earned on the Posted Collateral in the form of Cash in the segregated account being used by Party B to hold Posted Collateral in the form of Cash; **provided that**, Party B shall use its best efforts to invest the Cash in Qualified Investments (as defined in the Original Indenture) so that the earnings on the Cash are at least equal to the overnight Federal Funds Rate as reported in Federal Reserve Publication H.15-519 for each day Cash is held by Party B.

**“Local Business Day,”** means a day on which commercial banks in New York City and Jefferson County, Alabama and in the city in which the corporate trust office of Party B primarily responsible for the administration of the Original Indenture are open for business.

**“Obligations”** means, with respect to Party A, the obligation of Party A to fund all properly requested draws by Party B under the Series 2013 Subordinate Lien Reserve Fund Letter of Credit up to the Available Amount of such Series 2013 Subordinate Lien Reserve Fund Letter of Credit.

**“Original Indenture”** means that certain Trust Indenture dated December 1, 2013 between Jefferson County, Alabama and Wells Fargo Bank, National Association, as trustee.

**“Posted Collateral”** means all Eligible Collateral, other property, Distributions, and all proceeds thereof that have been Transferred to or received by Party B under this Agreement and not Transferred to Party A pursuant to Paragraph 3(b), 4(d)(ii) or 6(c)(i) or released by Party B under Paragraph 8. Any Interest Amount or portion thereof not Transferred pursuant to Paragraph 6(c)(ii) will constitute Posted Collateral in the form of Cash.

**“Rating Event”** means any one of the senior long-term debt ratings of Party A fall to or below [“Baa3”] by Moody’s Investor’s Service, [“BBB-”] by Standard & Poor’s Ratings Group or [“BBB-”] by Fitch, Inc.

**“Series 2013 Subordinate Lien Reserve Fund Letter of Credit”** means that certain irrevocable letter of credit no. \_\_\_\_\_ issued by Party A and delivered to Party B as funding for the Series 2013 Subordinate Lien Reserve Fund.

**“Series 2013 Subordinate Lien Reserve Fund”** means the fund established pursuant to Section 9.6 of the Original Indenture.

**“Series 2013 Subordinate Lien Debt Service Fund”** means the fund established pursuant to Section 9.3 of the Original Indenture.

**“Substitute Collateral”** has the meaning specified in Paragraph 4(d)(i).

**“Substitution Date”** has the meaning specified in Paragraph 4(d)(ii).

**“Transfer”** means, with respect to any Eligible Collateral, Posted Collateral or Interest Amount, and in accordance with the instructions of Party A or Party B, as applicable:

- (i) in the case of Cash, payment or delivery by wire transfer into one or more bank accounts specified by the recipient;
- (ii) in the case of certificated securities that cannot be paid or delivered by book-entry, payment or delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, assignments in blank, transfer tax stamps and any other documents necessary to constitute a legally valid transfer to the recipient;
- (iii) in the case of securities that can be paid or delivered in book-entry, the giving of written instruments to the relevant depository institution or other entity specified by the recipient, together with a written copy thereof to the recipient, sufficient if complied with to result in a legally effective transfer of the relevant interest to the recipient; and

**“Valuation Time”** means the close of business on the Local Business Day before the date of calculation.

**“Value”** means for any date for which Value is calculated, with respect to:

- (i) Eligible Collateral or Posted Collateral that is:
  - (A) Cash, the amount thereof; and
  - (B) Qualified Investments, the bid price obtained by Party A or Party B, as applicable, in a commercially reasonable manner.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

WELLS FARGO BANK, NATIONAL ASSOCIATION, solely in its capacity as trustee under the Original Indenture and Indenture

By: \_\_\_\_\_  
Name:  
Title:  
Date:

By: \_\_\_\_\_  
Name:  
Title:  
Date:

ACKNOWLEDGED AND AGREED:

JEFFERSON COUNTY, ALABAMA

By: \_\_\_\_\_  
Name:  
Title:  
Date:

# **Exhibit 4**

## **Form of New Sewer Wrap Policy**



# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the



United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

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

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

# **Exhibit 5**

## **School Warrant Second Supplemental Indenture**

## SECOND SUPPLEMENTAL INDENTURE

This SECOND SUPPLEMENTAL INDENTURE (the “*Second Supplemental Indenture*”) dated as of the Effective Date of the Amended Plan (as defined below), is entered into between JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (the “*County*”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as successor to SouthTrust Bank and Wachovia Bank, National Association, in its capacity as Trustee (the “*Trustee*”).

WHEREAS, the County and the Trustee are parties to that certain Trust Indenture dated as of December 1, 2004 (the “*Original Indenture*”), as amended by that certain First Supplemental Indenture dated as of January 1, 2005 (the “*First Supplemental Indenture*,” and together with the Original Indenture, the “*Indenture*”) pursuant to which the Limited Obligation School Warrants, Series 2004-A, Series 2005-A and Series 2005-B (collectively, the “*School Warrants*”) were issued;

WHEREAS, on November 9, 2011, the County filed a petition under Chapter 9 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Alabama (the “*Bankruptcy Court*”);

WHEREAS, on June 30, 2013, the County filed its Chapter 9 Plan of Adjustment (the “*Plan*”), and on July 29, 2013, the County filed an amended version of the Plan (the “*Amended Plan*”);

WHEREAS, after notice and hearing, on [November \_\_], 2013, the Bankruptcy Court entered an order confirming the Amended Plan;

WHEREAS, the Amended Plan provides, among other things, that pursuant to section 1123(a)(5)(F) of the Bankruptcy Code, on the Effective Date of the Amended Plan the Indenture shall be modified to reflect that (a) all Events of Default occurring prior to the Effective Date of the Amended Plan shall be deemed waived and of no further force or effect, (b) all Events of Default under the Indenture due to the occurrence of certain events relating to Ambac Assurance Corporation and Ambac Financial Group Inc. shall be deemed waived and of no further force or effect, (c) to the extent the County receives or holds future excess tax proceeds, the County shall exercise its discretion and powers under the Indenture to direct the Trustee to use such excess tax proceeds to redeem the Series 2005-B School Warrants (and not the Series 2004-A or Series 2005-A School Warrants), (d) notwithstanding any provision to the contrary in the Indenture, including Section 2.1(f) of the First Supplemental Indenture, the County shall not direct the Trustee to credit any portion of the Series 2005-B School Warrants redeemed pursuant to the Excess Tax Proceeds Mandatory Redemption against the principal amount of Series 2005 Warrants scheduled for redemption under Section 2.1(f) of the First Supplemental Indenture or otherwise, and (e) prior to the first interest payment date after the Effective Date of the Amended Plan, the aggregate outstanding principal balance of the Series 2005-B School Warrants will be reduced by an amount equal to the True-Up Amount (as defined in the Amended Plan); and

WHEREAS, in order to memorialize the foregoing modifications to the terms of the Indenture, which modifications shall be effective as of the Effective Date of the Amended Plan, the County and the Trustee are entering into this Second Supplemental Indenture.

NOW, THEREFORE, this Second Supplemental Indenture witnesseth that, for and in consideration of the premises contained herein, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the School Warrants, as follows:

1. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed by the County, and all the terms, conditions and provisions thereof shall remain in full force and effect including, without limitation, the pledge made by the County in the Indenture with respect to the Education Tax Proceeds and the other moneys pledged to secure the payment of the School Warrants. This Second Supplemental Indenture shall form a part of the Indenture for all purposes, and every holder of the School Warrants heretofore or hereafter authenticated and delivered shall be bound hereby.

2. Amendments to Indenture.

(a) Section 9.1 of the Indenture is amended by adding the following at the end of the first paragraph to the subsection titled "Excess Tax Proceeds Mandatory Redemption":

For so long as any of the Series 2005-B Warrants remain outstanding, the County shall exercise its discretion and powers under this section to direct the Trustee to redeem the Series 2005-B Warrants and not the Series 2004 Warrants or the Series 2005-A Warrants, until all Series 2005-B Warrants are fully redeemed and satisfied; provided, however, that if the County has caused a remarketing or restructuring of no less than 100% of the outstanding Series 2005-B Warrants and the Initial Liquidity Facility is no longer in effect due to such remarketing or restructuring, the County shall direct the Trustee to redeem the Series 2004 Warrants or the Series 2005 Warrants at its discretion pursuant to this section.

(b) The last sentence of the second full paragraph of Section 2.1(f) of the First Supplemental Indenture is deleted in its entirety and replaced with the following:

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 and not previously claimed as a credit, other than (a) the Series 2005 Warrants redeemed pursuant to this paragraph, and (b) the Series 2005-B Warrants redeemed pursuant to the Excess Tax Proceeds Mandatory Redemption. The County shall not direct the Trustee to credit any portion of the Series 2005-B Warrants redeemed

pursuant to the Excess Tax Proceeds Mandatory Redemption against the principal amount of Series 2005 Warrants scheduled for redemption under this Section 2.1(f); provided, however, that if the County has caused a remarketing or restructuring of no less than 100% of the outstanding Series 2005-B Warrants and the Initial Liquidity Facility is no longer in effect due to such remarketing or restructuring, the County may 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 and not previously claimed as a credit, other than the Series 2005-B Warrants redeemed pursuant to this paragraph.

3. Waiver of all Past Events of Default.

(a) The County represents that, as of the date hereof, no Events of Default have occurred or are continuing other than those Events of Default waived pursuant to subsections (ii)-(iii) of Section 2.3(i) of the Amended Plan.

(b) Notwithstanding anything in the Indenture to the contrary, pursuant to the terms of the Amended Plan, and subject to the County being current on all payments due under the Indenture through the Effective Date of the Amended Plan, all Events of Default occurring prior to the Effective Date of the Amended Plan shall be deemed waived and of no further force or effect, without any further action by the County; provided, however, that nothing herein shall give rise to any argument or claim that any future occurrence or recurrence of any Events of Default that may occur under the Indenture after the Effective Date of the Amended Plan have been excused or waived. For the avoidance of doubt, pursuant to the terms of the Amended Plan, none of the following events shall constitute Events of Default under the Indenture at any point in time: (a) the pendency of a proceeding regarding the “Segregated Account” of Ambac Assurance Corporation in Wisconsin state court; (b) the pendency of a chapter 11 bankruptcy case regarding Ambac Financial Group Inc.; and (c) other than with respect to the Series 2005-B School Warrants, the subsequent filing of any bankruptcy case or proceeding under any other insolvency regime regarding either of Ambac Assurance Corporation or Ambac Financial Group Inc., including the appointment of any “orderly liquidation authority” under 12 U.S.C. §§ 5381-5394.

4. Reduction in Principal Balance of the Series 2005-B School Warrants. Notwithstanding anything in the Indenture to the contrary, pursuant to Section 2.3(i)(v) of the Amended Plan, prior to the first interest payment date following the Effective Date of the Amended Plan (i) the aggregate outstanding principal balance of the Series 2005-B School Warrants will be reduced by an amount equal to the True-Up Amount (as defined in the Amended Plan) rounded down to the nearest authorized denomination of the Series 2005-B School Warrants and (ii) the remainder of the True-Up Amount (after giving effect to the principal reduction referenced in clause (i) of this sentence) will be subtracted from the interest

otherwise payable on such interest payment date on account of the Series 2005-B School Warrants, all as more particularly described in Section 2.3(i)(v) of the Amended Plan.

5. Release of the Retained Amount. On the Effective Date, or as soon thereafter as practicable, the County will release any hold on the Retained Amount (as defined in the Amended Plan), and the Retained Amount shall thereafter be available for distribution in accordance with the provisions of the Indenture.

6. Remarketing and/or Restructuring of Series 2005-B School Warrants. If the County causes a remarketing of or restructuring of any of the outstanding Series 2005-B School Warrants under the Indenture, such remarketing or restructuring shall be for no less than 100% of such outstanding Series 2005-B School Warrants and the Initial Liquidity Facility shall be replaced or cancelled contemporaneously with the closing of such remarketing or restructuring, thereby relieving Depfa Bank PLC from its obligations to provide liquidity support with respect to the Series 2005-B School Warrants. For the avoidance of doubt, the preceding sentence is intended to prohibit the County from remarketing or restructuring a portion of the Series 2005-B Warrants and leaving the Initial Liquidity Facility in place; further, the preceding sentence is intended to require the County to remarket or restructure the Series 2005-B School Warrants on an all or none basis.

7. Miscellaneous.

(a) Defined Terms. Capitalized terms used in this Second Supplemental Indenture and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture or in the Amended Plan.

(b) Recitals. The statements set forth in the recitals in this Second Supplemental Indenture shall not be deemed made by the Trustee and the Trustee shall not be responsible for the accuracy of any statement set forth therein.

(c) Governing Law. This Second Supplemental Indenture shall be governed by the laws of the State of Alabama.

(d) Effective Date of the Amended Plan. The term “Effective Date,” as used in this Second Supplemental Indenture, shall mean the Effective Date of the Amended Plan (as defined therein).

(e) Counterparts. This Second Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Signatures received via facsimile or PDF documents shall be deemed to be originals.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, all as of the date first written above.

JEFFERSON COUNTY, ALABAMA

By: \_\_\_\_\_  
Name:  
Title:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Name:  
Title:

# **Exhibit 6**

## **Proposed form of Confirmation Order**



**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ALABAMA  
SOUTHERN DIVISION**

<b>In re:</b>	)	
	)	
<b>JEFFERSON COUNTY, ALABAMA,</b>	)	<b>Case No. 11-05736-TBB</b>
<b>a political subdivision of the State of</b>	)	
<b>Alabama,</b>	)	<b>Chapter 9</b>
	)	
<b>Debtor.</b>	)	

**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER CONFIRMING THE  
CHAPTER 9 PLAN OF ADJUSTMENT FOR JEFFERSON COUNTY, ALABAMA  
(DATED November 6, 2013)**

On November 20-\_\_\_, 2013, the Court held a hearing (the “Confirmation Hearing”) on confirmation of the *Chapter 9 Plan of Adjustment for Jefferson County, Alabama (Dated November 6, 2013)* [Docket No. 2182], which made certain modifications to the *Chapter 9 Plan of Adjustment for Jefferson County, Alabama (Dated July 29, 2013)* [Docket No. 1911] (as subsequently further supplemented, amended, or modified, including by the Plan Supplement, the “Plan”<sup>1</sup>) proposed by Jefferson County, Alabama, a political subdivision of the State of Alabama and the debtor in the above-captioned chapter 9 bankruptcy case (the “County”). The record of the Confirmation Hearing reflects all appearances that were made at the Confirmation Hearing.

The Court has reviewed and considered the following documents in connection with confirmation of the Plan:

- the Plan and the exhibits to the Plan;

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<sup>1</sup> Capitalized terms used but not otherwise defined in this Confirmation Order have the meanings ascribed to those terms in the Plan. Any term used in this Confirmation Order that is not defined in the Plan or in this Confirmation Order, but that is defined in title 11 of the United States Code (the “Bankruptcy Code”) or the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable. Except as set forth herein, the rules of interpretation and construction set forth in Section 1.2(b) of the Plan shall apply to this Confirmation Order.

- the solicitation version of the Disclosure Statement accompanying the Plan [Docket No. 1977];
- the *Order Approving: (A) the Form, Scope, and Nature of Solicitation, Balloting, Tabulation, and Notices with Respect to the “Chapter 9 Plan of Adjustment for Jefferson County, Alabama (Dated July 29, 2013)”*; and (B) *Related Confirmation Procedures, Deadlines, and Notices* [Docket No. 1975] (the “Plan Procedures Order”);
- the *Notice of (I) Approval of Disclosure Statement, (II) Confirmation Hearing on Chapter 9 Plan of Adjustment, and (III) Procedures and Deadlines Regarding Confirmation of the Plan* [Docket No. 1979] (the “Confirmation Hearing Notice”);
- the *Affidavit of Service* of Gil Hopenstand [Docket No. 2050 and the unredacted version filed with the Court under seal] and the *Affidavit of Service* of David Hartie [Docket No. 2055] (together, the “Solicitation Affidavits”);
- the *Affidavit of Publication re Notice of Confirmation Hearing on Chapter 9 Plan of Adjustment in The Wall Street Journal, The Bond Buyer and The Birmingham News* [Docket No. 2051] (the “Publication Affidavit”);
- the *Affidavit of Service* of Karen M. Wagner [Docket No. 2056 and the unredacted version filed with the Court under seal] (the “Ratepayer Notice Affidavit”), including the form of notice attached thereto as **Exhibit D** (the “Ratepayer Notice”);
- the *Affidavit of Service* of David Hartie describing certain service effected by Broadridge Financial Solutions, Inc., including the affidavits of mailing attached thereto [Docket No. 2167] (collectively, the “Institutional Nominees’ Affidavit”);
- the *Plan Supplement* dated September 30, 2013, and all amendments, modifications, and supplements of all documents and agreements filed as part of

the Plan Supplement (including all exhibits and attachments thereto and documents referred to in such documents) prior to the date hereof, including in the *Amended Plan Supplement* dated November 14, 2013 [Docket Nos. 2101 & •] (collectively, the “Plan Supplement”);

- the *Motion for Approval Pursuant to the Confirmation Order of Compromises and Settlements and Related Relief with Respect to the Chapter 9 Plan of Adjustment for Jefferson County, Alabama* [Docket No. 2183] (the “Plan Settlements Motion”);
- the *Notice of Plan Modifications and Hearing Thereon* and the exhibits thereto [Docket No. 2184];
- the *Certification of David Hartie with Respect to the Tabulation of Votes on and Commutation Elections with Respect to the Chapter 9 Plan of Adjustment for Jefferson County, Alabama (Dated July 29, 2013)* [Docket No. 2200] and the *Certification of Gil Hopenstand with Respect to the Tabulation of Votes on the Chapter 9 Plan of Adjustment for Jefferson County, Alabama (Dated July 29, 2013)* [Docket No. 2201] (together, the “Balloting Declarations”), including the accompanying exhibits and tabulation summaries contained therein (together, the “Plan Ballot Summary”);
- all objections to confirmation of the Plan, including: (1) the *Ratepayer/Creditors Objection to Plan of Adjustment (the “Plan”)* [Docket No. 1920]; (2) the *Ratepayer/Creditors’ Supplement and Amendment to Objections Filed July 30, 2013, to Chapter 9 Plan of Adjustment for Jefferson County, Alabama* [Docket No. 2132]; (3) the *Objection to Chapter 9 Plan of Adjustment for Jefferson County, Alabama*, and subsequent *Amended & Supplemented In Toto Objection to Chapter 9 Plan of Adjustment for Jefferson County, Alabama* [Docket Nos. 2110 & 2112]; (4) the *Claimant Charlotte Breece’s & Lillie Starks’ Objection to*

*Chapter 9 Plan of Adjustment for Jefferson County, Alabama* [Docket No. 2116]; (5) a letter objection filed by Betty J. Rodman [Docket No. 2123]; (6) the *Objections to the Plan* filed by Frances E. Weems [Docket No. 2124]; and (7) the letter objection filed by Ms. Lucille Crawford [Docket No. 2129];

- the *Omnibus Reply Brief in Support of Plan Confirmation* [Docket No. 2203];
- all other pleadings, briefs, documents, exhibits, and evidence submitted or adduced before or at the Confirmation Hearing;
- the record in the Case; and
- the statements, arguments, objections, and representations of counsel at the Confirmation Hearing and the entire record of the Confirmation Hearing.

