

ESCROW TRUST AGREEMENT between **JEFFERSON COUNTY**, a political subdivision of the State of Alabama, party of the first part (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation having an office in the City of Birmingham, Alabama, party of the second part (herein called the "Escrow Trustee");

RECITALS

The County has heretofore issued (i) its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997 (herein called the "Series 1997-A Warrants"), which are now outstanding in the aggregate principal amount of \$82,270,000, (ii) its Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997 (herein called the "Series 1997-D Warrants"), which are now outstanding in the aggregate principal amount of \$43,760,000, (iii) its Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999 (herein called the "Series 1999-A Warrants"), which are now outstanding in the aggregate principal amount of \$133,590,000, (iv) its Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001 (herein called the "Series 2001-A Warrants"), which are now outstanding in the aggregate principal amount of \$62,975,000, (v) its Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002 (herein called the "Series 2002-B Warrants"), which are now outstanding in the aggregate principal amount of \$333,080,000, and (vi) its Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002 (herein called the "Series 2002-D Warrants"), which are now outstanding in the aggregate principal amount of \$447,220,000.

The County can achieve debt service savings through a refunding, in advance of maturity, of certain of the outstanding Series 1997-A Warrants, Series 1997-D Warrants, Series 1999-A Warrants, Series 2001-A Warrants, Series 2002-B Warrants and Series 2002-D Warrants. Simultaneously with the delivery of this Escrow Trust Agreement, the County is issuing \$1,052,025,000 aggregate principal amount of its Sewer Revenue Refunding Warrants, Series 2003-C (herein called the "Series 2003-C Warrants"), in order to provide the moneys needed to effect a refunding of certain of the Series 1997-A Warrants, Series 1997-D Warrants, Series 1999-A Warrants, Series 2001-A Warrants, Series 2002-B Warrants and Series 2002-D Warrants. Pursuant to this Escrow Trust Agreement, the County will establish with the Escrow Trustee an escrow fund to provide for such refunding, all as more particularly provided in the succeeding provisions of this Escrow Trust Agreement.

The County and the Escrow Trustee have heretofore entered into an Escrow Trust Agreement dated as of April 1, 2003 (herein called the "Interest-Only Escrow Agreement"), pursuant to which an escrow fund (herein called the "Interest-Only Escrow Fund") was established to provide for the payment of certain specified amounts of interest on outstanding County sewer revenue warrants on certain specified dates. The implementation of the provisions of this Escrow Trust Agreement will effect a restructuring of the investments in the Interest-Only Escrow Fund. The provisions hereof constitute an amendment and restatement of the Interest-Only Escrow Agreement in its entirety,

pursuant to and in accordance with the provisions of Section 6.5 of the Interest-Only Escrow Agreement.

NOW, THEREFORE, THIS ESCROW TRUST AGREEMENT

WITNESSETH:

That in consideration of the respective representations, acknowledgments and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Section 1.1 **Definitions.** The following words and phrases and others evidently intended as the equivalent thereof shall, unless the context clearly indicates otherwise, be given the following respective meanings:

"Bond Counsel" means any attorney, or firm of attorneys, (i) who are acceptable to the County and to Haskell Slaughter Young & Rediker, LLC, the law firm that served as bond counsel in connection with the issuance of the Series 2003-C Warrants, and (ii) whose opinions respecting the legality or validity of securities issued by or on behalf of states or political subdivisions thereof are nationally recognized and accepted.

"Code" means the Internal Revenue Code of 1986, as amended, or successor federal tax law at the time in force and effect.

"County" means the party of the first part hereto and its successors and assigns.

"Escrow Fund" means the escrow fund created in Section 3.1 hereof for the purpose of providing for the payment of the Refunded Warrants.

"Escrow Fund Balance" means, as of the time of determination thereof, the sum of (i) all uninvested moneys then held in the Escrow Fund and (ii) the net amount of cash that can be obtained from the immediate sale or other conversion into cash of all Supplemental Investments held in the Escrow Fund.

"Escrow Fund Basic Investments" means (i) the Initial Escrow Fund Investments, (ii) the Subsequent Basic Investments, and (iii) in the case of any rearrangement or restructuring of the Escrow Fund Basic Investments undertaken in accordance with the provisions of Section 3.4 hereof, any Federal Obligations or Qualified Tax-Exempt Obligations constituting new or additional Escrow Fund Basic Investments that may be acquired with additional moneys provided by the County or

with all or part of the proceeds of the sale or other conversion into cash of investments theretofore constituting Escrow Fund Basic Investments or that may be substituted by the County for investments theretofore constituting Escrow Fund Basic Investments.

"Escrow Fund Investments" means (i) the Escrow Fund Basic Investments and (ii) any Supplemental Investments at the time held in the Escrow Fund.

"Escrow Trustee" means (i) the party of the second part hereto and its successors and assigns, and (ii) any banking corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Federal Obligations" means (i) direct obligations of the United States of America, and (ii) obligations payment of the principal of and the interest on which is unconditionally guaranteed by, or entitled to the full faith and credit of, the United States of America; provided that no obligation that is subject to redemption prior to maturity at the option of the issuer thereof shall constitute a Federal Obligation for purposes of this Escrow Trust Agreement.

"Indenture" means that certain Trust Indenture dated as of February 1, 1997, between the County and The Bank of New York (as successor to AmSouth Bank of Alabama), as trustee, as supplemented and amended.