#### **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

After sufficient notice and opportunity for all parties to be heard, and after due deliberation, based on the Court's thorough review and full consideration of the foregoing materials, and good and sufficient cause appearing therefor, the Court makes the following findings of fact and conclusions of law. Any finding of fact constitutes a finding of fact even if it is stated as a conclusion of law, and any conclusion of law constitutes a conclusion of law even if it is stated as a finding of fact. All findings of fact and conclusions of law announced by the Court on the record in connection with confirmation of the Plan or otherwise at the Confirmation Hearing are incorporated herein by reference.<sup>2</sup> The findings and conclusions set forth herein and in the record of the Confirmation Hearing constitute the Court's findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, as made applicable herein by Bankruptcy Rules 7052 and 9014.

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<sup>2</sup> The findings of fact and conclusions of law set forth herein and announced on the record during the Confirmation Hearing shall be construed in a manner consistent with each other so as to effect the purpose of each; *provided, however*, that if there is any direct conflict that cannot be reconciled, then, solely to the extent of such conflict, the provisions of this Confirmation Order shall govern and shall control and take precedence over any findings of fact or conclusions of law announced on the record at the Confirmation Hearing.

A. Venue and Jurisdiction. The Court has jurisdiction over the Case and confirmation of the Plan pursuant to 28 U.S.C. §§ 157 and 1334 and pursuant to the general order of reference entered by the United States District Court for the Northern District of Alabama on July 16, 1984 (as subsequently amended). Venue of the Case in the Court was proper as of the Petition Date pursuant to 28 U.S.C. §§ 1408 and 1409 and continues to be proper during the Case. Confirmation of the Plan and approval of the compromises and settlements incorporated therein are core bankruptcy proceedings pursuant to 28 U.S.C. § 157(b)(2)(L). The Court has exclusive jurisdiction to determine whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be confirmed, and the Court has the constitutional power and authority to enter a final order with respect thereto.

B. Eligibility to be a Debtor. The County was and is an entity eligible to be a chapter 9 debtor under Bankruptcy Code section 109(c). *See In re Jefferson County*, 469 B.R. 92 (Bankr. N.D. Ala. 2012).

C. Judicial Notice. The Court takes judicial notice of the docket of the Case and all related adversary proceedings and appeals maintained by the clerk of the applicable court or its duly appointed agent, including all pleadings and other documents on file, all orders and memorandum opinions entered, all hearing transcripts, and all evidence and arguments made, proffered, submitted, or adduced at the hearings held before the applicable court during the pendency of the Case, including the hearing to consider the adequacy of the Disclosure Statement and the Confirmation Hearing.

D. Burden of Proof. The County, as proponent of the Plan, has the burden of proving that the requirements for confirmation set forth in Bankruptcy Code section 943(b) have been satisfied by a preponderance of the evidence. As more fully set forth in this Confirmation Order and in the record of the Confirmation Hearing, the County has met that burden. Additionally, as more fully set forth in this Confirmation Order and in the record of the Confirmation Hearing, the County has met its burden with respect to approval of the compromises and settlements

incorporated into the Plan pursuant to Bankruptcy Code sections 105(a) and 1123(b), Bankruptcy Rule 9019(a), and other applicable law.

E. Notice and Due Process. The Plan Procedures Order (1) established the procedures (a) for voting on the Plan, (b) for the solicitation and tabulation of votes with respect to the Plan, and (c) with respect to the Commutation Election and, in the case of those holders, as of the Ballot Record Date, of Class 1-A Claims with respect to the Series 2003-C-9 Through C-10 Sewer Warrants that are deemed to have made the Commutation Election (the “Deemed Commuting Holders”), the opportunity to rescind such deemed Commutation Election; and (2) approved the form of ballots, master ballots, and election documentation. The County thereafter provided due, adequate, and sufficient notice of the Plan and the exhibits thereto, the Confirmation Hearing, the time fixed for returning ballots, and the time fixed for filing objections to Plan confirmation by disseminating the Confirmation Hearing Notice and the Solicitation Packages and by otherwise complying with the “Solicitation Procedures” approved in the Plan Procedures Order as more fully set forth in the declarations of service filed in the Case, including the Publication Affidavit, the Solicitation Affidavits, the Institutional Nominees’ Affidavit, and the Balloting Declarations. Service of the Confirmation Hearing Notice and the Solicitation Packages provided reasonable and adequate notice of these matters, provided Creditors with a reasonable period of time in which to make an informed decision whether to accept or reject the Plan and whether to make or not make the Commutation Election (and, in the case of the Deemed Commuting Holders, whether to rescind such deemed Commutation Election) and complied in all regards with the requirements of the due process clause of the Fifth Amendment to the United States Constitution and, to the extent applicable, with the requirements of the due process clause of the Fourteenth Amendment to the United States Constitution. Service of the Confirmation Hearing Notice and the Solicitation Packages also complied with the applicable provisions of (i) the Bankruptcy Code; (ii) the Bankruptcy Rules, including Bankruptcy Rules 2002, 3017, 3018, and 3020; and (iii) the rules and orders of the Court,

including the Plan Procedures Order. Additionally, the County published notice of the Confirmation Hearing in each of *The Birmingham News*, *The Bond Buyer*, and *The Wall Street Journal*, in accordance with the Plan Procedures Order, which publication notice (x) constituted due, adequate, and sufficient notice of the contents of the Confirmation Hearing Notice and the Solicitation Packages on all claimants and other parties whose identity is neither known to nor reasonably ascertainable by the County and on any other claimants or other parties that did not otherwise receive the Solicitation Package, the Confirmation Hearing Notice, or the Ratepayer Notice; and (y) complied with the requirements of the due process clause of the Fifth Amendment to the United States Constitution and, to the extent applicable, with the requirements of the due process clause of the Fourteenth Amendment to the United States Constitution. Furthermore, as set forth in the Ratepayer Notice Affidavit, the County served the Ratepayer Notice on all known ratepayers and users of the Sewer System, which individualized notice (A) constituted due, adequate, and sufficient actual written notice of the Plan, the opportunity to object to the Plan, the opportunity to be heard at the Confirmation Hearing, and the other contents of the Ratepayer Notice on all ratepayers and users of the Sewer System and each of them; and (B) complied with the requirements of the due process clause of the Fifth Amendment to the United States Constitution and, to the extent applicable, with the requirements of the due process clause of the Fourteenth Amendment to the United States Constitution. No other or further notice is necessary or shall be required.

F. Good Faith Solicitation, Voting, and Tabulation. Based on the record in the Case: (1) the solicitation of acceptances of the Plan and the Commutation Election was made in good faith and in compliance with the Plan Procedures Order, all applicable provisions of the Bankruptcy Rules (including Bankruptcy Rules 3017 and 3018), all applicable provisions of the Bankruptcy Code (including sections 1125 and 1126), and all other applicable laws, rules, and regulations; and (2) the County, all the Plan Support Parties, the Sewer Warrant Trustee, the School Warrant Trustee, the FGIC Rehabilitator, and all their respective Related Parties have

acted in “good faith” within the meaning of Bankruptcy Code section 1125(e) and the Bankruptcy Rules in connection with their respective activities relating to the solicitation of acceptances of the Plan and the Commutation Election and their participation in the activities described in Bankruptcy Code section 1125. Accordingly, all such Persons are entitled to the protections afforded by Bankruptcy Code section 1125(e) and the exculpation provisions set forth in Section 5.1 of the Plan. As more fully set forth in the Solicitation Affidavits, the Institutional Nominees’ Affidavit, and the Balloting Declarations, all procedures used to distribute solicitation materials to Creditors and to tabulate the ballots, master ballots, Commutation Elections, and, in the case of the Deemed Commuting Holders, rescissions of deemed Commutation Elections with respect to the Plan were fair, reasonable, utilized and applied in good faith, conducted in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Plan Procedures Order, and all other applicable rules, laws, and regulations, and complied with the requirements of the due process clause of the Fifth Amendment to the United States Constitution and, to the extent applicable, with the requirements of the due process clause of the Fourteenth Amendment to the United States Constitution.

G. Acceptances of the Plan. As evidenced by the Plan Ballot Summary, each of Classes 1-A, 1-B, 1-C, 1-D, 2-A, 2-B, 2-C, 5-A, 5-D, 5-E, 6, and 7 has accepted the Plan within the meaning of Bankruptcy Code section 1126(c). Each of Classes 3-A, 3-B, 4, 5-B, 5-C, and 8 is not Impaired under the Plan and conclusively is deemed to accept the Plan pursuant to Bankruptcy Code section 1126(f). Each of Classes 1-E, 1-F, and 9 is a class of subordinated Claims that will neither receive nor retain any property under the Plan on account of such Claims and thus is deemed to reject the Plan pursuant to Bankruptcy Code section 1126(g). Because no votes were cast by the single holder of Claims in Classes 2-D and 2-E, the Court treats those two Classes as Classes that have not accepted the Plan. As set forth below, the Plan is confirmable under Bankruptcy Code section 1129(b) with respect to those Classes that are deemed to reject or have otherwise not accepted the Plan.



H. Consent Under Section 904. Pursuant to and for purposes of Bankruptcy Code section 904, the County consents to entry of this Confirmation Order on the terms and conditions set forth herein and to entry of any further orders as necessary or required to implement or enforce the provisions of the Plan, this Confirmation Order, and any and all related transactions.

I. Compromises and Settlements Embodied in the Plan are Fair, Equitable, Reasonable, and in the Best Interests of the County, Creditors, and Other Persons. The Plan is the result of extensive arms' length negotiations among the County and its significant Creditor constituencies, including the Plan Support Parties, each of which was represented by sophisticated counsel, and the compromises and settlements among the County and various Creditors form the very foundation of the Plan. In the absence of such compromises and settlements, the County's emergence from chapter 9 would likely be significantly delayed by currently stayed and other litigation and burdened by additional expense, which could impair the ability of the County to successfully adjust its debts, thereby prejudicing the recovery for all Creditors and raising uncertainties about the County's future economic condition. Each of the compromises and settlements incorporated into the Plan (a) is made in good faith, furthers the policies and purposes of chapter 9, is fair, equitable, and reasonable; (b) is in the best interests of the County, all Creditors, and all other affected Persons with respect to the Claims, Causes of Action, and other matters resolved by such compromises and settlements; (c) is within the range of reasonable results if the issues were litigated; (d) falls above the lowest point in the range of reasonableness; and (e) meets the standards for approval under Bankruptcy Code sections 105(a) and 1123(b), Bankruptcy Rule 9019(a), and other applicable law. The Plan is supported by all of the Plan Support Parties (including all parties to all pending litigation among the County and the Sewer Plan Support Parties) who hold, among other indebtedness of the County, more than 85% of the outstanding Sewer Warrants and, with respect to the Sewer Warrant Insurers, who insure through their Sewer Wrap Policies and their Sewer DSRF Policies substantially all of the outstanding Sewer Warrants. In addition, the Sewer Warrant Trustee does not object to the Plan,

including the compromises and settlements incorporated therein. Further, the Plan will fairly and consensually resolve six adversary proceedings pending in the Court, two appeals pending in the Eleventh Circuit Court of Appeals, and three state court actions (two pending in New York, one pending in Alabama), each of which raises difficult and complex issues. The Plan thus incorporates a complex series of interrelated compromises and settlements that resolve the most significant potential obstacle to confirmation of a plan of adjustment. Moreover, since the compromises and settlements are inextricably interwoven, they all hinge on one another and the approval of all of these compromises and settlements is required in order to satisfy the conditions to the Effective Date set forth in the Plan. Each of these findings and conclusions supports the relief requested in the Plan Settlements Motion. Without limiting the generality of the foregoing, the Court finds and concludes that:

1. The Plan incorporates and is expressly conditioned upon the approval and effectiveness of a comprehensive compromise and settlement by and among the County and the Sewer Plan Support Parties of numerous issues and disputes related to the Sewer System, the Sewer Released Claims, and the allowance and treatment of the Sewer Debt Claims. As of the Effective Date, the Plan represents a full, final, and complete compromise, settlement, release, and resolution of, among other matters, all disputes and pending or potential litigation (including any appeals) regarding the following: (a) the allowability, amount, priority, and treatment of the Sewer Debt Claims; (b) the validity or enforceability of the Sewer Warrants; (c) the valuation of the Sewer System and of the stream of net sewer revenues pledged under the Sewer Warrant Indenture; (d) the appropriate rates that have been or can be charged to users of the Sewer System; (e) any Causes of Action or Avoidance Actions that the County has asserted or could potentially assert against the JPMorgan Parties or against other of the Sewer Plan Support Parties, including any subordination claims (including equitable subordination claims and statutory subordination claims) relating to any Sewer Debt Claims held by any of the

Sewer Plan Support Parties; (f) the Sewer Released Claims that (i) some of the Sewer Plan Support Parties have asserted or (ii) the Sewer Plan Support Parties could potentially assert against other Sewer Plan Support Parties, including, in each case, any subordination claims (including equitable subordination claims and statutory subordination claims) relating to any Sewer Debt Claims held by any of the Sewer Plan Support Parties; (g) how the Sewer Warrant Trustee has applied revenues of the Sewer System to payment of certain Sewer Debt Claims both before and during the Case, including any Causes of Action related to the reapplication to principal of any interest payments made on the Sewer Warrants during the Case or reallocation of any payments made on the Sewer Warrants both before and during the Case among the holders of various series and subseries of Sewer Warrants; (h) the various issues raised by the Declaratory Judgment Action; (i) the scope and extent of any liens or other property rights under the Sewer Warrant Indenture; (j) whether, and the extent to which, the County may recover from Sewer System revenues amounts actually incurred or previously paid by the County on account of professional fees prior to and during the Case; (k) the allowance and amount of any Bank Warrant Default Interest Claims; (l) the priority of the LBSF Periodic Payment Claim, the various issues raised by the LBSF Periodic Payment Claim, and the Sewer Warrant Trustee's treatment of and obligations with respect to that Claim; (m) the various issues raised by the Receivership Actions; and (n) other historical and potential issues associated with the Sewer System and its financing. The compromise and settlement of these myriad, highly complex issues under the Plan – including any and all Sewer Released Claims that have been or could be asserted by the Sewer Released Parties against the other Sewer Released Parties and their respective Related Parties – is made in good faith, is fair, equitable, and reasonable, and is in the best interests of the County, ratepayers and users of the Sewer System, and all Creditors. Absent this comprehensive compromise and settlement, the County and the

Sewer Plan Support Parties would devote very substantial time and resources litigating numerous, complex, difficult, and uncertain issues of law and fact resolved by the Plan. Litigation of such issues would be expensive, time-consuming, and risky, and any attempt to confirm a plan of adjustment without compromises and settlements of such issues likely would result in significant confirmation objections and a highly contested confirmation hearing, significant delay in obtaining confirmation of a plan of adjustment, erosion of distributions to Creditors (potentially in a material amount), and uncertainty as to the County's future economic condition. The detrimental effects to the County and its Creditors of further delay in confirmation and consummation of a plan of adjustment could be significant. The comprehensive compromise and settlement by and among the County and the Sewer Plan Support Parties incorporated into the Plan is fair, equitable, and within the range of reasonable results if the issues were litigated, falls above the lowest point in the range of reasonableness, and meets the standards for approval under Bankruptcy Code sections 105(a) and 1123(b), Bankruptcy Rule 9019(a), and other applicable law.

2. Notwithstanding the general treatment afforded to holders of Allowed Class 1-A Claims and Allowed Class 1-B Claims, as part of the global settlement among the County, the JPMorgan Parties, and the other Sewer Plan Support Parties, the JPMorgan Parties have agreed, subject to the terms and conditions set forth in the Plan and the Sewer Plan Support Agreements, to make the Commutation Election with respect to all Sewer Warrants held by the JPMorgan Parties (but without receiving the higher recovery being made available to all other holders of Sewer Warrants that make or are deemed to make the Commutation Election), to provide the Reserve Fund LOC, and to reallocate to the other holders of Allowed Class 1-A Claims and Allowed Class 1-B Claims a substantial portion of the JPMorgan Parties' Pro Rata share of the Distribution made to holders of Allowed Class 1-A Claims and Allowed Class 1-B Claims, thereby

increasing the recovery received by all other holders of Allowed Class 1-A Claims and Allowed Class 1-B Claims on account of such Claims and reducing the amount of Sewer System indebtedness following the County's emergence from chapter 9. As a result of such reallocation by the JPMorgan Parties and the contributions by the Sewer Warrant Insurers detailed below, each holder of an Allowed Class 1-A Claim or an Allowed Class 1-B Claim (other than the JPMorgan Parties) will receive, in full settlement, satisfaction, release, and exchange of such holder's Claims, a Distribution of Cash from Refinancing Proceeds and other sources of Cash in one of the two amounts specified in Option 1 and Option 2 of Sections 2.3(a) and 2.3(b) of the Plan. Such Distribution is higher than each such holder's Pro Rata share of the Distribution made to all holders of Allowed Class 1-A Claims and Allowed Class 1-B Claims as a result of (a) the reallocation of Plan consideration from the JPMorgan Parties to other holders of Allowed Class 1-A Claims and Allowed Class 1-B Claims; and (b) the consideration provided by the Sewer Warrant Insurers (1) settling and releasing any and all of their Sewer Released Claims against the County and the JPMorgan Parties pursuant to the Plan, (2) agreeing to receive an aggregate Pro Rata Distribution on account of their Allowed Sewer Warrant Insurer Claims that is less than the Pro Rata share of the Distribution received by the holders of Allowed Class 1-A Claims and Allowed Class 1-B Claims, and (3) allowing their Pro Rata share of such reallocated consideration from the JPMorgan Parties to be made available to the holders of Allowed Class 1-A Claims and Allowed Class 1-B Claims on account of such Claims. The sources of the incremental recovery to those holders of Allowed Class 1-A Claims and Allowed Class 1-B Claims that make the Commutation Election will be from (a) the reallocation of Plan consideration that otherwise would have been distributed to the JPMorgan Parties; and (b) consideration provided by the Sewer Warrant Insurers (1) settling and releasing any and all of their Sewer Released Claims against the County and the JPMorgan Parties pursuant to the Plan, (2) agreeing to receive

an aggregate Pro Rata Distribution on account of their Allowed Sewer Warrant Insurer Claims that is less than the Pro Rata share of the Distribution received by the holders of Allowed Class 1-A Claims and Allowed Class 1-B Claims, and (3) allowing their Pro Rata share of such reallocated consideration from the JPMorgan Parties to be made available to the holders of Allowed Class 1-A Claims and Allowed Class 1-B Claims that make the Commutation Election on account of such Claims. The source of the Non-Commutation True-Up Amount and the Covered Tail Risk to be paid to the Sewer Warrant Insurers pursuant to Section 2.3(c) of the Plan shall also be from the reallocation of Plan consideration that otherwise would have been distributed to the JPMorgan Parties. In addition to the waiver of swap termination claims totaling approximately \$650 million and the receipt by the County of approximately \$75 million in connection with or pursuant to undertakings referenced in the JPMorgan SEC Settlement, the JPMorgan Parties (including JPMorgan Chase Bank, N.A. in its capacity as one of the GO Banks) have made concessions pursuant to and in furtherance of the Plan as part of the global settlement incorporated into the Plan, including by agreeing to waive various Claims on account of interest and fees and indemnity Claims and general obligation Claims and to also accept up to approximately \$945 million less than the Adjusted Sewer Warrant Principal Amount of Sewer Warrants held by the JPMorgan Parties. In the aggregate, the above-described waivers, payments, and concessions exceed \$1.5 billion and could exceed \$1.6 billion. Furthermore, the JPMorgan Parties provided additional value through the issuance of the Reserve Fund LOC, which materially reduces the financing costs associated with the New Sewer Warrants. Accordingly, without giving effect to the Reserve Fund LOC and after giving effect to the concessions and reallocations described above and the Supporting Sewer Warrantholder Directed Distribution described below, but subject to the potential receipt of Excess Refinancing Proceeds pursuant to Section 4.19 of the Plan, the JPMorgan Parties will receive, on the Effective Date, Cash in the

amount of \$273 million, which is approximately 22% of the Adjusted Sewer Warrant Principal Amount of Sewer Warrants held by the JPMorgan Parties (approximately \$1.218 billion), plus a Distribution of Cash on account of any applicable Reinstated Sewer Warrant Interest Payments in accordance with Section 4.6(a) of the Plan in full, final, and complete settlement, satisfaction, release and discharge of all Sewer Debt Claims and Sewer Released Claims held by the JPMorgan Parties. The compromise and settlement under the Plan of these Claims held by the JPMorgan Parties and any and all Sewer Released Claims that have been or could be asserted against the JPMorgan Parties is made in good faith, is fair, equitable, and reasonable, and is in the best interests of the County, ratepayers and users of the Sewer System, and all Creditors. Absent this compromise and settlement, the County, the JPMorgan Parties, the Sewer Warrant Insurers, and other parties would otherwise devote substantial time and resources to litigating the issues resolved by the Plan and potentially materially delay the resolution of the Case. Obtaining final resolution of such complex and protracted litigation would be prolonged and costly, the ultimate results would be uncertain, recoveries to Creditors could be materially reduced, and the County's future economic condition could be adversely affected. The compromise and settlement by and among the County, the JPMorgan Parties, the Sewer Warrant Insurers, and other Plan Support Parties incorporated into the Plan is the product of good faith and arms' length negotiations, is in the best interests of the County, ratepayers and users of the Sewer System, and all Creditors, is within the range of reasonable results if the issues were litigated, falls above the lowest point in the range of reasonableness, and meets the standards for approval under Bankruptcy Code sections 105(a) and 1123(b), Bankruptcy Rule 9019(a), and other applicable law. As set forth above, these compromises and settlements are supported by the County, the Sewer Plan Support Parties, and the Sewer Warrant Trustee. These substantial concessions and consideration provided by the JPMorgan Parties and the

Sewer Warrant Insurers justify the releases provided to such parties by the County, the Sewer Released Parties, and other releasing parties under the Plan.

3. As part of the global settlement among the County and the Sewer Plan Support Parties, the Plan provides for the JPMorgan Parties to make the Supporting Sewer Warrantholder Directed Distribution. In order to implement the Sewer Warrantholder Directed Distribution, the JPMorgan Parties have agreed, subject to the terms and conditions set forth in the Plan and in the Supporting Sewer Warrantholder Plan Support Agreement, to reallocate and distribute to each Supporting Sewer Warrantholder a portion of the JPMorgan Parties' Cash recovery under the Plan, after giving effect to all other compromises and settlements incorporated into the Plan. Such Supporting Sewer Warrantholder Directed Distribution is an integral part of the comprehensive agreement among the County, the JPMorgan Parties, the Sewer Warrant Insurers, and the Supporting Sewer Warrantholders – including those agreements on the part of the Supporting Sewer Warrantholders set forth in Section 5 of the Supporting Sewer Warrantholder Plan Support Agreement to make the Commutation Election, to cooperate in the implementation of the Litigation Standstill (as defined in the Supporting Sewer Warrantholder Plan Support Agreement), and to bind any transferees in respect of such matters by complying with the restrictions on transfer of their Sewer Warrants, in each case as and to the extent set forth in the Supporting Sewer Warrantholder Plan Support Agreement – in order to facilitate the various settlements to be implemented pursuant to the Plan and the occurrence of the Effective Date, and is essential to the Plan. The making of the Supporting Sewer Warrantholder Directed Distribution as part of the global settlement among the County and the Sewer Plan Support Parties is the product of good faith and arms' length negotiations, is in the best interests of the County, ratepayers and users of the Sewer System, and all Creditors, falls above the lowest point in the range



of reasonableness, and meets the standards for approval under Bankruptcy Code sections 105(a) and 1123(b), Bankruptcy Rule 9019(a), and other applicable law.

4. As part of the global settlement among the County and the Sewer Plan Support Parties, the Plan provides that the County will pay \$1,250,000.00 to LBSF in full, final, and complete settlement, satisfaction, release, and exchange of the LBSF Periodic Payment Claim. The compromise and settlement for approximately 75% of the asserted LBSF Periodic Payment Claim is the product of good faith and arms' length negotiations, is in the best interests of the County, ratepayers and users of the Sewer System, and all Creditors, is within the range of reasonable results if the issues were litigated, falls above the lowest point in the range of reasonableness, and meets the standards for approval under Bankruptcy Code sections 105(a) and 1123(b), Bankruptcy Rule 9019(a), and other applicable law.

5. Although the global settlement contained in the July 29, 2013 version of the Plan would be within the range of reasonable results if the issues were litigated, would fall above the lowest point in the range of reasonableness, and would satisfy the standards for approval under Bankruptcy Code sections 105(a) and 1123(b), Bankruptcy Rule 9019(a), and other applicable law, certain of the Sewer Plan Support Parties made additional concessions or otherwise provided forms of credit support or enhancement regarding the New Sewer Warrants (including the provision of the New Sewer Wrap Policy and delivery of the Reserve Fund LOC and the other Reserve Fund LOC Agreements), yielding further value of up to \$300 million in the aggregate (subject to potential recoupment of any excess concessions through the payment of Excess Refinancing Proceeds under Section 4.19 of the Plan) as part of the final version of the Plan. These additional concessions and forms of credit support or enhancement were made as a result of further good faith, arms' length negotiations among the County and the affected Sewer Plan Support Parties. These additional concessions and forms of

credit support or enhancement are material, significant, and remove any possible doubt about the fairness of the Plan and the settlements incorporated into the Plan, the scope and depth of concessions made by the Sewer Plan Support Parties, and the ready satisfaction of the standards for approval of the Plan, including under Bankruptcy Code sections 105(a) and 1123(b), Bankruptcy Rule 9019(a), and other applicable law.

6. The Plan incorporates a compromise and settlement among the County, the GO Banks, and the GO Warrant Trustee regarding the withdrawal and release of substantial Claims on account of default rate interest, the GO Banks' fees and expenses, postpetition interest, and, in the case of JPMorgan Chase Bank, N.A., the GO Swap Agreement Claims. In the case of JPMorgan Chase Bank, N.A., this compromise and settlement is also part of the global settlement between the County and the JPMorgan Parties incorporated into the Plan. The compromise and settlement of these Claims under the Plan is made in good faith, is fair, equitable, and reasonable, and is in the best interests of the County, all Creditors, and all other affected Persons. Absent this compromise and settlement, the County, the GO Banks, and the GO Warrant Trustee would likely devote time and resources litigating the issues resolved by the Plan. The compromise and settlement by and among the County, the GO Banks, and the GO Warrant Trustee incorporated into the Plan is the product of good faith and arms' length negotiations, is in the best interests of the County and all Creditors, is within the range of reasonable results if the issues were litigated, falls above the lowest point in the range of reasonableness, and meets the standards for approval under Bankruptcy Code sections 105(a) and 1123(b), Bankruptcy Rule 9019(a), and other applicable law. The concessions and consideration provided by the GO Banks, with the support of the GO Warrant Trustee, justify the releases provided to such parties by the County, the GO Released Parties, and other releasing parties under the Plan.

7. The Plan incorporates a compromise and settlement between the County and National regarding various issues that could be raised and litigated with respect to the GO Policy Claims and the treatment of the Series 2003-A GO Claims and Series 2004-A GO Claims arising from the Series 2003-A GO Warrants and the Series 2004-A GO Warrants insured by National. The compromise and settlement of the GO Policy Claims under the Plan is made in good faith, is fair, equitable, and reasonable, and is in the best interests of the County, all Creditors, and all other affected Persons. Without limitation, the Plan resolves complex disputes that could arise regarding the allowance, priority, and timing of payment of different components of the GO Policy Claims, including a substantial compromise by National with respect to the National Fees and Expenses Claims and the National Reimbursement Claims. The compromise and settlement by and between the County and National incorporated into the Plan is the product of good faith and arms' length negotiations, is in the best interests of the County and all Creditors, is within the range of reasonable results if the issues were litigated, falls above the lowest point in the range of reasonableness, and meets the standards for approval under Bankruptcy Code sections 105(a) and 1123(b), Bankruptcy Rule 9019(a), and other applicable law. The concessions and consideration provided by National justify the releases provided to it by the County, the GO Released Parties, and other releasing parties under the Plan.

8. As part of the global settlement among the County and the Sewer Plan Support Parties and with the goal of permanently resolving all sewer-debt-related issues that arose prior to the filing of or during the Case, the County has agreed to release all Sewer Released Claims that belong to or could be asserted by or on behalf of the County, has agreed to recognize the validity of the Sewer Debt Claims that are Allowed under the Plan, and in exchange has obtained substantial concessions and consideration from the Sewer Released Parties. The aggregate effect of the comprehensive compromises,

settlements, and other provisions of the Plan is (a) for each Sewer Released Party to waive and release all other Sewer Released Parties and their respective Related Parties from any and all Sewer Released Claims, and (b) to resolve and dismiss with prejudice any pending litigation (including pending appeals) commenced by the County or any of the Sewer Plan Support Parties against the County or any of the Sewer Plan Support Parties, as well as to settle and release all Causes of Action purportedly asserted, or that could be asserted, in the Wilson Action and the Bennett Action (collectively with any other claim or Cause of Action that a third party could assert against any of the Sewer Released Parties on behalf of the County, "Ratepayer Claims") because those Ratepayer Claims constitute and are encompassed within the Sewer Released Claims that are resolved and forever released by the Plan. Separately and to the extent that the Ratepayer Claims are not Sewer Released Claims, the comprehensive compromises, settlements, and other provisions of the Plan operate both to remediate the harm that would give rise to any claim for damages in the Wilson Action or the Bennett Action (which are duplicative or derivative of the damages associated with Sewer Released Claims belonging to the County that are released, compromised, and settled pursuant to the Plan) and to moot the Wilson Action and the Bennett Action.

9. The Court also finds that the allowance of the Claims in Class 1-A, Class 1-B, Class 1-C, and Class 1-D under the Plan, along with the treatment of those Allowed Claims under the Plan, (a) shall on the Effective Date moot any pending Causes of Action challenging the validity or enforceability of the Sewer Warrants or the issuance thereof, payments of principal and interest made in respect of the Sewer Warrants, or any Sewer System rates or charges established or collected by the County in connection with the issuance or the payment of debt service in respect of the Sewer Warrants, or seeking the return of any payment made by the County in connection with the Sewer Warrants or any financing or other transaction regarding the Sewer System; and (b) shall not be subject to

any collateral attack or other challenge by any Person in any court or other forum from and after the Effective Date. The Court also finds that the impact of the Plan, pursuant to which the Claims in respect of the Sewer Warrants are allowed and treated, and pursuant to which the Sewer System's indebtedness will be reduced by more than \$1.4 billion (from approximately \$3.2 billion of principal and interest outstanding as of the Petition Date to approximately \$1.74 billion of principal as of the Effective Date), moots the relief requested in the Ratepayer Claims purportedly asserted in the Wilson Action and the Bennett Action. Indeed, counsel for the plaintiffs in both the Wilson Action and the Bennett Action have conceded that the purpose of their respective lawsuits is to attack the amount of the County's indebtedness associated with the Sewer System, which is an issue that the County is properly compromising, settling, and resolving pursuant to the Plan.

10. Without limitation of the foregoing, the Sewer Released Claims include all Claims or Causes of Action arising from or related to, among other things, alleged acts of fraud or corruption by the Sewer Released Parties, and each of them, in connection with, among other things, the County, the Sewer System, the issuance of the County's sewer debt, and investment in the Sewer System. The consideration provided between and among the Sewer Released Parties under the Plan to fully, finally, and completely compromise, settle, and resolve the Sewer Released Claims is within the range of reasonable results if the issues were litigated, falls above the lowest point in the range of reasonableness, and meets the standards for approval under Bankruptcy Code sections 105(a) and 1123(b), Bankruptcy Rule 9019(a), and other applicable law. Because the Plan compromises, settles, and resolves all disputed matters concerning the costs associated with the allegations of fraud and corruption, allegations of past acts, including acts of fraud and corruption, are not a basis for any Person to challenge the validity of the Sewer Warrants, any payments made in connection with the Sewer Warrants, or the reasonableness of the County's sewer rates under applicable law from and after the

Effective Date. The effective resolution of all Sewer Released Claims (including the Ratepayer Claims) through the Plan is within the County's powers under the Bankruptcy Code and applicable nonbankruptcy law, is fair, equitable, reasonable, and appropriate, and is in the best interests of the County, all Creditors, and all other affected Persons (including, to the extent applicable, the plaintiffs in the Wilson Action and the plaintiffs in the Bennett Action).

11. In summary, the Ratepayer Claims asserted in the Wilson Action and the Bennett Action, to the extent they have any validity at all (*but see* Paragraph J below), are Causes of Action that rightfully belong to and can be brought and settled only by or on behalf of the County. Such Ratepayer Claims effectively seek to either have monies returned to the County or obtain declarations concerning the County's liabilities or lack thereof. The settlements, compromises, and validations contained in the Plan, including the validation and allowance of the Sewer Debt Claims, the amount of the New Sewer Warrants issued, and the validation of the Approved Rate Structure, will (a) render the portion of the Wilson Action pending as an adversary proceeding in this Court and the remaining count of the Wilson Action pending in state court moot or otherwise resolved as of the Effective Date, and all aspects of the Wilson Action shall be dismissed in connection with confirmation of the Plan; and (b) render the Bennett Action moot or otherwise resolved as of the Effective Date, and the Bennett Action shall be dismissed in connection with confirmation of the Plan.

J. Lack of Merit to Ratepayer Claims. The Court finds that the legal theories and arguments underlying the Ratepayer Claims are deficient on the merits and that, to the extent not otherwise resolved or mooted pursuant to the Plan, the Wilson Action and the Bennett Action shall be dismissed for failure to state cognizable claims against the defendants in such actions. Among other deficiencies, (1) the County either owns or can otherwise resolve all potential Causes of Action that could be asserted by or on behalf of the County relating to the Sewer

Warrant Indenture and related documents, with respect to the validity of the Sewer Warrants, any payments made in connection with the Sewer Warrants, and the aggregate debt associated with the Sewer System; (2) Sewer System ratepayers and users are not third party beneficiaries of the Sewer Warrant Indenture or other related documents concerning the issuance of the Sewer Warrants or any swap, financing, or other transaction relating to the Sewer System; (3) County voter or Sewer System ratepayer approval was not required for the issuance of the Sewer Warrants under applicable Alabama law; (4) Sewer System ratepayers and users do not have a property interest in any particular level of Sewer System rates; (5) no class has heretofore been certified, or could be certified as a matter of law, to pursue the Ratepayer Claims at issue in the Bennett Action and the Wilson Action due to, among other things, the failure of such putative classes to satisfy the elements of commonality and typicality required under Federal Rule of Civil Procedure 23; and (6) the complaints in the Bennett Action and the Wilson Action fail to articulate cognizable or redressable claims as a matter of law.

K. Exculpation, Discharge, Releases, and Injunctions. Sections 5.1, 6.2, and 6.3 of the Plan contain certain exculpation, discharge, release, and injunctive provisions. Based on the facts and circumstances presented, the Court finds that good and valuable consideration has been provided for such provisions and that such provisions are fair, equitable, reasonable, and integral elements of the adjustment of the County's debts and the resolution of the Case. Each of the provisions in Sections 5.1, 6.2, and 6.3 of the Plan is hereby approved and shall be effective and binding upon all Persons as provided in the Plan. Without limiting the generality of the foregoing, the Court finds and concludes that:

1. The compromises, settlements, and releases incorporated into the Plan are:
  - (a) essential elements of the Plan inextricably bound with the other provisions of the Plan;
  - (b) in exchange for the good and valuable consideration provided by the Sewer Released Parties, the GO Released Parties, and their respective Related Parties;
  - (c) good faith settlements and compromises of the Claims and Causes of Action released by such

releases; (d) in the best interests of the County, all Creditors, and all other affected Persons; (e) fair, equitable, and reasonable; (f) given and made after due notice and opportunity for hearing; and (g) a bar to any of the releasing parties as set forth herein asserting any Claims or Causes of Action released pursuant to such release. In addition, approval of such releases pursuant to this Confirmation Order is a condition to the occurrence of the Effective Date, and all Sewer Released Parties and all GO Released Parties have relied on the efficacy and conclusive effects of such releases and the injunctions incorporated into the Plan when making concessions pursuant to the Plan and in agreeing to accept and support the settlement and treatment under the Plan of their respective Claims, Causes of Action, and other rights under the Plan.

2. In the context of this unique chapter 9 Case, each of the exculpation, discharge, release, and injunctive provisions set forth in the Plan: (a) is within the jurisdiction of the Court under 28 U.S.C. §§ 1334(a), 1334(b), and 1334(d); (b) is an essential means of implementing the Plan pursuant to Bankruptcy Code section 1123(a)(5); (c) is an integral element of the transactions incorporated into the Plan; (d) confers material benefits on, and is in the best interests of, the County, all Creditors, and all other affected Persons; (e) is important to the overall objectives of the Plan to finally resolve all Claims and Sewer Released Claims or GO Released Claims and was necessary to the formation of consensus to support the compromises and settlements incorporated into the Plan; and (f) is consistent with Bankruptcy Code sections 105, 901, 903, 904, 943(b), 1123, and 1129, other applicable provisions of the Bankruptcy Code, and other applicable law.