"Independent Counsel" means legal counsel having no continuing employment or business relationship or other connection with the County which, in the opinion of the Escrow Trustee, might compromise or interfere with the independent judgment of such counsel in the performance of any services to be performed hereunder as Independent Counsel.

"Initial Escrow Fund Investments" means those Federal Obligations that are described in Exhibit A attached hereto and made a part hereof.

"Minimum Required Escrow Fund Balance" means the minimum Escrow Fund Balance, determined in accordance with the provisions of Section 3.4 hereof, that is required to be maintained in the Escrow Fund as of the conclusion of business on each February 1 and August 1 until the full payment and retirement of the Refunded Warrants, it being herein provided that the Minimum Required Escrow Fund Balance for each of the aforesaid dates shall be established as follows:

(i) if the Escrow Fund Basic Investments are not rearranged or restructured pursuant to the provisions of Section 3.4 hereof, the Minimum Required Escrow Fund Balance for each of the aforesaid dates shall be the amount so designated for each such date in the rightmost column of Exhibit B which is attached hereto and made a part hereof; and

(ii) in the event that a rearrangement or restructuring of the Escrow Fund Basic Investments is undertaken pursuant to the provisions of Section 3.4 hereof, the

Minimum Required Escrow Fund Balance for each of the aforesaid dates occurring after such rearrangement or restructuring shall be as designated in the schedule of new balances required by the provisions of said Section 3.3 to be provided in connection with such rearrangement or restructuring.

"Qualified Tax-Exempt Obligations" means any obligations, whether general or limited, of any state of the United States of America or of any political subdivision or instrumentality of any such state or political subdivision thereof (i) which are rated not less favorably than AAA by Standard & Poor's Corporation and Aaa by Moody's Investors Service, Inc., (ii) the payment of the full amount of the principal of and interest on which is either unconditionally guaranteed by the United States of America or is to be derived from payments of principal of or interest on Federal Obligations held in an irrevocable trust fund, and (iii) the interest on which is exempt from federal income taxation in the opinion of Bond Counsel; provided that the satisfaction of the foregoing requirements shall be certified to the Escrow Trustee by the County (on which certification the Escrow Trustee may conclusively rely).

"Refunded Series 1997-A Warrants" means \$4,210,000 principal amount of the Series 1997-A Warrants that mature in 2005, \$2,635,000 principal amount of the Series 1997-A Warrants that mature in 2006, \$3,970,000 principal amount of the Series 1997-A Warrants that mature in 2017, \$5,175,000 principal amount of the Series 1997-A Warrants that mature in 2018 and \$6,550,000 principal amount of the Series 1997-A Warrants that mature in 2019.

"Refunded Series 1997-D Warrants" means the Series 1997-D Warrants that mature in 2017 and 2018.

"Refunded Series 1999-A Warrants" means \$133,590,000 principal amount of the Series 1999-A Warrants that mature in 2033.

"Refunded Series 2001-A Warrants" means the Series 2001-A Warrants that mature in 2021 and 2034, \$7,140,000 principal amount of the Series 2001-A Warrants that mature in 2031 and \$29,960,000 principal amount of the Series 2001-A Warrants that mature in 2041.

"Refunded Series 2002-B Warrants" means the Series 2002-B Warrants that mature in 2038, \$191,850,000 principal amount of the Series 2002-B Warrants that mature in 2041 and \$91,230,000 principal amount of the Series 2002-B Warrants that mature in 2042.

"Refunded Series 2002-D Warrants" means the Series 2002-D Warrants that mature in the years 2022 through 2027 (inclusive), 2032 and 2042, and \$127,420,000 principal amount of the Series 2002-D Warrants that mature in 2038.

"Refunded Warrants" means the Refunded Series 1997-A Warrants, the Refunded Series 1997-D Warrants, the Refunded Series 1999-A Warrants, the Refunded Series 2001-A Warrants, the Refunded Series 2002-B Warrants and the Refunded Series 2002-D Warrants.

"Refunded Warrants Paying Agent" means The Bank of New York, in its capacity as paying agent for the Refunded Warrants and any successors thereto as such paying agent.

"Series 1997-A Warrants" means the County's Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, which are now outstanding in the aggregate principal amount of \$82,270,000.

"Series 1997-D Warrants" means the County's Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, which are now outstanding in the aggregate principal amount of \$43,760,000.

"Series 1999-A Warrants" means the County's Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, which are now outstanding in the aggregate principal amount of \$133,590,000.

"Series 2001-A Warrants" means the County's Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, which are now outstanding in the aggregate principal amount of \$62,975,000.

"Series 2002-B Warrants" means the County's Sewer Revenue Capital Improvement Warrants, Series 2002-B, dated September 1, 2002, which are now outstanding in the aggregate principal amount of \$333,080,000.

"Series 2002-D Warrants" means the County's Sewer Revenue Capital Improvement Warrants, Series 2002-D, dated November 1, 2002, which are now outstanding in the aggregate principal amount of \$447,220,000.

"Series 2003-C Warrants" means the County's Sewer Revenue Refunding Warrants, Series 2003-C, issued in the aggregate principal amount of \$1,052,025,000.

"Subsequent Basic Investments" means any United States Treasury obligations - State and Local Government Series which have a Yield of zero percent per annum and which from time to time, subsequent to the effective date of this Escrow Trust Agreement (or, in the case of any rearrangement or restructuring of the Escrow Fund Basic Investments pursuant to the provisions of Section 3.4 hereof, subsequent to the date of completion of such rearrangement or restructuring), are required by the provisions hereof to be acquired by the Escrow Trustee as part of the Escrow Fund.