3. The releases set forth in Section 6.3 of the Plan granted by all Persons who voted to accept the Plan or who made the Commutation Election are consensual and are binding only with respect to Persons who affirmatively chose to vote in favor of the Plan or who affirmatively made the Commutation Election and thereby to receive the



Distributions and other benefits associated with the Plan. The releases set forth in Section 6.3 of the Plan by holders of Sewer Warrants who are deemed to have made the Commutation Election are also consensual and justified for the reasons set forth in Paragraph L below.

4. As set forth above, the releases and other provisions of the Plan settle the Causes of Action asserted on behalf of ratepayers and users of the Sewer System in the Wilson Action and the Bennett Action, remediate the harm that could give rise to any claim for damages in the Wilson Action or the Bennett Action, and moot the Wilson Action and the Bennett Action and all Ratepayer Claims asserted therein. To the extent not otherwise resolved, the Plan also provides for a bar order enjoining the further assertion of any Ratepayer Claims against any of the Sewer Released Parties or any of their respective Related Parties, and each of them, from and after the Effective Date. In addition to approving the settlement and release of Ratepayer Claims as set forth in the Plan pursuant to Bankruptcy Code sections 105(a) and 1123(b), Bankruptcy Rule 9019(a), and other applicable law, the Court has the jurisdiction and power to bar non-settling parties from asserting Ratepayer Claims against Sewer Released Parties and their respective Related Parties under Bankruptcy Code section 105 and Rule 16 of the Federal Rules of Civil Procedure (applicable to the County's chapter 9 Case by virtue of Bankruptcy Rule 7016). *See Munford v. Munford, Inc. (In re Munford, Inc.)*, 97 F.3d 449, 453-55 (11th Cir. 1996); *see also* 11 U.S.C. § 901(a) (Bankruptcy Code section 524(e) does not apply in chapter 9). The final resolution of the Ratepayer Claims has a direct nexus with the adjustment of the County's debt in the Case because such resolution is integrally related to the County's comprehensive compromise and settlement with the Sewer Plan Support Parties, who provided good and valuable consideration in exchange for and conditioned on their being released from all Sewer Released Claims (including Ratepayer Claims) under the Plan. Further prosecution of Ratepayer Claims by any

Person would affect the County and the Case negatively. Enjoining further litigation of Ratepayer Claims and other Sewer Released Claims (including the portion of the Wilson Action pending in state court) is an essential and critical element of the global settlement to be effected pursuant to the Plan, is reasonable, and is fair and equitable to all parties. To the extent not otherwise resolved, without a bar order applicable to the Ratepayer Claims, the County will not be able to effectuate the compromises and settlements incorporated into the Plan, obtain a complete resolution of the issues addressed by the Plan, achieve confirmation of the Plan, or emerge from chapter 9 on the advantageous terms provided in the Plan. The Ratepayer Claims are sufficiently mature, and the issues related to the Ratepayer Claims are sufficiently defined and concrete, to permit effective decision-making by the Court. With respect to the Ratepayer Claims, the Court finds and concludes that (a) the Ratepayer Claims are interrelated with, if not entirely duplicative or derivative of, the Claims and Causes of Action of the Sewer Released Parties and the Sewer Released Claims; (b) the likelihood of any Person other than the County prevailing on or recovering on the Ratepayer Claims is remote, including for the reasons set forth in Paragraph J above; and (c) further litigation of the Ratepayer Claims would be complex, difficult, time-consuming, expensive, risky, uncertain and likely would deplete the resources of the Sewer Released Parties. Federal policy strongly favors pretrial settlement of all types of litigation, especially to avoid adding the burden of litigation costs to the financial instability of debtors under the Bankruptcy Code and to facilitate the successful restructuring of such debtors' affairs through the bankruptcy process. Bar orders play an integral role in facilitating settlement. *See U.S. Oil & Gas v. Wolfson*, 967 F.2d 489, 493 (11th Cir. 1992). Pursuant to the Plan, therefore, this Confirmation Order constitutes a bar order pursuant to Bankruptcy Code section 105, Rule 16 of the Federal Rules of Civil Procedure, and Bankruptcy Rule 7016 barring and enjoining any and all Persons from commencing or continuing any action, directly or indirectly and in any

manner, to assert, pursue, litigate, or otherwise seek any recovery or relief on or on account of any Ratepayer Claims from and after the Effective Date (including any further prosecution of the portion of the Wilson Action pending in state court).

L. Commutation Election. The Plan offers the Commutation Election to all holders of Allowed Class 1-A Claims and Allowed Class 1-B Claims, enhances the consideration payable under the Plan based on whether a particular holder made, was deemed to make, or, in the case of the Deemed Commuting Holders, did not timely rescind such deemed Commutation Election, and cancels the Sewer Wrap Policies with respect to all holders that made, were deemed to have made, or did not timely rescind any deemed Commutation Election. Section 4.7(a) of the Plan contains certain presumptions regarding the Commutation Election, including provisions that deem certain holders of Class 1-A and Class 1-B Claims to have made or not to have made the Commutation Election. Based on the facts and circumstances presented, the Court finds that all of the Plan's provisions regarding the Commutation Election, including the presumptions regarding the Commutation Election set forth in Section 4.7(a) of the Plan, are fair, equitable, reasonable, and integral elements of the adjustment of the County's debts, the compromises and settlements incorporated into the Plan, and the resolution of the Case, and each of these provisions is hereby approved and shall be effective and binding upon all Persons as provided in the Plan. Without limiting the generality of the foregoing, the Court finds and concludes that:

1. The Commutation Election may appropriately be included in the Plan as a means of implementing the Plan and treating Class 1-A Claims and Class 1-B Claims under the Plan pursuant to the Bankruptcy Code, including Bankruptcy Code sections 105(a), 1123(a)(3), 1123(a)(5)(E), 1123(a)(5)(F), 1123(a)(5)(H), 1123(b)(3)(A), 1123(b)(5), 1123(b)(6), 1129 (to the extent applicable in chapter 9), and 943(b). To the extent relevant, Bankruptcy Code section 524(e) is not applicable in chapter 9 cases.

2. In the context of this unique chapter 9 Case, the Commutation Election set forth in the Plan and the presumptions set forth in Section 4.7(a) of the Plan: (a) are within the jurisdiction of the Court under 28 U.S.C. §§ 1334(a), 1334(b), and 1334(d); (b) are an essential means of implementing the Plan pursuant to Bankruptcy Code section 1123(a)(5); (c) are an integral element of the transactions, compromises, and settlements incorporated into the Plan; (d) confer material benefits on, and are in the best interests of, the County, all Creditors, and all other affected Persons; (e) are important to the overall objectives of the Plan to finally resolve all Sewer Debt Claims and Sewer Released Claims and were necessary to the formation of consensus to support the compromises and settlements incorporated into the Plan; (f) are in exchange for good and valuable consideration provided by the Sewer Warrant Insurers and the JPMorgan Parties under the Plan; and (g) are consistent with Bankruptcy Code sections 105, 901, 903, 904, 943(b), 1123, and 1129, other applicable provisions of the Bankruptcy Code, and other applicable law.

3. Notice of the availability of the Commutation Election and disclosure regarding the effects of making or not making the Commutation Election and, in the case of the Deemed Commuting Holders, the ability to rescind such Commutation Election were duly and amply provided to all holders of Class 1-A and Class 1-B Claims and complied with the requirements of the due process clause of the Fifth Amendment to the United States Constitution and, to the extent applicable, with the requirements of the due process clause of the Fourteenth Amendment to the United States Constitution. No other or further notice is necessary or shall be required. Each holder of Class 1-A and Class 1-B Claims received due, adequate, and proper notice of the Commutation Election and the consequences of making or not making such Commutation Election, and therefore had a full and fair opportunity to express its desire to make or not to make, or, in the case of the Deemed Commuting Holders, to rescind, the Commutation Election.

4. The deemed elections set forth in Section 4.7(a) of the Plan and the Plan Procedures Order comport with what rational holders of the respective Sewer Warrants would likely choose to do given the materially larger Distribution from the County under the Plan for holders who make or are deemed to make the Commutation Election and in view of the economic circumstances of each of the Sewer Warrant Insurers (including, for example, the fact that FGIC was subject to a New York state rehabilitation proceeding) and the potential costs and delay attendant to asserting or potentially litigating claims under the applicable Sewer Wrap Policies. In addition, the deemed Commutation Election and the choice not to rescind such deemed Commutation Election by the applicable Deemed Commuting Holders are appropriate and consensual because such holders were given adequate notice of and had the opportunity not to make the Commutation Election or rescind such deemed Commutation Election by properly marking and timely returning their Ballots or, in the case of the Deemed Commuting Holders, electing to rescind such deemed Commutation Election, indicating that such holders did not want to make the Commutation Election. *See, e.g., In re Indianapolis Downs, LLC*, 486 B.R. 286, 304-06 (Bankr. D. Del. 2013); *In re Calpine Corp.*, 2007 Bankr. LEXIS 4390, at \*26 (Bankr. S.D.N.Y. Dec. 19, 2007); *In re Conseco, Inc.*, 301 B.R. 525, 528 (Bankr. N.D. Ill. 2003).

5. Because the Commutation Election set forth in Sections 2.3(a) and 2.3(b) of the Plan, the presumptions set forth in Section 4.7(a) of the Plan, and the releases set forth in Section 6.3(a) of the Plan were properly included in the Plan and provided for consensual waivers and releases by each Creditor that made, was deemed to make, or, in the case of the Deemed Commuting Holders, did not timely rescind such deemed Commutation Election, the consequences of that Commutation Election shall be binding and enforceable from and after the Effective Date, including pursuant to Sections 2.3(a),

2.3(b), 4.7, and 6.3(a) of the Plan. The Court may properly, and will, retain jurisdiction to implement and enforce the Commutation Election after the Effective Date.

6. The provisions contained in and pursuant to the Plan to give effect to the Commutation Election, including Section 6.3(a) of the Plan and the related presumptions, releases, and injunctions under the Plan (collectively, the “Commutation Provisions”) are (a) crucial to the global compromises and settlements that are contained in the Plan stemming from and related to the Sewer Plan Support Agreements; (b) essential to the overall structure of the Plan; (c) fair, equitable, and reasonable to all parties in interest; (d) essential elements of the Plan inextricably bound with the other provisions of the Plan; (e) in exchange for good and valuable consideration provided by the Sewer Warrant Insurers and the JPMorgan Parties; (f) in the best interests of the County, all Creditors, and all other affected Persons; and (g) given and made after due notice and opportunity for hearing. In addition, approval of the Commutation Provisions pursuant to this Confirmation Order is a condition to the occurrence of the Effective Date, and all of the Sewer Warrant Insurers have relied on the efficacy and conclusive effects of the Commutation Provisions when making concessions pursuant to the Plan and in agreeing to accept and support the settlement and treatment under the Plan of their respective Claims, Causes of Action, and other rights under the Plan. The Commutation Provisions are necessary to give effect to the Commutation Election and related presumptions under the Plan, which are a material component of the global settlement under the Plan and the participation in that settlement by the Sewer Warrant Insurers. In sum, the Commutation Provisions are lawful, appropriate, and necessary to give effect to the compromises and settlements under the Plan.

M. Compliance with Bankruptcy Rule 3016. The Plan is dated and identifies the County as the party submitting the Plan pursuant to Bankruptcy Code section 941, thereby satisfying Bankruptcy Rule 3016(a). The filing of the Disclosure Statement with the clerk of the

Court satisfied Bankruptcy Rule 3016(b). The Plan and Disclosure Statement describe in specific and conspicuous language all acts and actions to be enjoined, including as a result of the Commutation Election, and identify the Persons that would be subject to injunctions. Bankruptcy Rule 3016(c) is therefore satisfied.

N. Compliance with the Requirements of Sections 943(b) and 1129(a). The Plan complies with all of the requirements of Bankruptcy Code section 943(b) and all requirements of Bankruptcy Code section 1129(a) that are applicable in a chapter 9 case.

1. Bankruptcy Code Section 943(b)(1) and (b)(2). The Plan complies with all applicable sections of the Bankruptcy Code, including section 1122, the applicable subsections of section 1123, and all the provisions of chapter 9.

(a) Bankruptcy Code Section 1122. Each Claim placed in a particular Class under the Plan is substantially similar to the other Claims in that Class.

(i) Justification for Separate Classification Generally. Valid business, factual, and legal reasons exist for the separate classification of the various Classes of Claims created under the Plan, the classifications were not done for any improper purpose, and the creation of such Classes does not unfairly discriminate between or among Creditors.

(ii) Separate Classification of Classes 1-E and 1-F. The contractual terms of the documents giving rise to the Claims classified in Class 1-E and Class 1-F provide that such Claims are subordinated to, or are secured by liens that are subordinate to the liens that secure, the Sewer Warrant Claims and certain other Claims under the Sewer Warrant Indenture. The Plan gives effect to these subordination provisions by separately classifying such Claims based on their respective priority in relation to the Sewer Warrant Claims and certain other Claims under the Sewer Warrant Indenture.

(iii) Separate Classification of Classes 5-A, 5-B, 5-C, and 5-D.

a. The indebtedness evidenced and ordered to be paid on account of the GO Warrants and the GO Insurance Policies constitutes, and with respect to the Replacement 2001-B GO Warrants will constitute, a general obligation of the County in support of which the County irrevocably pledged its full faith and credit. This pledge is a commitment to pay and a commitment of the County's revenue-generating powers to produce the funds necessary to pay the principal of and interest on the GO Warrants, and the Replacement 2001-B GO Warrants once issued, as they become due, and to reimburse National on account of the GO Insurance Policies.

b. Revenues legally available to the County for payment of debt service on the GO Warrants and to reimburse National on account of the GO Insurance Policies include, and with respect to the Replacement 2001-B GO Warrants will include, ad valorem taxes, sales and business license taxes, and other general fund revenues.

c. Pursuant to Section 215 of the Alabama Constitution, as amended by Amendment No. 208, and Sections 11-3-11(a)(2), 11-14-11, and 11-14-16 of the Alabama Code (collectively, "Section 215"), the County may levy and collect a 5.1 mill special ad valorem tax (the "Special Tax"), not to exceed one-fourth of one percent per annum, for the purpose of paying any debt or liability against the County due and payable during the year and created for the erection, repairing, furnishing, or maintenance



of public buildings, bridges, or roads, and any remaining proceeds of the Special Tax in excess of amounts payable on bonds, warrants, or other securities issued by the County for such limited purposes may be spent for general county purposes. Section 215 provides that the County may use proceeds of the Special Tax for general county purposes only after all amounts due and payable in any given fiscal year on bonds, warrants, or other securities issued by the County for the erection, repairing, furnishing, or maintenance of public buildings, bridges, or roads (collectively, “Special Tax Obligations”) are paid in full, and such proceeds shall be applied first to Special Tax Obligations.

d. The Special Tax is separate and distinct from the County’s 5.6 mill general ad valorem tax, the proceeds of which are used for general county purposes and to support the operation of the County’s basic governmental functions, including management, personnel, accounting, taxation, purchasing, data processing, law enforcement, the judiciary, and land utilization.

e. The GO Warrants and the obligations to reimburse National on account of the GO Insurance Policies constitute, and the Replacement 2001-B GO Warrants will constitute, a debt or liability against the County created for the erection, repairing, furnishing, or maintenance of public buildings, bridges, or roads within the scope and meaning of Section 215. As such, all amounts payable on account of or in connection with the GO Warrants, and the Replacement 2001-B GO Warrants once issued, and to reimburse National on account of the GO Insurance Policies

in any given fiscal year must be paid by the County from the proceeds of the Special Tax prior to the County using any such proceeds in such fiscal year for general county purposes, including but not limited to current governmental expenses or any expenditures related to the County's sewer system.

f. By virtue of the application of Section 215 with respect to the proceeds of the Special Tax, any and all claims arising from or in connection with the GO Warrants, the GO Warrant Indenture, the GO Insurance Policies, and the Standby GO Warrant Purchase Agreement are properly classified separately under the Plan and properly treated in the fashion provided by the Plan.

(b) Bankruptcy Code Section 1123(a). The Plan satisfies the mandatory requirements of section 1123(a) that are applicable in a chapter 9 case pursuant to Bankruptcy Code section 901(a).

(i) Bankruptcy Code Section 1123(a)(1). Section 2.1 of the Plan classifies all Claims, other than Administrative Claims, which need not be classified.

(ii) Bankruptcy Code Section 1123(a)(2). Section 2.1 of the Plan specifies that Class 3-A, Class 3-B, Class 4, Class 5-B, Class 5-C, and Class 8 are unimpaired within the meaning of Bankruptcy Code section 1124.

(iii) Bankruptcy Code Section 1123(a)(3). Sections 2.1, 2.3(a), 2.3(b), 2.3(c), 2.3(d), 2.3(e), 2.3(f), 2.3(g), 2.3(h), 2.3(i), 2.3(j), 2.3(k), 2.3(o), 2.3(r), 2.3(s), 2.3(t), 2.3(u), and 2.3(w) of the Plan specify that Class 1-A, Class 1-B, Class 1-C, Class 1-D, Class 1-E, Class 1-F, Class 2-

A, Class 2-B, Class 2-C, Class 2-D, Class 2-E, Class 5-A, Class 5-D, Class 5-E, Class 6, Class 7, and Class 9 are Impaired, and specify the treatment of the Claims in each of those Impaired Classes.

(iv) Bankruptcy Code Section 1123(a)(4). Each subsection of Section 2.3 of the Plan satisfies section 1123(a)(4) by uniformly providing the same treatment for each Claim that is classified in each particular Class under the Plan, unless and to the extent that the holder of a particular Claim has agreed to a less favorable treatment of such particular Claim (including as described in (A) Sections 2.3(a) and 2.3(b) of the Plan with respect to the treatment of the Class 1-A and Class 1-B Claims, respectively, held by the JPMorgan Parties; and (B) Section 2.3(d) of the Plan with respect to LBSF's receipt of the payment on account of the LBSF Periodic Payment Claim). The differing Distributions made available to holders of Allowed Class 1-A and Class 1-B Claims based on whether the applicable Creditor made or was deemed to make the Commutation Election does not violate section 1123(a)(4) because the Commutation Election was equally made available to all holders of Claims within Class 1-A and Class 1-B, and thus the Plan provides the same treatment (i.e., makes the same option available) for each such Claim.