"Supplemental Investments", when used with reference to the Escrow Fund, means any investments made with moneys in such fund pursuant to the provisions of Section 4.1 hereof, which investments shall consist of any of the following: (i) Federal Obligations; and (ii) Qualified Tax-Exempt Obligations.

"Yield", when used with reference to the Series 2003-C Warrants, any Federal Obligations or any other debt obligations, means the "yield" on such warrants or obligations, as the case may be,

computed in accordance with United States Treasury Regulations §§ 1.148-4 and 1.148-5 or other appropriate regulations under the Code.

Section 1.2 **Use of Phrases.** "Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Escrow Trust Agreement as an entirety and not solely to the particular portion in which any such word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

ARTICLE II

REPRESENTATIONS

Section 2.1 **Representations by the County.** The County makes the following representations as the basis for the undertakings on its part herein contained:

(a) The County has heretofore duly issued the Series 1997-A Warrants, and they are now outstanding in the aggregate principal amount of \$82,270,000. The outstanding Series 1997-A Warrants are fully registered warrants which bear interest at the following per annum rates, payable on each February 1 and August 1, and mature on February 1 as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate (per annum)</u>
2005	\$ 5,870,000	5.00%
2006	3,675,000	5.375
2017	5,535,000	5.65
2018	7,220,000	5.625
2019	9,135,000	5.625
2022	11,785,000	5.625
2027	39,050,000	5.375

(b) The Bank of New York is the paying agent for the Series 1997-A Warrants. The Refunded Warrants Paying Agent has been provided with sufficient moneys to pay all interest on the Series 1997-A Warrants that became due on or before August 1, 2003. Out of the moneys provided by the County for the payment of the aforesaid interest on the Series 1997-A Warrants, the Refunded Warrants Paying Agent has paid such interest by mailing checks or drafts to the respective registered holders of the Series 1997-A Warrants entitled to receive such interest.

(c) The Series 1997-A Warrants maturing after February 1, 2007 may be prepaid and redeemed on February 1, 2007, as a whole or in part, at a redemption price equal to the principal amount of each thereof plus accrued interest to the date of redemption and (except for those of the Series 1997-A Warrants maturing on February 1, 2007) a premium equal to one percent (1%) of the principal amount of each Series 1997-A Warrant so redeemed.

(d) The governing body of the County has heretofore adopted a resolution calling for redemption on February 1, 2007, those of the Refunded Series 1997-A Warrants that mature after said date.

(e) The County has heretofore duly issued the Series 1997-D Warrants, and they are now outstanding in the aggregate principal amount of \$43,760,000. The outstanding Series 1997-D Warrants are fully registered warrants which bear interest at the following per annum rates, payable on each February 1 and August 1, and mature on February 1 as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate (per annum)</u>
2017	\$ 21,235,000	5.65%
2018	22,525,000	5.70

(f) The Bank of New York is the paying agent for the Series 1997-D Warrants. The Refunded Warrants Paying Agent has been provided with sufficient moneys to pay all interest on the Series 1997-D Warrants that became due on or before August 1, 2003. Out of the moneys provided by the County for the payment of the aforesaid interest on the Series 1997-D Warrants, the Refunded Warrants Paying Agent has paid such interest by mailing checks or drafts to the respective registered holders of the Series 1997-D Warrants entitled to receive such interest.

(g) The Series 1997-D Warrants may be prepaid and redeemed on February 1, 2007, as a whole or in part, at a redemption price equal to the principal amount of each thereof plus accrued interest to the date of redemption and a premium equal to one percent (1%) of the principal amount of each Series 1997-D Warrant so redeemed.

(h) The governing body of the County has heretofore adopted a resolution calling the Refunded Series 1997-D Warrants for redemption on February 1, 2007.

(i) The County has heretofore duly issued the Series 1999-A Warrants, and they are now outstanding in the aggregate principal amount of \$133,590,000. The outstanding Series 1999-A Warrants are fully registered warrants which bear

interest at the following per annum rates, payable on each February 1 and August 1, and mature on February 1 as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate (per annum)</u>
2033	\$133,590,000	5.00%

(j) The Bank of New York is the paying agent for the Series 1999-A Warrants. The Refunded Warrants Paying Agent has been provided with sufficient moneys to pay all interest on the Series 1999-A Warrants that became due on or before August 1, 2003. Out of the moneys provided by the County for the payment of the aforesaid interest on the Series 1999-A Warrants, the Refunded Warrants Paying Agent has paid such interest by mailing checks or drafts to the respective registered holders of the Series 1999-A Warrants entitled to receive such interest.

(k) The Series 1999-A Warrants may be prepaid and redeemed on February 1, 2009, as a whole or in part, at a redemption price equal to the principal amount of each thereof plus accrued interest to the date of redemption and a premium equal to one percent (1%) of the principal amount of each Series 1999-A Warrant so redeemed.

(l) The governing body of the County has heretofore adopted a resolution calling the Refunded Series 1999-A Warrants for redemption on February 1, 2009.

(m) The County has heretofore duly issued the Series 2001-A Warrants, and they are now outstanding in the aggregate principal amount of \$62,975,000. The outstanding Series 2001-A Warrants are fully registered warrants which bear interest at the following per annum rates, payable on each February 1 and August 1, and mature on February 1 as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate (per annum)</u>
2007	\$ 795,000	4.50%
2008	830,000	4.50
2009	870,000	4.50
2010	910,000	4.50
2011	950,000	4.50
2012	995,000	4.50
2013	1,045,000	5.00
2014	1,095,000	5.00
2015	1,155,000	5.00
2016	1,215,000	5.00
2018	2,615,000	5.00
2019	1,410,000	5.00
2020	1,480,000	5.00
2021	1,555,000	5.00
2031	7,140,000	5.50
2034	8,955,000	5.00
2041	29,960,000	5.00

(n) The Bank of New York is the paying agent for the Series 2001-A Warrants. The Refunded Warrants Paying Agent has been provided with sufficient moneys to pay all interest on the Series 2001-A Warrants that became due on or before August 1, 2003. Out of the moneys provided by the County for the payment of the aforesaid interest on the Series 2001-A Warrants, the Refunded Warrants Paying Agent has paid such interest by mailing checks or drafts to the respective registered holders of the Series 2001-A Warrants entitled to receive such interest.

(o) The Series 2001-A Warrants maturing after February 1, 2011 may be prepaid and redeemed on February 1, 2011, as a whole or in part, at a redemption price equal to the principal amount of each thereof plus accrued interest to the date of redemption and a premium equal to one percent (1%) of the principal amount of each Series 2001-A Warrant so redeemed.

(p) The governing body of the County has heretofore adopted a resolution calling the Refunded Series 2001-A Warrants for redemption on February 1, 2011.

(q) The County has heretofore duly issued the Series 2002-B Warrants, and they are now outstanding in the aggregate principal amount of \$333,080,000. The outstanding Series 2002-B Warrants are fully registered warrants which bear interest at the following per annum rates, payable on each February 1 and August 1, and mature on February 1 as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate (per annum)</u>
2038	\$ 50,000,000	4.75%
2041	191,850,000	5.00
2042	91,230,000	5.125

(r) The Bank of New York is the paying agent for the Series 2002-B Warrants. The Refunded Warrants Paying Agent has been provided with sufficient moneys to pay all interest on the Series 2002-B Warrants that became due on or before August 1, 2003. Out of the moneys provided by the County for the payment of the aforesaid interest on the Series 2002-B Warrants, the Refunded Warrants Paying Agent has paid such interest by mailing checks or drafts to the respective registered holders of the Series 2002-B Warrants entitled to receive such interest.

(s) The Series 2002-B Warrants may be prepaid and redeemed on August 1, 2012, as a whole or in part, at a redemption price equal to the principal amount of each thereof plus accrued interest to the date of redemption.

(t) The governing body of the County has heretofore adopted a resolution calling the Refunded Series 2002-B Warrants for redemption on August 1, 2012.

(u) The County has heretofore duly issued the Series 2002-D Warrants, and they are now outstanding in the aggregate principal amount of \$447,220,000. The outstanding Series 2002-D Warrants are fully registered warrants which bear interest at the following per annum rates, payable on each February 1 and August 1, and mature on February 1 as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate (per annum)</u>
2022	\$ 12,975,000	5.25%
2023	13,675,000	5.25
2024	14,410,000	5.25
2025	15,190,000	5.25
2026	16,005,000	5.25
2027	16,850,000	5.00
2032	98,120,000	5.00
2038	127,420,000	5.00
2042	132,575,000	5.00

(v) The Bank of New York is the paying agent for the Series 2002-D Warrants. The Refunded Warrants Paying Agent has been provided with sufficient

moneys to pay all interest on the Series 2002-D Warrants that became due on or before August 1, 2003. Out of the moneys provided by the County for the payment of the aforesaid interest on the Series 2002-D Warrants, the Refunded Warrants Paying Agent has paid such interest by mailing checks or drafts to the respective registered holders of the Series 2002-D Warrants entitled to receive such interest.

(w) The Series 2002-D Warrants may be prepaid and redeemed on August 1, 2012, as a whole or in part, at a redemption price equal to the principal amount of each thereof plus accrued interest to the date of redemption.

(x) The governing body of the County has heretofore adopted a resolution calling the Refunded Series 2002-D Warrants for redemption on August 1, 2012.

(y) This Escrow Trust Agreement and the execution and delivery thereof on behalf of the County have been duly authorized by all necessary action by the governing body of the County, and this Escrow Trust Agreement has been duly executed and delivered on behalf of the County and constitutes a valid and binding agreement of the County.

Section 2.2 Representations by the Escrow Trustee. The Escrow Trustee, as the basis for the undertakings on its part herein contained, represents that it has the power to enter into this Escrow Trust Agreement and to accept and administer the trusts created hereby and has been duly authorized to do so by all necessary corporate action.

ARTICLE III

CREATION OF ESCROW FUND AND APPLICATION OF MONEYS HELD THEREIN

Section 3.1 Creation of Escrow Fund; Initial Funding Thereof. There is hereby created an irrevocable trust fund, designated the Escrow Fund, for the purpose of providing for the payment and redemption of the Refunded Warrants. The Escrow Fund shall be maintained until all the Refunded Warrants shall have been paid in full. The Escrow Trustee shall be the depository, custodian and disbursing agent for the Escrow Fund and shall hold and administer the Escrow Fund in accordance with the provisions hereof. Subject to the provisions of Sections 3.3, 3.4 and 4.1 hereof, all moneys held in the Escrow Fund shall be applied by the Escrow Trustee solely as provided in Section 3.2 hereof.