(v) Bankruptcy Code Section 1123(a)(5). The Plan (including the Plan Supplement) provides adequate and appropriate means for its implementation, including (1) the County Commission's continued lawful governance of the County, its property, and its enterprises; (2) the application of the Approved Rate Structure; (3) the issuance of the New Sewer Warrants under the New Sewer Warrant Indenture, including the provision of the New Sewer Wrap Policy and the delivery of the Reserve

Fund LOC and the other Reserve Fund LOC Agreements; (4) the issuance of the Replacement 2001-B GO Warrants under the Amended and Restated GO Warrant Indentures; (5) the disposition of the Accumulated Sewer Revenues, the Sewer Warrant Indenture Funds, and Refinancing Proceeds in accordance with the Plan; (6) the Commutation Election, the presumptions associated therewith, the consequences thereof, and the releases in connection therewith; (7) the comprehensive compromise and settlement by and among the County and the Sewer Plan Support Parties of numerous issues and disputes related to the Sewer System, the Sewer Released Claims, and the allowance and treatment of the Sewer Debt Claims; (8) the compromises and settlements by and among the County, the GO Banks, and National; (9) the JPMorgan reallocation of Distributions and consideration provided by the Sewer Warrant Insurers, all of which increases the recovery received by all other holders of Allowed Class 1-A Claims and Allowed Class 1-B Claims on account of such Claims and reduces the amount of Sewer System indebtedness following the County's emergence from chapter 9; (10) the Supporting Sewer Warrantholder Directed Distribution by the JPM Parties and the associated agreements by the Supporting Sewer Warrantholders, which facilitate the various settlements to be implemented pursuant to the Plan and the occurrence of the Effective Date; (11) the cancellation of warrants and other documents under the Plan, including the Sewer Insurance Policies to the extent set forth in the Plan; (12) the surrender of all instruments, warrants, or notes to the extent and in the manner provided in Section 4.15(e)(v) of the Plan; (13) the execution of the School Warrant Second Supplemental Indenture; and (14) the other modifications and

adjustments of the County's principal secured indebtedness and the liens securing that indebtedness under the Plan, as well as the treatment of other Claims against the County in accordance with the Bankruptcy Code.

(c) The Plan contains permissive provisions that the Court finds are appropriate pursuant to Bankruptcy Code section 1123(b), including the following:

(i) Assumption of Executory Contracts and Unexpired Leases.

Section 3.1(a) of the Plan provides for the assumption of the executory contracts and unexpired leases identified on the Schedule of Assumed Agreements (the "Assumed Agreements"). The assumption of the Assumed Agreements is in accordance with the requirements of Bankruptcy Code section 365, and is expressly authorized by Bankruptcy Code section 1123(b)(2). The County has exercised reasonable business judgment in determining to assume the Assumed Agreements. The Cure Payments associated with the Assumed Agreements are determined to be as specified on the Schedule of Assumed Agreements and shall be paid pursuant to Section 3.1(b) of the Plan with each such payment having the consequences specified in Section 3.1(d) of the Plan. The County has demonstrated adequate assurance of future performance with respect to each of the Assumed Agreements, to the extent required. The assumption of each of the Assumed Agreements under the Plan shall be binding on the County and each non-debtor party to each such executory contract or unexpired lease.

(ii) Rejection of Executory Contracts and Unexpired Leases.

Section 3.2(a) of the Plan provides for the rejection of all executory contracts and unexpired leases that the County entered into on or before

the Petition Date that (A) have not been previously assumed or rejected by the County and (B) are not set forth on the Schedule of Assumed Agreements. Rejection of these executory contracts and unexpired leases pursuant to the Plan satisfies the requirements of Bankruptcy Code section 365, and is expressly authorized by Bankruptcy Code section 1123(b)(2). The County has exercised reasonable business judgment in determining to reject the executory contracts and unexpired leases to be rejected under the Plan. The rejection of each executory contract or unexpired lease rejected under the Plan shall be binding on the County and each non-debtor party to each such executory contract or unexpired lease.

(iii) Settlement of County's Claims. The Plan provides for the settlement of various claims belonging to the County, including the County's Sewer Released Claims and GO Released Claims. The settlement of such claims pursuant to the Plan is expressly authorized by Bankruptcy Code section 1123(b)(3)(A), and, as detailed above, is reasonable, appropriate, in the best interests of the County, all Creditors, and all other affected Persons, and not inconsistent with the Bankruptcy Code or other applicable law.

(iv) Vesting of Preserved Claims. Section 4.12 of the Plan provides for all Preserved Claims (which, for the avoidance of doubt, exclude Sewer Released Claims and GO Released Claims) to be preserved and vest in the County on the Effective Date, but only to the extent not expressly released pursuant to the Plan, this Confirmation Order, or any other order of the Court. The preservation and vesting of such Preserved Claims pursuant to the Plan are expressly authorized by Bankruptcy Code section 1123(b)(3)(B), reasonable, appropriate, in the best interests of the

County, all Creditors, and all other affected Persons, and not inconsistent with the Bankruptcy Code or other applicable law.

(v) Deemed Acceleration of the Sewer Warrants. Section 4.15(h) of the Plan (A) provides for the deemed acceleration of the Sewer Warrants and the optional acceleration by the Sewer Warrant Insurers (irrespective of the terms of the applicable Sewer Wrap Policy) of their respective Sewer Wrap Policies; and (B) details the effects, if any, of acceleration of the Sewer Warrants vis-à-vis the Sewer Wrap Policies and Sewer Wrap Payment Rights. Such deemed acceleration of the Sewer Warrants simplifies the administration of Distributions under the Plan and provides clarity regarding the treatment and resulting rights of holders of Sewer Warrants. Such deemed acceleration of the Sewer Warrants also provides clarity regarding the rights of the Sewer Warrant Insurers and other parties in interest. Section 4.15(h) of the Plan is reasonable, appropriate, in the best interests of the County, all Creditors, and all other affected Persons, and not inconsistent with the Bankruptcy Code or other applicable law.

(vi) Retention of Jurisdiction. Section 6.4 of the Plan provides that the Court shall retain jurisdiction after the Effective Date to the fullest extent provided by law. Pursuant to Bankruptcy Code section 945(a), the Court may properly, and will, retain jurisdiction over each of the matters specified in Section 6.4 of the Plan, including because the retention of such jurisdiction is of critical importance to assure that post-confirmation disputes regarding matters resolved or addressed by the Plan do not impede the successful implementation of the Plan. Section 6.4 of the Plan is reasonable, appropriate, in the best interests of the County, all Creditors,

and all other affected Persons, and not inconsistent with the Bankruptcy Code or other applicable law.

2. Bankruptcy Code Section 1129(a)(2). The County, as proponent of the Plan, has complied with all applicable Bankruptcy Code provisions, including sections 1125 and 1126, the Bankruptcy Rules, and the Plan Procedures Order in transmitting the Solicitation Packages and related documents and notices (including the Ratepayer Notice) and in soliciting and tabulating votes on and elections made or deemed made with respect to the Plan. The Plan therefore satisfies Bankruptcy Code section 1129(a)(2).

3. Bankruptcy Code Section 1129(a)(3). The County has proposed the Plan in good faith and not by any means forbidden by law. The Plan was duly approved by the governing body of the County as provided by Alabama law and is in all respects consistent with applicable state law. In determining that the Plan has been proposed in good faith, the Court has examined the totality of the circumstances surrounding the filing of the Case, the Plan itself, the lengthy process leading to the Plan's formulation (including the compromises, settlements, and releases incorporated therein), and the process associated with the Plan's prosecution. The County's good faith is evident from the facts and records of the Case, the Disclosure Statement and the hearing thereon, and the record of the Confirmation Hearing and other proceedings held in the Case. The Plan (including the compromises, settlements, and releases incorporated therein and all other agreements, documents, and instruments necessary to implement the Plan) is the product of extensive arms' length negotiations among the County, the Plan Support Parties, and other Creditors. The Plan itself, the process leading to its formulation, including the negotiation of eight (8) separate Plan Support Agreements between the County and various Creditors and of subsequent supplements thereto with the primary Sewer Plan Support Parties, and the overwhelming Creditor support of the Plan (with the holders of over \$3.9 billion in Claims voting to accept the Plan, and the holders of less than \$18



million in Claims voting to reject the Plan) provide independent evidence of the County's good faith, serve the public interest, and assure fair treatment of Creditors. Consistent with the overriding purpose of chapter 9, the Case was filed, and the Plan was proposed, with the legitimate and honest purpose of allowing the County to adjust its debts and emerge from bankruptcy with a capital structure that will allow the County to satisfy its obligations with sufficient liquidity and capital resources while continuing to provide for the health, safety, and welfare of its citizens in accordance with applicable state law while, simultaneously, maximizing distributions to all Creditors. The Plan therefore satisfies Bankruptcy Code section 1129(a)(3).

4. Bankruptcy Code Section 1129(a)(6). There is no governmental regulatory commission with jurisdiction, after confirmation of the Plan, over the sewer rates and charges of the County. To the extent that there is any "governmental regulatory commission" that is required to approve the sewer rate changes contained in the Approved Rate Structure, the approval of the Plan and the Approved Rate Structure by the County Commission constitutes such approval and complies with the requirements of Bankruptcy Code sections 943(b)(6) and 1129(a)(6) and applicable state law. The Plan therefore satisfies Bankruptcy Code section 1129(a)(6).

5. Bankruptcy Code Section 1129(a)(8). Classes 1-A, 1-B, 1-C, 1-D, 2-A, 2-B, 2-C, 5-A, 5-D, 5-E, 6, and 7 are Impaired under the Plan and have voted to accept the Plan. Classes 3-A, 3-B, 4, 5-B, 5-C, and 8 are not Impaired under the Plan and are deemed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f). No votes were cast by the single holder of Claims in Classes 2-D and 2-E, which is Impaired under the Plan, and out of an abundance of caution, the Court treats those Classes as Classes that have not accepted the Plan. The Plan therefore satisfies Bankruptcy Code section 1129(a)(8), except with respect to Classes 1-E, 1-F, 2-D, 2-E, and 9 (which Classes are addressed in the discussion of Bankruptcy Code section 1129(b) below).

6. Bankruptcy Code Section 1129(a)(10). As set forth in the Plan Ballot Summary, Classes 1-A, 1-B, 1-C, 1-D, 2-A, 2-B, 2-C, 5-A, 5-D, 5-E, 6, and 7 each voted affirmatively to accept the Plan. No Ballots were sent to or received from “insiders” holding Claims in any of those Classes. The Plan therefore satisfies Bankruptcy Code section 1129(a)(10).

7. Bankruptcy Code Section 943(b)(3). The County fully disclosed at the Confirmation Hearing all amounts projected to be paid by the County for services or expenses in the Case or incident to the Plan. The Court has reviewed and considered such amounts to be paid and has determined, based on the unique facts, circumstances, and context of the Case, the Plan, and the transactions contemplated by the Plan, that all such amounts are reasonable (including for purposes of Section 2.2(c) of the Plan) and may appropriately be paid by the County. The Plan therefore satisfies Bankruptcy Code section 943(b)(3).

8. Bankruptcy Code Section 943(b)(4). The County is not prohibited by law from taking any action necessary to carry out the Plan. All documents and agreements necessary to implement the Plan, including those contained in the Plan Supplement, and all other relevant and necessary documents (including the documentation of the New Sewer Warrants), have been negotiated in good faith, at arms’ length, are in the best interests of the County, all Creditors, and all other affected Persons, and shall, upon completion of documentation and execution and the occurrence of the Effective Date, be valid, binding, and enforceable documents and agreements not in conflict with any federal or state law. The Plan therefore satisfies Bankruptcy Code section 943(b)(4).

9. Bankruptcy Code Section 943(b)(5). Section 2.2(b)(i) of the Plan provides that unless the Person holding an Allowed Administrative Claim agrees to different treatment, or already has been paid the full amount of such Allowed Administrative Claim, the County shall pay to that Person Cash in an amount equal to the Allowed

amount of such Administrative Claim, without interest, on or before the later of (A) ten (10) Business Days after the Effective Date, and (B) ten (10) Business Days after the date on which any order determining such Claim is an Allowed Administrative Claim becomes a Final Order. The Plan therefore satisfies Bankruptcy Code section 943(b)(5).

10. Bankruptcy Code Section 943(b)(6). There is no provision of the Plan for which any regulatory or electoral approval is necessary under applicable nonbankruptcy law. To the extent that any “regulatory” approval is necessary regarding the Approved Rate Structure, the approval of the Plan and the Approved Rate Structure by the County Commission constitutes such approval and complies with the requirements of Bankruptcy Code sections 943(b)(6) and 1129(a)(6) and applicable state law. The Plan therefore satisfies Bankruptcy Code section 943(b)(6).

11. Bankruptcy Code Section 943(b)(7). The evidence proffered, submitted, and adduced at or prior to the Confirmation Hearing demonstrates that the economic assumptions underlying the Plan: (a) are reasonable, persuasive, and credible; (b) have not been controverted by other evidence; and (c) establish that the Plan affords all Creditors the potential for the greatest economic return from the County’s assets. Therefore, confirmation of the Plan is in the best interests of all Creditors, given the complex nature of the Case, and will result in a feasible adjustment of the County’s debts. The Plan therefore satisfies Bankruptcy Code section 943(b)(7).

O. Bankruptcy Code Section 1129(b). Class 1-E, Class 1-F, and Class 9 are Impaired under the Plan but have not accepted the Plan because such Classes are deemed to reject the Plan under Bankruptcy Code section 1126(g). No votes were cast by the single holder of Claims in Classes 2-D and 2-E, which is Impaired under the Plan, and out of an abundance of caution, the Court treats those Classes as Classes that have not accepted the Plan. Accordingly, the requirements of Bankruptcy Code section 1129(b) must be satisfied with respect to each of Class 1-E, Class 1-F, Class 2-D, Class 2-E, and Class 9. In Section 2.8 of the Plan, the County

requested that, with respect to any Impaired Class of Claims that fails to accept the Plan, the Court confirm the Plan pursuant to Bankruptcy Code section 1129(b). Notwithstanding the requirements of Bankruptcy Code section 1129(a)(8), based on the evidence proffered, submitted, and adduced at the Confirmation Hearing, the Plan does not discriminate unfairly, and is fair and equitable, with respect to each of Class 1-E, Class 1-F, Class 2-D, Class 2-E, and Class 9. The Plan accordingly can be confirmed pursuant to Bankruptcy Code section 1129(b)(1).

1. Class 1-E. The Sewer Swap Agreement Claims are secured by liens that are subordinate to the liens securing the Sewer Warrant Claims and certain other Claims under the Sewer Warrant Indenture. Because the Sewer Warrant Claims are receiving substantially less than a full recovery under the Plan and because the value for purposes of the Plan of the collateral securing those Claims is not more than the amount of the Claims, the subordinated liens have no value and the associated nonrecourse Sewer Swap Agreements Claims are not allowable claims under the Bankruptcy Code. *See* 11 U.S.C. §§ 502(b)(1), 506(a), 506(d) & 927. Accordingly, the Plan properly provides that Class 1-E Claims will neither receive any Distributions nor retain any property under the Plan on account of such Claims, and the Plan can be confirmed notwithstanding the deemed rejection of the Plan by Class 1-E. *See* 11 U.S.C. § 1129(b)(2)(A)(i) & (iii). The Plan is fair and equitable with respect to Class 1-E because no holder of a Claim or interest junior to Class 1-E shall receive or retain anything under the Plan on account of such junior Claim or interest. In addition, the Plan does not discriminate unfairly with respect to Class 1-E because no Class of similarly situated Claims shall receive any Distributions or retain any property under the Plan on account of Claims in such Class. Furthermore, the holders of the Class 1-E Claims have either waived their Class 1-E Claims, are parties to Sewer Plan Support Agreements, or have otherwise not indicated any objection to the Plan, including with respect to the treatment of the Class 1-E Claims.

2. Class 1-F. The Other Standby Sewer Warrant Claims are secured by liens that are subordinate to the liens securing the Sewer Warrant Claims, the Primary Standby Sewer Warrant Claims, and certain other Claims under the Sewer Warrant Indenture. Because the Sewer Warrant Claims and the Primary Standby Sewer Warrant Claims are receiving substantially less than a full recovery under the Plan and because the value for purposes of the Plan of the collateral securing those Claims is not more than the amount of the Claims, the subordinated liens have no value and the associated nonrecourse Other Standby Sewer Warrant Claims are not allowable claims under the Bankruptcy Code. *See* 11 U.S.C. §§ 502(b)(1), 506(a), 506(d) & 927. Accordingly, the Plan properly provides that Class 1-F Claims will neither receive any Distributions nor retain any property under the Plan on account of such Claims, and the Plan can be confirmed notwithstanding the deemed rejection of the Plan by Class 1-F. *See* 11 U.S.C. § 1129(b)(2)(A)(i) & (iii). The Plan is fair and equitable with respect to Class 1-F because no holder of a Claim or interest junior to Class 1-F shall receive or retain anything under the Plan on account of such junior Claim or interest. In addition, the Plan does not discriminate unfairly with respect to Class 1-F because no Class of similarly situated Claims shall receive any Distributions or retain any property under the Plan on account of Claims in such Class. Furthermore, the holders of the Class 1-F Claims are parties to Sewer Plan Support Agreements and such holders support the Plan, including with respect to the treatment of the Class 1-F Claims.

3. Class 2-D. All Class 2-D Claims are held by a single Creditor – Ambac – that did not vote for or against the Plan. Section 2.3(j) of the Plan provides that the holders of Class 2-D Claims will be deemed to consent to certain modifications of the School Warrant Indenture and of the Standby School Warrant Purchase Agreement, but otherwise leaves all legal, equitable, and contractual rights of holders of Allowed Class 2-D Claims unaltered, provided that all such Claims shall remain subject to any and all

defenses, counterclaims, and setoff or recoupment rights of the County with respect thereto. This treatment constitutes only very minimal impairment, leaves unaltered any liens or rights of payment associated with the Class 2-D Claims, and is fair and equitable, including because no holder of a Claim or interest junior to Class 2-D shall receive or retain anything under the Plan on account of such junior Claim or interest. In addition, the Plan does not discriminate unfairly with respect to Class 2-D because all Classes of equal rank receive similar or identical treatment under the Plan on account of Claims in such Class. Finally, although Ambac did not affirmatively vote to accept the Plan, Ambac did not file any objection to confirmation and has not otherwise indicated any objection to the Plan, including with respect to the treatment of the Class 2-D Claims.

4. Class 2-E. All Class 2-E Claims are held by a single Creditor – Ambac – that did not vote for or against the Plan. Section 2.3(k) of the Plan provides that the holders of Class 2-E Claims will be deemed to consent to certain modifications of the School Warrant Indenture and of the Standby School Warrant Purchase Agreement, but otherwise leaves all legal, equitable, and contractual rights of holders of Allowed Class 2-E Claims unaltered, provided that all such Claims shall remain subject to any and all defenses, counterclaims, and setoff or recoupment rights of the County with respect thereto. This treatment constitutes only very minimal impairment, leaves unaltered any liens or rights of payment associated with the Class 2-E Claims, and is fair and equitable, including because no holder of a Claim or interest junior to Class 2-E shall receive or retain anything under the Plan on account of such junior Claim or interest. In addition, the Plan does not discriminate unfairly with respect to Class 2-E because all Classes of equal rank receive similar or identical treatment under the Plan on account of Claims in such Class. Finally, although Ambac did not affirmatively vote to accept the Plan, Ambac did not file any objection to confirmation and has not otherwise indicated any objection to the Plan, including with respect to the treatment of the Class 2-E Claims.

5. Class 9. The holders of Subordinated Claims possess payment or lien rights that are subordinated to other Creditors which are receiving less than full recovery under the Plan, and thus the Subordinated Claims have no value and are not entitled to any distribution. In addition, no holder of any Claim junior to any Subordinated Claim will receive or retain under the Plan any property on account of such junior Claim. Accordingly, the Plan can be confirmed notwithstanding the deemed rejection of the Plan by Class 9. *See* 11 U.S.C. § 1129(b)(2)(A)(i), (b)(2)(A)(iii) & (b)(2)(B). The Plan is fair and equitable with respect to Class 9 because no holder of a Claim or interest junior to Class 9 shall receive or retain anything under the Plan on account of such junior Claim or interest. The Plan also does not discriminate unfairly with respect to Class 9 because no Class of similarly situated Claims shall receive any Distributions or retain any property under the Plan on account of Claims in such Class.

P. Approved Rate Structure. The Approved Rate Structure complies with the requirements of Bankruptcy Code sections 943(b)(6) and 1129(a)(6) and applicable state law. Pursuant to Bankruptcy Code sections 105(a), 944(a), 944(b)(3), and 1123(b)(6), from and after the Effective Date, (1) the Approved Rate Structure, including the prospective sewer rates contained therein and the sewer rates on which the Approved Rate Structure builds, will be a valid provision made to pay or secure payment of the New Sewer Warrants and is appropriate, reasonable, non-discriminatory, and legally binding on and specifically enforceable against the County, in accordance with the Plan and under applicable law; and (2) the County Commission may appropriately adopt and maintain the Approved Rate Structure in accordance with the Rate Resolution and as necessary for the County to satisfy the obligations arising under the New Sewer Warrants and the New Sewer Warrant Indenture (and to otherwise comply with all applicable state and federal laws regarding the maintenance and operation of the Sewer System), including increases in sewer rates to the extent necessary to allow the timely satisfaction of the County's obligations under the New Sewer Warrants and the New Sewer Warrant Indenture (and

to otherwise comply with all applicable state and federal laws regarding the maintenance and operation of the Sewer System).

Q. Legislative Acts. The approval of the Approved Rate Structure, the adoption of the associated Rate Resolution, and the entry into the New Sewer Warrant Indenture (including the revenue and rate covenants in the New Sewer Warrant Indenture) by the County Commission are legislative acts that are entitled to significant deference under Alabama law.

R. Validation of the New Sewer Warrants. Pursuant to Bankruptcy Code sections 105(a), 944(a), 944(b)(3), and 1123(b)(6), from and after the Effective Date, the New Sewer Warrants, the New Sewer Warrant Indenture, the Rate Resolution, and the covenants made by the County for the benefit of the holders thereof (including the revenue and rate covenants in the New Sewer Warrant Indenture) will constitute valid, binding, legal, and enforceable obligations of the County under Alabama law (including Title 11, Chapter 28 of the Alabama Code) and the provisions made to pay or secure payment of such obligations are valid, binding, legal, and enforceable security interests or liens on or pledges of revenues, which create the interests, liens, and pledges they purport to create. Without limiting the generality of the foregoing, the Court finds and concludes that:

1. The New Sewer Warrants were authorized and will be issued as of the Effective Date as a means of implementing the Plan and providing for the satisfaction of Sewer Debt Claims in accordance with the Plan and the Bankruptcy Code.

2. The County has the authority under the Alabama Constitution and laws of the State of Alabama and the Plan to adopt and perform its obligations under the Rate Resolution, to execute, deliver, and perform its obligations under the New Sewer Warrant Indenture, to issue, execute, deliver, and perform its obligations under the New Sewer Warrants pursuant to the Plan, and to grant and agree to the rights and remedies of the trustee, warrant holders, bond insurer, and provider of the Reserve Fund LOC under the New Sewer Warrant Indenture.



3. All acts, actions, and things required under the provisions of applicable law to be done in the Case prior to the entry of this Confirmation Order have been done in the manner provided by law. This Confirmation Order will be forever conclusive against, among others, the County, Sewer System ratepayers and users, and all taxpayers and citizens of the County.

4. The indebtedness evidenced and ordered paid by the New Sewer Warrants shall be a limited obligation of the County, payable solely from the System Revenues derived from the operation of the Sewer System. For the avoidance of doubt, any and all System Revenues constitute “pledged special revenues” as that term is used in Bankruptcy Code section 922(d), which have been validly pledged to secure the payment of the obligations under the New Sewer Warrants, as fully set forth in the New Sewer Warrant Indenture. The general faith and credit of the County have not been pledged to the payment of the principal of or the interest or premium (if any) on the New Sewer Warrants, no tax revenues have been pledged to the payment of the principal of or the interest or premium (if any) on the New Sewer Warrants, and the New Sewer Warrants are not general obligations of the County.

5. The New Sewer Warrants shall not constitute a debt or indebtedness of the County under the provisions of Section 224 of the Alabama Constitution because the principal of and interest on the New Sewer Warrants will be payable solely from the System Revenues derived from the operation of the Sewer System, and will not be a charge on the general credit of the County.

6. This Confirmation Order can and does validate and confirm all proceedings had and taken in connection with the following: (a) the Plan; (b) all covenants, agreements, provisions, and obligations of the County set forth in the Plan; (c) the Rate Resolution; (d) all covenants, agreements, provisions, and obligations of the County set forth in the New Sewer Warrant Indenture; and (e) the New Sewer Warrants

and the provisions made to pay and secure payment of such obligations. When the New Sewer Warrants have been executed and delivered in accordance with the Plan, then the New Sewer Warrants and the pledges, covenants, agreements, and obligations set forth therein and in the New Sewer Warrant Indenture shall stand validated and confirmed.

S. No School Warrant Events of Default. Based on the County's representations at the Confirmation Hearing, the Court finds that no School Warrant Events of Default (other than those waived pursuant to clauses (ii) and (iii) of Section 2.3(i) of the Plan) have occurred under the School Warrant Indenture or the Standby School Warrant Purchase Agreement during the period between February 11, 2013, and November 20, 2013.

T. Objections. All interested parties have had a full and fair opportunity to be heard and to litigate all issues raised in the objections to confirmation of the Plan, or which might have been raised by objection, and all objections raised by any Person have been fully and fairly litigated and considered by the Court. All objections not withdrawn or otherwise resolved are overruled as set forth in this Confirmation Order on their merits and with prejudice.

U. Plan Supplement. Beginning on September 30, 2013, and continuing thereafter, the County filed, amended, modified, and supplemented the Plan Supplement, which included certain documents and agreements contemplated by the Plan, including the Amended and Restated GO Warrant Indentures, the New Sewer Warrant Indenture, the Schedule of Assumed Agreements, the School Warrant Second Supplemental Indenture, the New Sewer Wrap Policy, the Reserve Fund LOC and the other Reserve Fund LOC Agreements, the form of the New Sewer Warrants, and the form of the Replacement 2001-B GO Warrants. The Plan Supplement complies with the terms of the Plan, and the filing and notice of such documents was good and proper in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Plan Procedures Order, complied in all regards with the requirements of the due process clause of the Fifth Amendment to the United States Constitution and, to the extent applicable, with the requirements

of the due process clause of the Fourteenth Amendment to the United States Constitution, and no other or further notice is or shall be required.

V. Modifications to the Plan. Subsequent to solicitation, the County made certain modifications to the Plan. Many of those modifications were non-material, but some modifications made material changes in respect of the treatment and rights of certain of the Sewer Plan Support Parties under the Plan. Each of the Sewer Plan Support Parties adversely affected by such modifications has accepted in writing such modifications. All modifications to the Plan since the entry of the Plan Procedures Order are consistent with all of the provisions of the Bankruptcy Code (including sections 942 and 1127(d)) and of the Bankruptcy Rules (including Bankruptcy Rule 3019(a)). None of the modifications made since the commencement of solicitation adversely affects the treatment of any Creditor under the Plan who has not accepted in writing the modification. Prior notice regarding the substance of any modifications to the Plan, coupled with the filing with the Court of the Plan as modified, and the disclosure of the Plan modifications on the record at or prior to the Confirmation Hearing constitute due and sufficient notice of any and all of such modifications. Accordingly, none of the modifications requires additional disclosure or resolicitation of votes, and under Bankruptcy Rule 3019(a), all Creditors that previously accepted the Plan are deemed to have accepted the Plan as modified. Pursuant to Bankruptcy Code section 942, the Plan as modified shall constitute the Plan submitted for confirmation at the Confirmation Hearing.

W. Good Faith Extensions of Credit. Each of the Persons purchasing the New Sewer Warrants, providing the New Sewer Wrap Policy, or providing the Reserve Fund LOC is extending credit to the County in good faith within the meaning of Bankruptcy Code section 364(e) and in compliance with all applicable provisions of the Bankruptcy Code and the Bankruptcy Rules. As a result, such Persons are entitled to the full protections and rights afforded by section 364(e) with respect to the New Sewer Warrants, the Rate Resolution, and the liens, priorities, and other rights granted by and pursuant to the New Sewer Warrant Indenture.

In addition, all other indebtedness incurred by the County in connection with, or extensions of credit to the County associated with, the offering of New Sewer Warrants under the Plan, the incurrence of any underwriting or other transaction fees to be paid at closing, the provision of the New Sewer Wrap Policy, and the delivery of the Reserve Fund LOC and the other Reserve Fund LOC Agreements are fair, reasonable, and appropriate amounts for the consideration provided, were extended or incurred in good faith within the meaning of Bankruptcy Code section 364(e), and may properly be incurred and paid by the County in compliance with all applicable provisions of the Bankruptcy Code and the Bankruptcy Rules. As such, the participants in the offering of New Sewer Warrants under the Plan, the Persons receiving any underwriting or other transaction fees to be paid at closing, and those Persons providing the New Sewer Wrap Policy and the Reserve Fund LOC are in each case entitled to the full protections and rights afforded by Bankruptcy Code section 364(e) with respect to such transactions.

X. Good Faith Acts by Indenture Trustees. Each of the Indenture Trustees has acted reasonably and in good faith during the course of the Case. Without limiting the generality of the foregoing, the Court finds and concludes that:

1. In determining not to object to confirmation of the Plan, not to oppose the standstill of litigation (including appeals) pending confirmation of the Plan, and to assist in various respects with the implementation and consummation of the Plan, the Sewer Warrant Trustee has (a) acted or refrained from acting in good faith, (b) exercised the degree of care and skill required to protect the best interests of the holders of the Sewer Warrants and other Sewer Debt Claims, and (c) exercised its rights and powers and used the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of his or her own affairs. Without limitation, the Sewer Warrant Trustee has in good faith acted, or refrained from acting, to give effect to a comprehensive compromise and settlement reached and supported by the holders of more than 99% of the aggregate principal amount of the outstanding Sewer Warrants that were

voted on the Plan (which also constitutes the support of more than 95% of the aggregate principal amount of *all* outstanding Sewer Warrants).

2. In determining not to object to confirmation of the Plan and to assist in various respects with the implementation and consummation of the Plan, the GO Warrant Trustee has (a) acted or refrained from acting in good faith, (b) exercised the degree of care and skill required to protect the best interests of the holders of the Series 2001-B GO Claims, and (c) exercised its rights and powers and used the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of his or her own affairs. Without limitation, the GO Warrant Trustee has in good faith acted, or refrained from acting, to give effect to a comprehensive compromise and settlement reached and supported by the holders of 100% of the outstanding Series 2001-B GO Warrants.

3. In determining not to object to confirmation of the Plan and to assist in various respects with the implementation and consummation of the Plan, the School Warrant Trustee has (a) acted or refrained from acting in good faith, (b) exercised the degree of care and skill required to protect the best interests of the holders of the School Warrant Claims, and (c) exercised its rights and powers and used the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of his or her own affairs. Without limitation, the School Warrant Trustee has in good faith acted, or refrained from acting, to give effect to a comprehensive compromise and settlement reached and supported by the holders of 100% of the outstanding Series 2005-B School Warrants.

Y. Consummation in Good Faith. The County, all Plan Support Parties, each applicable Indenture Trustee, and the New Sewer Warrant Trustee will be acting in good faith if they proceed to (1) consummate the Plan and the agreements, settlements, transactions, transfers,

and Distributions contemplated thereby; and (2) take the other acts or actions authorized and directed by this Confirmation Order.

**NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

1. Plan Confirmation. The Plan, as previously modified and as modified by any modifications made at the Confirmation Hearing, is APPROVED and CONFIRMED. Each provision of the Plan is authorized and approved and shall have the same validity, binding effect, and enforceability as every other provision of the Plan. The terms of the Plan, as previously modified and as modified by any modifications made at the Confirmation Hearing, are incorporated by reference into and are an integral part of this Confirmation Order. The failure specifically to describe, include, or refer to any particular article, section, or provision of the Plan, Plan Supplement, or any related document in this Confirmation Order shall not diminish or impair the effectiveness of such article, section, or provision, it being the intent of the Court that the Plan, the Plan Supplement, and all related documents be approved and confirmed in their entirety as if set forth *in haec verba* in this Confirmation Order.

2. Compromises and Settlements. The Plan Settlements Motion is GRANTED in its entirety. The Court accordingly hereby approves all compromises and settlements embodied in and relating to the Plan as good faith, fair, reasonable, and equitable compromises and settlements of all Claims, Causes of Action, and other controversies and matters resolved pursuant to the Plan, and the entry of this Confirmation Order constitutes approval of all such compromises and settlements pursuant to the Bankruptcy Rules, including Bankruptcy Rule 9019(a), the Bankruptcy Code, including Bankruptcy Code sections 105(a), 1123(a)(5), 1123(b)(3), and 1123(b)(6), and other applicable law. To the extent provided in the Plan, on the Effective Date, all such compromises and settlements shall be binding on the County, the Sewer Released Parties, the GO Released Parties, all other Creditors, and all other Persons.

3. Objections Resolved or Overruled. Any resolutions of objections to confirmation of the Plan or to the Plan Settlements Motion explained on the record at the Confirmation Hearing are hereby incorporated by reference. All unresolved objections, statements, joinders, comments, and reservations of rights in opposition to or inconsistent with the Plan or the Plan Settlements Motion have been fully considered by the Court and are hereby OVERRULED with prejudice on the merits and in their entirety. Without limiting the generality of the foregoing, all arguments raised by the objecting parties about the purported invalidity of the New Sewer Warrants or of any feature of the New Sewer Warrants (including the maturity dates of the New Sewer Warrants) are substantively incorrect, are rejected on the merits, and accordingly are hereby OVERRULED. All withdrawn objections are deemed withdrawn with prejudice.

4. Binding Effect. On or after the entry of this Confirmation Order, and subject to the occurrence of the Effective Date (except to the extent otherwise provided in the Plan or this Confirmation Order), the provisions of the Plan and this Confirmation Order shall bind the County, all Creditors, all special tax payers (as such term is defined in Bankruptcy Code section 902(3)), all past, current, and future ratepayers and users of the Sewer System, all parties in interest, and all other Persons. Confirmation of the Plan binds each holder of a Claim to all the terms and conditions of the Plan, whether or not such holder's Claim is Allowed, whether or not such holder holds a claim that is in a Class that is Impaired under the Plan, and whether or not such holder has accepted the Plan.

5. Plan Supplement Approved. Each document contained in the Plan Supplement (as such may be amended, modified, or supplemented in accordance with the Plan) and each of their provisions is approved in each and every respect. The documents contained in the Plan Supplement, and any amendments, modifications, and supplements thereto (each of which is made in accordance with the terms of the Plan and the applicable Plan Supplement document), and all documents and agreements related thereto (including all exhibits and attachments thereto and documents referred to in such documents), and the execution, delivery, and performance

thereof by the County, are authorized and approved as finalized, executed, and delivered. Without further order or authorization of the Court, the County is authorized and empowered to make all modifications to all documents included as part of the Plan Supplement that are consistent with the Plan and the applicable document. As set forth in the Plan, once finalized and executed, the documents comprising the Plan Supplement and all other documents contemplated by the Plan shall constitute legal, valid, binding, and authorized obligations of the respective parties thereto, enforceable in accordance with their terms and, to the extent applicable, shall create, as of the Effective Date, all liens and other security interests purported to be created thereby.

6. Approved Rate Structure Authorized and Approved. The Approved Rate Structure is hereby authorized and approved as the lawful and appropriate legislative act of the County, including under Amendment 73 of the Alabama Constitution. From and after the Effective Date, the County Commission shall adopt and maintain the Approved Rate Structure in accordance with the Rate Resolution and as necessary for the County to satisfy the obligations arising under the New Sewer Warrants and the New Sewer Warrant Indenture (and to otherwise comply with all applicable state and federal laws regarding the maintenance and operation of the Sewer System), including increases in sewer rates to the extent necessary to allow the timely satisfaction of the County's obligations under the New Sewer Warrants and the New Sewer Warrant Indenture (and to otherwise comply with all applicable state and federal laws regarding the maintenance and operation of the Sewer System).

7. Authorization to Implement Plan. All acts and actions contemplated by the Plan are hereby authorized and approved in all respects (subject to the provisions of the Plan). On and after the Effective Date, the County may (a) execute, deliver, file, or record any and all documents, contracts, instruments, releases, and other agreements, including those contained in the Plan Supplement; (b) make any and all Distributions contemplated pursuant to, and as provided in, the Plan and any Plan Supplement document; and (c) take any and all acts or actions



necessary or desirable to effectuate, implement, and further evidence the terms and conditions of the Plan, each Plan Supplement document, this Confirmation Order, the issuance of the New Sewer Warrants under the New Sewer Warrant Indenture, the issuance and delivery of the Replacement 2001-B GO Warrants under the Amended and Restated GO Warrant Indentures, the provision of the New Sewer Wrap Policy, the delivery of the Reserve Fund LOC and the other Reserve Fund LOC Agreements, and any other transaction contemplated under those documents or the Plan. To effectuate those transactions and the Plan, the President of the County Commission and the managers, agents, representatives, and attorneys of the County are authorized – without further notice or application to or order of the Court – to execute, deliver, file, or record any documents and to take any other acts or actions that they reasonably may determine to be necessary or desirable to implement the Plan or any Plan Supplement document, regardless whether such acts, actions, or documents are specifically referenced in the Plan, the Plan Supplement, or this Confirmation Order.