The Escrow Fund shall consist of the Escrow Fund Basic Investments, all Supplemental Investments (if any) held in the Escrow Fund, the interest income from all Escrow Fund Investments, the proceeds derived from the payment or other conversion into cash of any of the Escrow Fund Investments, and all other moneys deposited in the Escrow Fund pursuant to the provisions hereof.

The County hereby directs the Escrow Trustee (i) to sell the securities held in the Interest-Only Escrow Fund to JPMorgan Chase Bank for a purchase price of \$131,147,234.00, (ii) to terminate the related Forward Supply Agreement dated May 1, 2003, between the Escrow Trustee and UBS AG, and (iii) to enter into the Termination Agreement dated as of August 7, 2003, between the Escrow Trustee and UBS AG and take the actions described therein, including the payment of the Termination Fee described therein in the amount of \$421,000 to UBS AG out of the proceeds from the sale of the securities described in clause (i). The Escrow Fund created pursuant to this Escrow Fund Agreement shall reflect and constitute a restructuring of the investments in the Interest-Only Escrow Fund as provided for in the Interest-Only Escrow Agreement.

Simultaneously with the delivery of this Escrow Trust Agreement, the County will pay to the Escrow Trustee, (i) out of the proceeds derived from the sale of the Series 2003-C Warrants, the sum of \$956,533,786.59, (ii) out of the net proceeds resulting from the sale of the securities in the Interest-Only Escrow Fund and the termination of the related Forward Supply Agreement, the sum of \$130,726,234, and (iii) out of other moneys of the County, the sum of \$40,903,273.41. The moneys so paid to the Escrow Trustee, together with the cash on deposit in the Interest-Only Escrow Fund, shall be used to establish the Escrow Fund. Upon the receipt thereof, the Escrow Trustee will immediately apply \$1,128,461,436 of such moneys to the purchase of the Initial Escrow Fund Investments and the balance of \$100.00 shall be the initial cash balance in the Escrow Fund.

The County represents that moneys sufficient to provide (a) for the payment, when due, of the interest on the Refunded Warrants until their respective redemption dates and (b) for the payment of the redemption prices of the Refunded Warrants on their respective redemption dates, will be provided by the principal and interest maturing with respect to the Initial Escrow Fund Investments, without any need for additional income derived from the further investment of the principal and interest maturing with respect to the Initial Escrow Fund Investments.

Section 3.2 Application of Moneys in Escrow Fund to Payment of the Refunded Warrants. As and when the principal of and interest on the Escrow Fund Investments become due and payable, the Escrow Trustee will collect such principal and interest and deposit the same in the Escrow Fund. In the event that any moneys held in the Escrow Fund shall be invested in Supplemental Investments pursuant to the provisions of Section 4.1 hereof, the moneys so invested shall be deemed available to make any payments required by the succeeding provisions of this section.

Moneys in the Escrow Fund shall be withdrawn and applied by the Escrow Trustee for the purposes and to the extent specified below:

(a) on February 1, 2004, and on each February 1 and August 1 thereafter until February 1, 2007, there shall be paid to the Refunded Warrants Paying Agent such amount as will be sufficient to pay the interest and principal becoming due with respect to the Refunded Series 1997-A Warrants and the Refunded Series 1997-D Warrants on such date;

(b) on February 1, 2007, there shall be paid to the Refunded Warrants Paying Agent such amount as will be sufficient to pay the redemption price of the Refunded Series 1997-A Warrants and the Refunded Series 1997-D Warrants called for redemption on that date;

(c) on February 1, 2004, and on each February 1 and August 1 thereafter until February 1, 2009, there shall be paid to the Refunded Warrants Paying Agent such amount as will be sufficient to pay the interest becoming due with respect to the Refunded Series 1999-A Warrants on such date;

(d) on February 1, 2009, there shall be paid to the Refunded Warrants Paying Agent such amount as will be sufficient to pay the redemption price of the Refunded Series 1999-A Warrants called for redemption on that date;

(e) on February 1, 2004, and on each February 1 and August 1 thereafter until February 1, 2011, there shall be paid to the Refunded Warrants Paying Agent such amount as will be sufficient to pay the interest becoming due with respect to the Refunded Series 2001-A Warrants on such date;

(f) on February 1, 2011, there shall be paid to the Refunded Warrants Paying Agent such amount as will be sufficient to pay the redemption price of the Refunded Series 2001-A Warrants called for redemption on that date;

(g) on February 1, 2004, and on each February 1 and August 1 thereafter until August 1, 2012, there shall be paid to the Refunded Warrants Paying Agent such amount as will be sufficient to pay the interest becoming due with respect to the Refunded Series 2002-B Warrants and the Refunded Series 2002-D Warrants on such date;

(h) on August 1, 2012, there shall be paid to the Refunded Warrants Paying Agent such amount as will be sufficient to pay the redemption price of the Refunded Series 2002-B Warrants and the Refunded Series 2002-D Warrants called for redemption on that date; and

(i) on the following dates, moneys in the following amounts shall be applied to pay interest on outstanding Series 2001-A Warrants that are not Refunded Series 2001-A Warrants:

<u>Date</u>	<u>Amount</u>
August 1, 2005	\$ 105,227.82
August 1, 2006	176,044.02

If the Escrow Fund Basic Investments should be rearranged or restructured in accordance with the provisions of Section 3.4 hereof, the preceding provisions of this section specifying payments from the Escrow Fund may be modified as to amount, timing, source, priority or other conditions in such manner and to such extent as shall be permitted or required by the certificate of an independent certified public accountant and the opinion of Bond Counsel that must be furnished to the Escrow Trustee in connection with any rearrangement or restructuring of the Escrow Fund Basic Investments pursuant to Section 3.4 hereof.