8. Disposition of Funds and Documents. The disposition of the Accumulated Sewer Revenues, the Sewer Warrant Indenture Funds, and Refinancing Proceeds in accordance with Section 4.6 and the other provisions of the Plan is hereby authorized and approved in all respects (subject to the provisions of the Plan). Subject to the occurrence of the Effective Date, the Sewer Warrant Trustee is hereby authorized and ordered to take all acts or actions as are necessary or appropriate with respect to the disposition of the Accumulated Sewer Revenues, the Sewer Warrant Indenture Funds, and Refinancing Proceeds in accordance with the Plan. As a result of the satisfaction and discharge of all Sewer Debt Claims and the cancellation of the Sewer Warrants (provided that such discharge and cancellation shall not modify, prejudice, or give rise to any defenses in favor of any applicable Sewer Warrant Insurer with respect to any Sewer Wrap Payment Rights) and the Sewer Warrant Indenture (other than for purposes of allowing the Sewer Warrant Trustee to calculate and make Distributions in accordance with the Plan, to seek and obtain dismissals of the Receivership Actions and other applicable pending litigation, and, if

applicable, to pursue and administer the Sewer Wrap Payment Rights after the Effective Date) under the Plan, on the Effective Date (a) the Sewer DSRF Policies and the Sewer DSRF Reimbursement Agreements will be cancelled and of no further force or effect; (b) the Sewer Warrant Trustee is hereby authorized and ordered to close the “Jefferson County Sewer System Debt Service Reserve Fund” under the Sewer Warrant Indenture and return any surety bonds or other documentation evidencing the Sewer DSRF Policies to the applicable Sewer Warrant Insurer; and (c) the Sewer Wrap Policies will be cancelled and of no further force or effect except with respect to any Sewer Wrap Payment Rights, and such Sewer Wrap Policies (in the case of FGIC, as modified by the *First Amended Plan of Rehabilitation for Financial Guaranty Insurance Company*, dated June 4, 2013, as such plan may be amended or modified) shall remain in full force and effect with respect to such Sewer Wrap Payment Rights and only to the extent the holders of Sewer Warrants have such Sewer Wrap Payment Rights.

9. Vesting of Property in County. Except as otherwise provided in the Plan or this Confirmation Order, all assets and properties of the County shall be retained by the County on the Effective Date, free and clear of all Claims, liens, encumbrances, charges, and interests. From and after the Effective Date, the County may conduct its affairs and use, acquire, and dispose of any assets or property without supervision by the Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules and in all respects as if there were no pending case under any chapter or provision of the Bankruptcy Code, other than those restrictions expressly imposed by the Plan and this Confirmation Order.

10. Administrative Claim Deadlines. The deadlines, procedures, and other provisions regarding the assertion, allowance, and treatment of Administrative Claims set forth in Sections 2.2(a) and 2.2(b) of the Plan, to the extent not previously approved and adopted by an order of the Court, are hereby approved and adopted. The Administrative Claims Bar Date shall be **January 31, 2014**.

11. Professional Fees. All the amounts disclosed by the County at the Confirmation Hearing to be paid for services or expenses in the Case or incident to the Plan are reasonable and may appropriately be paid pursuant to Section 2.2(c) of the Plan, and all amounts previously paid by the County for services or expenses in the Case or incident to the Plan were similarly reasonable, appropriately paid by the County, and are final, indefeasible, and not subject to collateral attack. In light of the Court's findings of reasonableness and approval of payment in this Confirmation Order, no further requests or applications are necessary regarding the amounts to be paid to a professional Person that has been duly retained by the County for services or expenses in the Case or incident to the Plan. The County, in the ordinary course of its business, and without the requirement of Court approval, may pay for professional services rendered and expenses incurred following the Effective Date.

12. Assumption of Executory Contracts and Unexpired Leases. As of the Effective Date, pursuant to Section 3.1(a) of the Plan and Bankruptcy Code sections 365(b) and 1123(b), each of the Assumed Agreements shall be deemed assumed by the County and shall be in full force and effect, subject to the County's right to amend the Schedule of Assumed Agreements at any time prior to the Effective Date to: (a) remove any executory contract or unexpired lease from the Schedule of Assumed Agreements and provide for its rejection under the Plan or otherwise; or (b) add any executory contract or unexpired lease to the Schedule of Assumed Agreements and provide for its assumption under the Plan. The County shall provide notice of any amendment to the Schedule of Assumed Agreements to the party or parties to the agreement affected by the amendment; provided where a contract or lease is added to the Schedule of Assumed Agreements, (i) the County shall provide notice of such addition and the proposed Cure Payment with respect thereto (if any) to the non-County party to the contract or lease, and the non-County party to such contract or lease shall have ten (10) calendar days following the date of service of the notice to file any objection to the assignment or the proposed Cure Payment; and (ii) in the absence of a timely filed objection to the assignment or proposed cure of

such additional agreement, this Confirmation Order shall constitute (A) a finding and determination that there is no Cure Payment associated with the additional agreement or any defaults or other amounts that must be paid by the County in connection with the assumption of the additional agreement; (B) a finding and determination that there is “adequate assurance of future performance” (within the meaning of Bankruptcy Code section 365(b)(1)) with respect to such additional agreement, to the extent required; and (C) approval of the assumption of such additional agreement pursuant to the Plan, effective as of the Effective Date.

13. Rejection of Executory Contracts and Unexpired Leases. As of the Effective Date, pursuant to Section 3.2(a) of the Plan and Bankruptcy Code section 365, each of the executory contracts and unexpired leases to be rejected under the Plan shall be deemed rejected as of such date. The deadlines, procedures, and other provisions regarding Rejection Damage Claims set forth in Section 3.2(b) of the Plan are hereby approved and adopted.

14. Assumption of Postpetition Contracts. Pursuant to Section 3.3 of the Plan, as of the Effective Date, all executory contracts and unexpired leases that the County has entered into after the Petition Date with due authorization of the County Commission will be assumed and retained by the County and will remain in full force and effect from and after the Effective Date.

15. Vesting of Preserved Claims in County. The Preserved Claims to be preserved and vested in the County pursuant to Section 4.12 of the Plan shall be fully preserved and shall be deemed vested in the County as of the Effective Date. From and after the Effective Date, the County shall retain its exclusive right, power, and duty to administer the collection, prosecution, enforcement, settlement, or abandonment of the Preserved Claims in the County’s sole and absolute discretion.

16. Allowance of Certain Claims. As set forth in the Plan and subject to the occurrence of the Effective Date, the Claims in Class 1-A, Class 1-B, Class 1-C, Class 1-D, Class 2-A, Class 2-B, Class 2-C, Class 2-D, Class 2-E, Class 3-A, Class 3-B, Class 4, Class 5-A, Class 5-B, Class 5-C, Class 5-D, Class 5-E, and Class 7 shall be Allowed on the Effective Date

in the amounts and to the extent specified in the Plan, and, in each case, shall be satisfied pursuant to the terms of the Plan and any agreements related to the Plan. The allowance on the Effective Date of Allowed Claims in Class 1-A, Class 1-B, Class 1-C, and Class 1-D is appropriate and binding on, specifically enforceable against, and a basis for mandamus against the County, the County Commission, and all other Persons in accordance with the Plan, because, among other things, the allowance of such Claims, along with treatment of those Allowed Claims under the Plan, is a necessary predicate to the issuance of the New Sewer Warrants and is an essential component of the compromises and settlements described in the Plan Settlements Motion. The validity and enforceability of the allowance of the Allowed Claims in Class 1-A, Class 1-B, Class 1-C, and Class 1-D along with the treatment of those Allowed Claims under the Plan and any related agreements, shall (a) moot any pending Causes of Action challenging the validity or enforceability of the Sewer Warrants or the issuance thereof, payments of principal and interest made in respect of the Sewer Warrants, or any Sewer System rates or charges established or collected by the County in connection with the issuance or the payment of debt service in respect of the Sewer Warrants, or seeking the return of any payment made by the County in connection with the Sewer Warrants or any financing or other transaction regarding the Sewer System; and (b) not be subject to any collateral attack or other challenge by any Person in any court or other forum from and after the Effective Date.

17. Objections to Claims. Notwithstanding any Bankruptcy Rule or local rule to the contrary, and except as provided in Section 2.2(a)(i) of the Plan with respect to Administrative Claims, the deadline for objections to Claims against the County shall be the date that is the later of (a) the first Business Day that is at least 180 calendar days after the Effective Date; and (b) the first Business Day that is at least 180 calendar days after the date on which a proof of Claim in respect of a Claim has been Filed, in each case unless extended by the Court upon a motion Filed by the County.

18. No Amendments to Proofs of Claim. From and after the Effective Date, other than a proof of Claim relating to an executory contract or unexpired lease that is rejected pursuant to the Plan, a proof of Claim relating to any prepetition Claim may not be Filed or amended without leave of the Court.

19. Setoff and Recoupment. The County may, but shall not be required to, setoff against or recoup from any Claim and the Distributions to be made in respect of such Claim (other than with respect to Claims previously Allowed or Allowed as set forth in the Plan) any Causes of Action of any nature whatsoever that the County may have against the claimant and that is not a GO Released Claim or a Sewer Released Claim. If the County elects to so setoff or recoup, the Allowed amount of the subject Claim shall be limited to the net amount after giving effect to the County's setoff or recoupment; *provided, however*, that the claimant will be provided with written notice of the proposed setoff or recoupment at least ten (10) Business Days prior thereto, and, if the claimant files a written objection to such proposed setoff or recoupment with the Court, the County shall not proceed with the setoff or recoupment absent the withdrawal of the claimant's objection or the entry of an order overruling the objection, but the County may in all events withhold any Distributions on account of such Claim pending resolution of the claimant's objection; *provided further, however*, that neither the failure to setoff against or recoup from any Claim nor the allowance of any Claim shall constitute a waiver or release by the County of any Causes of Action the County may have against the subject claimant.

20. Dismissal of Adversary Proceedings. On the Effective Date, each of the following adversary proceedings shall be deemed dismissed with prejudice in its entirety:

(a) *Charles E. Wilson, et al. v. JPMorgan Chase & Co., et al. (In re Jefferson County, Alabama)*, Adv. Proc. No. 11-00433-TBB.

(b) *The Bank of New York Mellon, as Indenture Trustee v. Jefferson County, Alabama (In re Jefferson County, Alabama)*, Adv. Proc. No. 12-00016-TBB.

(c) *The Bank of New York Mellon, as Indenture Trustee v. Jefferson County, Alabama (In re Jefferson County, Alabama)*, Adv. Proc. No. 12-00067-TBB.

(d) *Andrew Bennett, et al. v. Jefferson County, Alabama and The Bank of New York Mellon, as Indenture Trustee (In re Jefferson County, Alabama)*, Adv. Proc. No. 12-00120-TBB.

(e) *Lehman Brothers Special Financing Inc. v. The Bank of New York Mellon, as Indenture Trustee, and Jefferson County, Alabama (In re Jefferson County, Alabama)*, Adv. Proc. No. 12-00149-TBB.

(f) *The Bank of New York Mellon, as Indenture Trustee v. Jefferson County, Alabama, et al. (In re Jefferson County, Alabama)*, Adv. Proc. No. 13-00019-TBB.

The County is authorized and directed to file a “Notice of Dismissal in Accordance with Plan and Confirmation Order” in each of the foregoing adversary proceedings on or as soon as is reasonably practicable after the Effective Date.

21. Dismissal of Other Litigation. In connection with the occurrence of the Effective Date, each of the County, the Sewer Plan Support Parties, and the Sewer Warrant Trustee (as applicable) shall file in other appropriate courts stipulations of dismissal among the applicable parties or joint motions to dismiss with prejudice any pending litigation (including any appeals or writs of mandamus) commenced by the County, any of the Sewer Plan Support Parties, or the Sewer Warrant Trustee against the County or any of the Sewer Plan Support Parties, with such dismissals to be effective on and contingent upon the occurrence of the Effective Date.

22. Termination of Receiver and Dismissal of Receivership Actions. As a result of the satisfaction and discharge of all Sewer Debt Claims, as well as the cancellation of the Sewer Warrants, the Sewer Warrant Indenture, and the Sewer Insurance Policies (as applicable) under the Plan, from and after the Effective Date, the Receiver’s status as receiver of the Sewer System will be terminated and of no further force or effect. On or as soon as reasonably practicable after the Effective Date, the Sewer Warrant Trustee shall pay all of the Receiver’s unpaid reasonable

fees (including fees of its counsel and experts) and expenses from the Sewer Warrant Indenture Funds and shall dismiss (or obtain any court orders as are necessary to dismiss) each of the Receivership Actions in their entirety and with prejudice.

23. Deemed Acceleration of the Sewer Warrants. For all purposes, including Distributions under the Plan, all series and subseries of the Sewer Warrants shall be deemed accelerated, as of the Effective Date, after payment of the Reinstated Sewer Warrant Principal Payments, the Reinstated Sewer Warrant Interest Payments, and the Sewer Warrant Insurers Outlay Amount, which acceleration shall occur immediately and before any other Distribution of consideration on the Effective Date; *provided, however*, that such acceleration will not be deemed to release any of the Sewer Wrap Policies with respect to Sewer Wrap Payment Rights except as a result of any Sewer Warrant Insurer's payment of the Outstanding Amount on the applicable series or subseries of non-commuted Sewer Warrants as set forth in the last sentence of this paragraph. With respect to any series or subseries of Sewer Warrants as to which the Commutation Election is not made or deemed not to have been made, and solely to the extent that any Sewer Warrant Insurer voluntarily elects (irrespective of the terms of the applicable Sewer Wrap Policy), in its sole and absolute discretion, to pay the Outstanding Amount on such series or subseries of Sewer Warrants, the Sewer Warrant Trustee shall be deemed as of the Effective Date or, if later, as of the date on which the applicable Sewer Warrant Insurer makes such election as to such series or subseries of Sewer Warrants, to have submitted a draw request under each applicable Sewer Wrap Policy in respect of the Outstanding Amount on such non-commuted series or subseries of Sewer Warrants, and each such Sewer Warrant Insurer shall be entitled (irrespective of the terms of the applicable Sewer Wrap Policy), in its sole and absolute discretion, to treat the Outstanding Amount as "Due for Payment" (as such term is defined in the applicable Sewer Wrap Policy and for purposes of such Sewer Wrap Policy) as of the Effective Date or as of such later date on which the applicable Sewer Warrant Insurer elects to pay such Outstanding Amount. Payment, as provided in the applicable Sewer Wrap Policy, of the



Outstanding Amount on any series or subseries of non-commuted Sewer Warrants shall be deemed to fully discharge the applicable Sewer Warrant Insurer's obligations under the applicable Sewer Wrap Policy and to fully release all Sewer Wrap Payment Rights with respect to such Sewer Warrants.

24. Validation of New Sewer Warrants. The Court does hereby validate and confirm all proceedings had and taken in connection with the following: (a) the Plan; (b) all covenants, agreements, provisions and obligations of the County set forth in the Plan; (c) the Rate Resolution; (d) all covenants, agreements, provisions and obligations of the County set forth in the New Sewer Warrant Indenture; and (e) the New Sewer Warrants and the provisions made to pay and secure payment of such obligations. When the New Sewer Warrants have been executed and delivered in accordance with the Plan, the New Sewer Warrants and the pledges, covenants, agreements and obligations set forth therein and in the New Sewer Warrant Indenture shall stand validated and confirmed. At the time of the delivery of the New Sewer Warrants, the County is hereby directed to cause to be stamped or written on each of the New Sewer Warrants a legend substantially as follows:

“VALIDATED AND CONFIRMED BY JUDGMENT AND  
CONFIRMATION ORDER OF THE UNITED STATES  
BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF  
ALABAMA, ENTERED ON THE \_\_\_ DAY OF \_\_\_\_\_, 2013.”

This validation will be full, final, complete, binding, and conclusive as to the County, all Creditors, all past, current, and future ratepayers and users of the Sewer System, all parties in interest, and all other Persons. Accordingly, the validity and enforceability of the Rate Resolution, the New Sewer Warrants, the New Sewer Warrant Indenture, and the covenants made by the County for the benefit of the holders thereof and those Persons providing the New Sewer Wrap Policy and the Reserve Fund LOC (including the revenue and rate covenants in the New Sewer Warrant Indenture) shall not be subject to any collateral attack or other challenge by any Person in any court or other forum from and after the Effective Date.

25. Validation of Approved Rate Structure. The Court hereby approves the Approved Rate Structure as a valid provision made to pay or secure payment of the New Sewer Warrants that is appropriate, reasonable, and non-discriminatory. Both the prospective sewer rates contained in the Approved Rate Structure and the sewer rates on which the Approved Rate Structure builds are lawful and appropriate, including under Amendment 73 of the Alabama Constitution. From and after the Effective Date, the County Commission shall adopt and maintain the Approved Rate Structure in accordance with the Rate Resolution and as necessary for the County to satisfy the obligations arising under the New Sewer Warrants and the New Sewer Warrant Indenture (and to otherwise comply with all applicable state and federal laws regarding the maintenance and operation of the Sewer System), including increases in sewer rates to the extent necessary to allow the timely satisfaction of the County's obligations under the New Sewer Warrants and the New Sewer Warrant Indenture (and to otherwise comply with all applicable state and federal laws regarding the maintenance and operation of the Sewer System). Without limitation, from and after the Effective Date, (a) this Confirmation Order shall constitute a consent decree binding upon, specifically enforceable against, and a basis for mandamus against the County, the County Commission, and all other Persons in accordance with the Plan; (b) the validity and enforceability of the Approved Rate Structure and the Rate Resolution shall not be subject to any collateral attack or other challenge by any Person in any court or other forum from and after the Effective Date; and (c) the Court shall retain exclusive jurisdiction to enforce the Approved Rate Structure and the Rate Resolution, to require the County to otherwise comply with the New Sewer Warrants and the New Sewer Warrant Indenture, and to hear and adjudicate any action or proceeding enforcing, challenging, or collaterally attacking the Approved Rate Structure or the Rate Resolution. All rights, claims, and defenses of the County, the New Sewer Warrant Trustee, and any other affected party are preserved with respect to any Person that attempts to collaterally attack the Approved Rate Structure or the Rate Resolution from or after the Effective Date despite the prohibitions on such attacks contained in the Plan and

this Confirmation Order. From and after the Effective Date, the New Sewer Warrant Trustee, upon the occurrence of an event of default under the New Sewer Warrant Indenture and subject to the conditions thereof, is authorized to enforce the terms of the Plan, the New Sewer Warrant Indenture, the Approved Rate Structure, and the Rate Resolution against the County, including by obtaining an order from this Court or any other court of competent jurisdiction compelling the County to (x) increase rates charged for Sewer System services so that the Sewer System generates sufficient revenues to cure any default under the New Sewer Warrant Indenture and (y) specifically perform the terms of the Rate Resolution and the New Sewer Warrant Indenture.