Section 3.3 Subsequent Basic Investments. In order to ensure that the combined Yield on the Initial Escrow Fund Investments will not exceed the highest permissible Yield at which proceeds of the Series 2003-C Warrants may be invested, the Escrow Trustee will acquire, on the date shown below, Subsequent Basic Investments in the principal amount and having the maturity shown below opposite their required date of acquisition:

<u>Required Date of Acquisition</u>	<u>Principal Amount</u>	<u>Required Maturity Date</u>
February 1, 2012	\$ 433,775,990	August 1, 2012

The above described Subsequent Basic Investments shall have a Yield of zero percent per annum and shall be purchased out of the principal (if any) and interest that mature with respect to the Escrow Fund Basic Investments on the required date of acquisition of such Subsequent Basic Investments.

The County hereby irrevocably authorizes and directs the Escrow Trustee, as the agent of the County with power to act in its name, to acquire the Subsequent Basic Investments as described above on the date specified and in strict accordance with all of the applicable provisions hereof. The Escrow Trustee hereby accepts the agency powers conferred upon it by this section with respect to the acquisition of such Subsequent Basic Investments, and it hereby agrees to take, in a timely manner, all actions necessary to acquire such Subsequent Basic Investments in the amount and on the date hereinabove specified.

Section 3.4 Restructuring of Escrow Fund Basic Investments. Subject to compliance with all of the applicable conditions set forth in this section, the County shall have the right to cause the Escrow Trustee to rearrange or restructure the Escrow Fund Basic Investments one or more times for any of the following reasons:

- (a) the continued holding of the Escrow Fund Basic Investments in accordance with the provisions hereof shall have been rendered economically or legally undesirable by a change in applicable federal or state law or by an adverse interpretation of federal or state law considered by counsel to be applicable at the time of the delivery of this Escrow Trust Agreement, it being hereby agreed that the rearrangement or restructuring of the Escrow Fund Basic Investments may be justified by such

change in law or such adverse interpretation of law, as the case may be, irrespective of whether this Escrow Trust Agreement or any transactions related thereto shall be the subject of pending administrative or judicial action or whether such rearrangement or restructuring shall be recommended as an anticipatory corrective measure by counsel to the County;

(b) at the time of any proposed rearrangement or restructuring of the Escrow Fund Basic Investments, it shall be economically or legally desirable or necessary to provide for the payment of the Refunded Warrants with new Escrow Fund Basic Investments that can be obtained at a cost to the County less than the then current liquidation value of the Escrow Fund Basic Investments that are to be replaced as a consequence of such rearrangement or restructuring;

(c) at the time of any proposed rearrangement or restructuring of the Escrow Fund Basic Investments, it shall be economically or legally desirable or necessary to redeem or purchase for retirement all or any of the Refunded Warrants with moneys then invested in the Escrow Fund Basic Investments; or

(d) at the time of any proposed rearrangement or restructuring of the Escrow Fund Basic Investments, it shall be legally desirable or necessary to reduce the Yield at which moneys in the Escrow Fund have been or are to be invested.

In connection with any rearrangement or restructuring of the Escrow Fund Basic Investments, the Escrow Trustee will, upon written request of the County, (i) sell or otherwise convert into cash any Escrow Fund Investments then held in the Escrow Fund and use the proceeds from such sale or conversion, together with any other cash held in the Escrow Fund or contributed by the County, to purchase as new Escrow Fund Basic Investments such Federal Obligations or Qualified Tax-Exempt Obligations as shall be specified by the County, and (ii) surrender any specified Escrow Fund Investments to the County in exchange for other Federal Obligations or Qualified Tax-Exempt Obligations to be substituted as new Escrow Fund Basic Investments.

No rearrangement or restructuring of the Escrow Fund Basic Investments shall be permitted unless the following conditions shall be satisfied:

(1) after the completion of such rearrangement or restructuring, the Escrow Fund shall contain Escrow Fund Basic Investments that are not subject to redemption or other prepayment prior to their respective maturities at the option of the issuer thereof and that will mature on such dates (or will be subject to redemption at the option of the holder or otherwise convertible into cash on certain conditions), bear such interest payable at such times, and be of such tenor as will, without any expectation of income from the investment and reinvestment of future cash balances in the Escrow Fund, provide moneys which, together with any cash on deposit in the Escrow Fund immediately following the completion of such rearrangement or

restructuring, will be sufficient to pay all principal and interest thereafter maturing and the redemption price becoming due and payable with respect to those of the Refunded Warrants that will remain outstanding after the completion of such rearrangement or restructuring;

(2) in connection with such rearrangement or restructuring, any net amount derived from the sale or other liquidation of Escrow Fund Basic Investments that is not reinvested in substitute Escrow Fund Basic Investments (recognizing as an adjustment to such net amount the net difference in the market value between any investments surrendered to the County in exchange for substitute investments and the market value of such substitute investments) shall be used as the County shall determine for any lawful purpose;

(3) there shall be furnished to the County and the Escrow Trustee a report of an independent certified public accountant or other escrow verification agent selected by the County stating the conclusion that the Escrow Fund Basic Investments resulting from such rearrangement or restructuring comply with the conditions set forth in subparagraph (1) of this paragraph, which report shall contain such schedules as shall be necessary to support such conclusion, together with a new schedule of Minimum Required Escrow Fund Balances for each payment date for the Refunded Warrants until and including the scheduled retirement of all Refunded Warrants with moneys provided by the rearranged or restructured Escrow Fund Basic Investments;

(4) there shall be furnished to the County and the Escrow Trustee a written opinion of Bond Counsel to the effect that none of the actions taken in connection with such rearrangement or restructuring of the Escrow Fund Basic Investments will cause any of the Series 1997-A Warrants, the Series 1997-D Warrants, the Series 1999-A Warrants, the Series 2001-A Warrants, the Series 2002-B Warrants, the Series 2002-D Warrants or the Series 2003-B Warrants to be or become "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder or otherwise adversely affect the exclusion of the interest on such warrants from gross income for purposes of federal income taxation; and

(5) in the event that a float contract or comparable agreement is to be utilized in connection with such rearrangement or restructuring, Moody's Investor's Service ("Moody's") shall have been provided with a draft of such agreement and Moody's shall have provided a written confirmation that any then current rating by it of the Refunded Warrants would not be lowered or withdrawn as a result of such agreement.

Section 3.5 Determination of Minimum Required Escrow Fund Balances. The Minimum Required Escrow Fund Balance for any February 1 or August 1 shall be an amount of money remaining in the Escrow Fund at the close of business on each such date (or the close of business on the next succeeding business day) with respect to which the following conditions shall be satisfied:

(a) all applications of moneys from the Escrow Fund shall have been made that are required to be made from such fund on such date by the provisions of Section 3.2 hereof;

(b) beginning as of the date of the delivery of this Escrow Trust Agreement (or, in the case of any rearrangement or restructuring of Escrow Fund Basic Investments pursuant to Section 3.4 hereof, the date of the completion of such rearrangement or restructuring), the Minimum Required Escrow Fund Balance shall be determined as the amount by which

(i) the sum of (A) in the case of any rearrangement or restructuring of Escrow Fund Basic Investments pursuant to Section 3.4 hereof, the total cash deposit in the Escrow Fund immediately following the completion of such rearrangement or restructuring, and (B) the cumulative total of all principal and interest scheduled since such beginning date to mature or otherwise become due and payable on or before such February 1 or August 1, as the case may be, with respect to the Escrow Fund Basic Investments exceeds

(ii) the cumulative total of all principal and interest scheduled since such beginning date to mature or otherwise become due and payable on or before such February 1 or August 1, as the case may be, with respect to the Refunded Warrants; and

(c) the Minimum Required Escrow Fund Balance for each February 1 or August 1, as the case may be, when added to the cumulative total of all principal and interest thereafter scheduled to mature or otherwise become due and payable with respect to the Escrow Fund Basic Investments, will be sufficient, without any expectation of income from Supplemental Investments or other funds, to pay all principal and interest that will thereafter mature or otherwise become due and payable with respect to the Refunded Warrants.

The Minimum Required Escrow Fund Balance for the date on which the Refunded Warrants are scheduled to be paid in full will be an amount satisfying the conditions of subparagraphs (a) and (b) without regard to the conditions of subparagraph (c).

Section 3.6 Redemption of Refunded Series 1997-A Warrants. The County and the Escrow Trustee hereby acknowledge that the governing body of the County has called for redemption on February 1, 2007, all of the Refunded Series 1997-A Warrants that mature after that date. The County hereby irrevocably authorizes and directs the Escrow Trustee, as agent of the County with power to act in its name, to effect the redemption of such Refunded Series 1997-A Warrants in accordance with all applicable provisions of the Indenture pursuant to which such warrants were issued. Without limiting the power and authority hereby conferred upon the Escrow Trustee, the County hereby specifically authorizes and directs the Escrow Trustee to mail, by United States registered or certified mail, to the registered owner of each Refunded Series 1997-A Warrant called for redemption, at its address shown in the registry books of the Refunded Warrants Paying Agent applicable thereto, a notice in substantially the form hereinafter specified, such notice to be mailed not more than sixty (60) nor less than thirty (30) days prior to February 1, 2007.

The form of the notice referred to above shall be substantially as follows:

**NOTICE OF CALL OF
WARRANTS FOR REDEMPTION**

Jefferson County, Alabama has called for redemption on February 1, 2007, and will redeem and pay on that date, its Sewer Revenue Refunding Warrants, Series 1997-A, that mature on February 1, 2017 in the principal amount of \$3,970,000, consisting of warrants bearing the following numbers:

[insert certificate numbers]

Series 1997-A Warrants that mature on February 1, 2018, in the principal amount of \$5,175,000, consisting of warrants bearing the following numbers:

[insert certificate numbers]

and Series 1997-A Warrants that mature on February 1, 2019, in the principal amount of \$6,550,000, consisting of warrants bearing the following numbers:

[insert certificate numbers]

Each warrant so called for redemption will become due and payable on February 1, 2007, at and for a redemption price equal to 101% of the principal amount thereof plus accrued interest to February 1, 2007. The warrants so called for redemption should be presented for payment and redemption at the principal office of The Bank of New York, Birmingham, Alabama, and will cease to bear interest after February 1, 2007, whether or not so presented.