26. Exemption from Securities Law. The issuance of the Replacement 2001-B GO Warrants and the offering and issuance of the New Sewer Warrants are exempt from registration under the 1933 Act, and all rules and regulations promulgated thereunder. In general, securities issued by the County, such as general obligation warrants and sewer revenue warrants, are exempt from registration under section 3(a)(2) of the 1933 Act. Obligations issued by the County likewise are exempt from registration under current Alabama securities laws. These exemptions from registration apply to the New Sewer Warrants and the Replacement 2001-B GO Warrants. The Replacement 2001-B GO Warrants will also be exempt from registration under federal or state securities law to the maximum extent provided under Bankruptcy Code section 1145. Like the exemption from registration provided to the County under section 3(a)(2) of the 1933 Act, generally applicable securities laws provide an exemption from qualification for certain trust indentures entered into by governmental entities. The New Sewer Warrant Indenture and the Amended and Restated GO Warrant Indentures are each exempt from qualification under section 304(a)(4) of the Trust Indenture Act of 1939. Nothing in the Plan or this Confirmation Order, including Articles 5 and 6 of the Plan, is intended (i) to preclude the Securities and Exchange Commission from performing its statutory duties, including pursuing any causes of action (including those asserted in the case of *SEC v. Charles LeCroy, et al.*, Case No. 2:09-cv-02238 (N.D. Ala.)), regarding any Person in any forum with proper jurisdiction; or

(ii) without limiting the discharge of the County under the Bankruptcy Code, to excuse any Person from being subject to any action brought by the Securities and Exchange Commission on account of such Person's non-compliance with applicable securities law.

27. Protection Under Section 364(e). The Court hereby approves and authorizes the incurrence of all indebtedness and extensions of credit necessary to implement the Plan pursuant to Bankruptcy Code section 364, including the offering of New Sewer Warrants under the Plan, the adoption of the Rate Resolution, the incurrence of any underwriting or other transaction fees to be paid at closing, the provision of the New Sewer Wrap Policy, and the delivery of the Reserve Fund LOC and the other Reserve Fund LOC Agreements. The protections of Bankruptcy Code section 364(e) will apply to all such indebtedness or extensions of credit to the maximum extent permitted by law. As such, the participants in the offering of New Sewer Warrants under the Plan, the Persons receiving any underwriting or other transaction fees to be paid at closing, and those Persons providing the New Sewer Wrap Policy and the Reserve Fund LOC are in each case entitled to the full protections and rights afforded by Bankruptcy Code section 364(e) with respect to such transactions.

28. Exculpation Regarding the Bankruptcy and Plan Process. The provisions of Section 5.1 of the Plan are hereby approved and authorized in their entirety. Without limiting the generality of the foregoing, neither the GO Released Parties, nor the Sewer Released Parties, nor the School Warrant Trustee, nor any of their respective Related Parties shall have or incur any liability to any Person, including any holders of GO Warrants, Sewer Warrants, or School Warrants, for any act or omission occurring on or before the Effective Date in connection with, related to, or arising out of the Case, the Plan Support Agreements, the formulation, preparation, dissemination, implementation, confirmation, or approval of the Plan or any compromises or settlements incorporated therein, the Disclosure Statement, the Plan Supplement, or any other contract, instrument, release, or other agreement or document provided or contemplated in connection with the consummation of the transactions set forth in the Plan; *provided, however,*

that the foregoing provisions shall not affect the liability of any Person that otherwise would result from any such act or omission occurring on or prior to the Effective Date to the extent that such act or omission is determined in a Final Order to have constituted willful misconduct or fraud.

29. Discharge and Permanent Injunction. The provisions of Section 6.2 of the Plan are hereby approved and authorized in their entirety. Without limiting the generality of the foregoing,

(a) The rights afforded in the Plan and the treatment of all Claims by the Plan are in exchange for and in complete settlement, satisfaction, discharge, and release of, and injunction against, all Claims of any nature whatsoever arising prior to the Effective Date against the County or its property, including any interest accrued on such Claims from and after the Petition Date.

(b) Except as otherwise provided in the Plan or this Confirmation Order, on the Effective Date, (i) the County and its property are discharged and released to the fullest extent permitted by Bankruptcy Code section 944(b) from all Claims and rights that arose before the Effective Date, including all debts, obligations, demands, and liabilities, and all debts of the kind specified in Bankruptcy Code sections 502(g), 502(h), or 502(i), regardless whether (A) a proof of Claim based on such debt is Filed or deemed Filed, (B) a Claim based on such debt is allowed pursuant to Bankruptcy Code section 502, or (C) the holder of a Claim based on such debt has or has not accepted the Plan; (ii) any judgment underlying a Claim discharged hereunder is void; and (iii) all Persons are precluded from asserting against the County or its property, whether directly or on behalf of the County, any Claims or rights based on any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. Accordingly, without limitation and except as otherwise expressly provided in the Plan or this Confirmation Order, from and after the Effective Date, the Sewer Warrants and the

Sewer Warrant Indenture shall be deemed cancelled and all liens granted thereunder or related thereto shall be deemed discharged and released.

(c) Except as otherwise provided in the Plan or this Confirmation Order, on and after the Effective Date, all Persons who have held, currently hold, or may hold a Claim that is based on any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, that otherwise arose or accrued prior to the Effective Date, or that otherwise is discharged pursuant to the Plan, are permanently and completely enjoined from taking any of the following actions on account of any such discharged Claim (the “Permanent Injunction”): (i) commencing, conducting, or continuing in any manner any suit, action, or other proceeding of any kind against or affecting the County, its property, its obligations, or any of its Related Parties that is inconsistent with the Plan or this Confirmation Order; (ii) attaching, collecting, enforcing, levying, or otherwise recovering in any manner any award, decree, judgment, or order against or affecting the County, its property, its obligations, or any of its Related Parties other than as expressly permitted under the Plan; (iii) creating, perfecting, or otherwise enforcing in any manner any lien or encumbrance of any kind against or affecting property of the County, other than as expressly permitted under the Plan; (iv) asserting any right of recoupment, setoff, or subrogation of any kind against any obligation due to the County with respect to any such discharged Claim, except as otherwise permitted by Bankruptcy Code section 553; (v) acting or proceeding in any manner, in any place whatsoever, that does not comply with or is inconsistent with the provisions of the Plan, this Confirmation Order, or the discharge provisions of Bankruptcy Code section 944; and (vi) taking any actions to interfere with the implementation or consummation of the Plan; *provided, however*, that the foregoing provision shall not include or affect the liability of any Related Party of the County (x) in any action brought by the Securities and Exchange Commission or (y) on account of any violation of the securities laws. The

County and any other Person injured by any willful violation of the Permanent Injunction shall recover actual damages, including costs, expenses, and attorneys' fees, and, in appropriate circumstances, may recover punitive damages, from the willful violator, and the Court retains jurisdiction over any Causes of Action resulting from any willful violation of the Permanent Injunction.

(d) Nothing in this Confirmation Order or the Plan discharges, releases, precludes, or enjoins: (i) any environmental liability to any governmental unit that is not a Claim as defined in 11 U.S.C. § 101(5); (ii) any environmental Claim of any governmental unit arising on or after the Effective Date; or (iii) any environmental liability to any governmental unit on the part of any entity as the owner or operator of property after the Effective Date.

30. Continuation of Stays. Except as otherwise provided in the Plan, all injunctions or stays in effect in the Case under Bankruptcy Code sections 105, 362(a), or 922(a), or otherwise, on the Confirmation Date shall remain in full force and effect through and including the Effective Date.

31. Commutation Election. The Commutation Election available under the Plan, the Commutation Provisions, and the procedures and presumptions related to the Commutation Election and opportunity for the Deemed Commuting Holders to rescind such Commutation Election are approved and authorized in their entirety. On and as of the Effective Date, any holder of Sewer Warrants that made or was deemed to make the Commutation Election and, in the case of the Deemed Commuting Holders, did not timely rescind such deemed Commutation Election will be deemed to have unconditionally commuted, waived, and forever released, discharged, and forgone (a) any and all Sewer Wrap Payment Rights; (b) any and all Bank Warrant Default Interest Claims; and (c) any and all other Sewer Released Claims against the County, against any of the Sewer Released Parties, or against any of their respective Related Parties. On and as of the Effective Date, any holder of Sewer Warrants that (i) affirmatively

chose not to make the Commutation Election, (ii) was deemed not to make the Commutation Election, or, (iii) in the case of the Deemed Commuting Holders, timely rescinded such deemed Commutation Election shall have Sewer Wrap Payment Rights as set forth in the Plan.

32. Releases and Injunctions. The releases and injunctions set forth in Section 6.3 of the Plan are hereby approved and authorized in their entirety. Without limiting the generality of the foregoing,

(a) Under the Plan and as of the Effective Date, each Sewer Released Party, on behalf of itself, and, to the maximum extent permitted by law, on behalf of each of its Related Parties, in exchange for and upon receipt of the treatment and consideration set forth in the Plan and related documents for the Sewer Released Parties, including the compromises and settlements among the Sewer Released Parties implemented pursuant to the Plan and related documents, forever waives and releases all other Sewer Released Parties and their respective Related Parties from any and all Sewer Released Claims.

(b) Under the Plan and as of the Effective Date, all Persons who voted to accept the Plan or who made or are deemed to have made the Commutation Election and, in the case of the Deemed Commuting Holders, did not timely rescind such deemed Commutation Election will be conclusively deemed to have irrevocably and unconditionally, fully, finally, and forever waived and released and discharged on their own behalf, and on behalf of any Person claiming through them, all Sewer Released Parties and their respective Related Parties from any and all Sewer Released Claims.

(c) From and after the Effective Date, the County, any Person seeking to exercise the rights of the County (including in respect of the County's Causes of Action purportedly asserted in the Bennett Action and the Wilson Action), all Persons holding any Sewer Released Claims that are waived and released pursuant to Section 6.3(a) of the Plan, and all Persons acting or purporting to act on behalf of any Persons holding any Sewer Released Claims that are waived and released pursuant to Section 6.3(a) of the Plan, are



permanently and completely enjoined from commencing or continuing any action, directly or indirectly and in any manner, to assert, pursue, litigate, or otherwise seek any recovery on or on account of such Sewer Released Claims (including any further prosecution of the portion of the Wilson Action pending in state court).

(d) From and after the Effective Date, this Confirmation Order constitutes a bar order pursuant to Bankruptcy Code section 105(a), Rule 16 of the Federal Rules of Civil Procedure, and Bankruptcy Rule 7016 barring and enjoining any and all Persons from commencing or continuing any action, directly or indirectly and in any manner, to assert, pursue, litigate, or otherwise seek any recovery on or on account of any Sewer Released Claims or Ratepayer Claims (including any further prosecution of the portion of the Wilson Action pending in state court).

(e) From and after the Effective Date, the Sewer Warrant Trustee, any holders of Sewer Warrants, and all other Persons are permanently and completely enjoined from pursuing any right of payment under (i) any of the Sewer DSRF Policies, which will be cancelled and of no further force or effect pursuant to Section 4.7 of the Plan; or (ii) any of the Sewer Wrap Policies with respect to any Sewer Warrant holder that made or was deemed to have made the Commutation Election, which Sewer Wrap Policies will be cancelled and of no further force or effect pursuant to Section 4.7 of the Plan; *provided, however,* that such injunction shall not enjoin any holders of Sewer Warrants that did not make or were deemed not to make the Commutation Election, or, if applicable, the Sewer Warrant Trustee on their behalf, from pursuing any Sewer Wrap Payment Rights.

(f) Under the Plan and as of the Effective Date, each GO Released Party, on behalf of itself, and, to the maximum extent permitted by law, on behalf of each of its Related Parties, in exchange for and upon receipt of the treatment and consideration set forth in the Plan for the GO Released Parties, including the compromises and settlements among the GO Released Parties implemented pursuant to the Plan, forever waives and releases

all other GO Released Parties and their respective Related Parties from any and all GO Released Claims.

(g) Under the Plan and as of the Effective Date, all Persons who voted to accept the Plan will be conclusively deemed to have irrevocably and unconditionally, fully, finally, and forever waived and released and discharged on their own behalf, and on behalf of any Person claiming through them, all GO Released Parties and their respective Related Parties from any and all GO Released Claims.

(h) From and after the Effective Date, the County, any Person seeking to exercise the rights of the County, all Persons holding any GO Released Claims that are waived and released pursuant to Section 6.3(b) of the Plan, and all Persons acting or purporting to act on behalf of any Persons holding any GO Released Claims that are waived and released pursuant to Section 6.3(b) of the Plan, are permanently and completely enjoined from commencing or continuing any action, directly or indirectly and in any manner, to assert, pursue, litigate, or otherwise seek any recovery on or on account of such GO Released Claims.

(i) The releases and injunctions set forth in Section 6.3 of the Plan are integral and critical parts of the Plan and the compromises and settlements implemented pursuant to the Plan, the approval of such releases pursuant to this Confirmation Order is a condition to the occurrence of the Effective Date, and all Sewer Released Parties and all GO Released Parties have relied on the efficacy and conclusive effects of such releases and injunctions and on the Bankruptcy Court's retention of jurisdiction to enforce such releases and injunctions when making concessions pursuant to the Plan and by agreeing to, accepting, and supporting the settlement and treatment of their respective Claims, Causes of Action, and other rights under the Plan.

33. Conditions to Effective Date. The Plan shall not become effective unless and until the conditions set forth in Section 4.18(a) of the Plan are satisfied or waived pursuant to

Section 4.18(b) of the Plan. For the avoidance of doubt, no waiver of the conditions precedent to the Effective Date shall have occurred without the consent of any applicable Plan Support Party if and to the extent that the consent of such party is required pursuant to the terms of the Plan and any Plan Support Agreement.

34. Non-Occurrence of Effective Date. If the Effective Date does not occur, then, without limiting the provisions of Section 4.18(c) of the Plan, (a) the Plan; (b) any compromise or settlement embodied in the Plan (including the Allowance of any Claims); (c) the assumption or rejection of executory contracts or unexpired leases pursuant to the Plan; (d) any document or agreement executed pursuant to the Plan (including any document or supplement contained in the Plan Supplement); and (e) any acts, actions, releases, waivers, or injunctions authorized by this Confirmation Order or any order in aid of consummation of the Plan shall be deemed null and void and inadmissible as evidence in any proceeding. In such event, nothing contained in this Confirmation Order, any order relating to consummation of the Plan, the Plan, or the Plan Supplement, and no acts taken in preparation for consummation of the Plan (including voting in favor of the Plan or making the Commutation Election) shall be (i) deemed to constitute a waiver or release of any Claims or Causes of Action by or against the County or any other Person, to prejudice in any manner the rights of the County or any other Person in any further proceedings involving the County or otherwise, or to constitute an admission of any sort by the County or any other Person as to any issue; or (ii) construed as a finding of fact or conclusion of law in respect thereof.

35. Notice of Confirmation Order and Effective Date. Within ten (10) Business Days following the Effective Date, the County or its agents shall mail or cause to be mailed to all Creditors a notice that informs such Creditors of (a) entry of this Confirmation Order and the resulting confirmation of the Plan; (b) the occurrence of the Effective Date; (c) the assumption and rejection of executory contracts and unexpired leases pursuant to the Plan, as well as the deadline for the filing of resulting Rejection Damage Claims; (d) the deadline established under

the Plan for the filing of Administrative Claims; and (e) such other matters as the County finds appropriate. Such notice will be good and sufficient notice under the particular circumstances, will be made in accordance with all the requirements of the Bankruptcy Code and the Bankruptcy Rules (including Bankruptcy Rules 2002(f)(7) and 3020(c)(2)), will comply in all regards with the requirements of the due process clause of the Fifth Amendment to the United States Constitution and, to the extent applicable, with the requirements of the due process clause of the Fourteenth Amendment to the United States Constitution, and no other or further notice or publication is necessary.

36. Governing Law. Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent that an exhibit to the Plan or Plan Supplement provides otherwise (in which case the governing law specified therein shall be applicable to such exhibit), the rights, duties, and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Alabama without giving effect to its principles of conflict of laws.

37. Preemptive Effect. Pursuant to Bankruptcy Code sections 1123(a), 1123(b), and 944(a), as well as general principles of federal supremacy, the provisions of this Confirmation Order, the Plan, and related documents or any amendments or modifications thereto shall apply and be enforceable notwithstanding any otherwise applicable nonbankruptcy law.

38. Retention of Jurisdiction. Notwithstanding the entry of this Confirmation Order or the occurrence of the Effective Date, pursuant to Bankruptcy Code section 945(a), the Court shall retain jurisdiction over the Case and as provided in Section 6.4 of the Plan. Without limiting the generality of the foregoing, the Court shall retain jurisdiction (a) to enter appropriate orders in aid of implementation of the Plan pursuant to Bankruptcy Code section 1142(b); (b) with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Confirmation Order; and (c) to enforce prohibitions against any subsequent collateral attack on the validations contained in the Plan and this Confirmation Order.

39. Finality and Immediate Effect of this Order. This Confirmation Order (a) is a final order and the period in which an appeal must be filed shall commence upon the entry hereof; (b) shall be immediately effective and enforceable upon the entry hereof; and (c) for good cause shown, based on the record of the Confirmation Hearing, shall not be subject to any stay otherwise applicable under the Bankruptcy Rules, including Bankruptcy Rule 3020(e).

40. Authority to Consummate. The County is authorized to cause the Effective Date to occur and to otherwise consummate the Plan at any time after the entry of this Confirmation Order subject to satisfaction or waiver (by the required parties) of the conditions precedent to the Effective Date set forth in Section 4.18(a) of the Plan. Subject to Section 4.18 of the Plan and notwithstanding Bankruptcy Rules 3020(e) or 7062 or otherwise, upon the occurrence of the Effective Date, the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the County, all Creditors, and all other Persons in accordance with their respective terms.

41. Conflicts Between this Order and the Plan. The provisions of this Confirmation Order, including the findings of fact and conclusions of law set forth herein, and the provisions of the Plan are integrated with each other, nonseverable, and mutually dependent unless expressly stated by further order of the Court. The provisions of the Plan, the Plan Supplement, and this Confirmation Order shall be construed in a manner consistent with each other so as to effect the purpose of each; *provided, however*, that if there is any direct conflict between the terms of the Plan or the Plan Supplement and the terms of this Confirmation Order that cannot be reconciled, then, solely to the extent of such conflict, the provisions of this Confirmation Order shall govern and any such provision of this Confirmation Order shall be deemed a modification of the Plan and shall control and take precedence.

**DONE AND ORDERED** this the \_\_\_\_ day of November, 2013.

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UNITED STATES BANKRUPTCY JUDGE