DATED this _____ day of _____, _____.

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK,
Its Duly Authorized Agent

By _____

Its _____

The Escrow Trustee hereby accepts the agency powers conferred upon it by this section with respect to the redemption of Series 1997-A Warrants, and it hereby agrees to take, in a timely manner, all actions necessary under the Indenture to redeem on February 1, 2007, pursuant to the provisions of this section, the Refunded Series 1997-A Warrants that mature after said date.

Section 3.7 Redemption of Refunded Series 1997-D Warrants. The County and the Escrow Trustee hereby acknowledge that the governing body of the County has called for redemption on February 1, 2007, all of the Refunded Series 1997-D Warrants. The County hereby irrevocably authorizes and directs the Escrow Trustee, as agent of the County with power to act in its name, to effect the redemption of such Refunded Series 1997-D Warrants in accordance with all applicable provisions of the Indenture pursuant to which such warrants were issued. Without limiting the power and authority hereby conferred upon the Escrow Trustee, the County hereby specifically authorizes and directs the Escrow Trustee to mail, by United States registered or certified mail, to the registered owner of each Refunded Series 1997-D Warrant called for redemption, at its address shown in the registry books of the Refunded Warrants Paying Agent applicable thereto, a notice in substantially the form hereinafter specified, such notice to be mailed not more than sixty (60) nor less than thirty (30) days prior to February 1, 2007.

The form of the notice referred to above shall be substantially as follows:

**NOTICE OF CALL OF
WARRANTS FOR REDEMPTION**

Jefferson County, Alabama has called for redemption on February 1, 2007, and will redeem and pay on that date, its Sewer Revenue Warrants, Series 1997-D, that mature on February 1, 2017, in the principal amount of \$21,235,000, and that mature on February 1, 2018, in the principal amount of \$22,525,000. Each warrant so called for redemption will become due and payable on February 1, 2007, at and for a redemption price equal to 101% of the principal amount thereof, plus accrued interest to February 1, 2007. The warrants so called for redemption should be presented for payment and redemption at the principal office of The Bank of New

York, Birmingham, Alabama, and will cease to bear interest after February 1, 2007, whether or not so presented.

DATED this _____ day of _____, _____.

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK,
Its Duly Authorized Agent

By _____

Its _____

The Escrow Trustee hereby accepts the agency powers conferred upon it by this section with respect to the redemption of Series 1997-D Warrants, and it hereby agrees to take, in a timely manner, all actions necessary under the Indenture to redeem on February 1, 2007, pursuant to the provisions of this section, the Refunded Series 1997-D Warrants.

Section 3.8 Redemption of Refunded Series 1999-A Warrants. The County and the Escrow Trustee hereby acknowledge that the governing body of the County has called for redemption on February 1, 2009, all of the Refunded Series 1999-A Warrants. The County hereby irrevocably authorizes and directs the Escrow Trustee, as agent of the County with power to act in its name, to effect the redemption of such Refunded Series 1999-A Warrants in accordance with all applicable provisions of the Indenture pursuant to which such warrants were issued. Without limiting the power and authority hereby conferred upon the Escrow Trustee, the County hereby specifically authorizes and directs the Escrow Trustee to mail, by United States registered or certified mail, to the registered owner of each Series 1999-A Warrant called for redemption, at its address shown in the registry books of the Refunded Warrants Paying Agent applicable thereto, a notice in substantially the form hereinafter specified, such notice to be mailed not more than sixty (60) nor less than thirty (30) days prior to February 1, 2009.

The form of the notice referred to above shall be substantially as follows:

**NOTICE OF CALL OF
WARRANTS FOR REDEMPTION**

Jefferson County, Alabama has called for redemption on February 1, 2009, and will redeem and pay on that date, its Sewer Revenue Capital Improvement Warrants, Series 1999-A, that mature on February 1, 2033 in the principal amount of \$133,590,000. Each warrant so called for redemption will become due and payable on February 1, 2009, at and for a redemption price equal to 101% of the principal amount thereof, plus accrued interest to February 1, 2009. The warrants so

called for redemption should be presented for payment and redemption at the principal office of The Bank of New York, Birmingham, Alabama, and will cease to bear interest after February 1, 2009, whether or not so presented.

DATED this _____ day of _____, _____.

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK,
Its Duly Authorized Agent

By _____

Its _____

The Escrow Trustee hereby accepts the agency powers conferred upon it by this section with respect to the redemption of Series 1999-A Warrants, and it hereby agrees to take, in a timely manner, all actions necessary under the Indenture to redeem on February 1, 2009, pursuant to the provisions of this section, the Refunded Series 1999-A Warrants.

Section 3.9 Redemption of Refunded Series 2001-A Warrants. The County and the Escrow Trustee hereby acknowledge that the governing body of the County has called for redemption on February 1, 2011, all of the Refunded Series 2001-A Warrants. The County hereby irrevocably authorizes and directs the Escrow Trustee, as agent of the County with power to act in its name, to effect the redemption of such Refunded Series 2001-A Warrants in accordance with all applicable provisions of the Indenture pursuant to which such warrants were issued. Without limiting the power and authority hereby conferred upon the Escrow Trustee, the County hereby specifically authorizes and directs the Escrow Trustee to mail, by United States registered or certified mail, to the registered owner of each Series 2001-A Warrant called for redemption, at its address shown in the registry books of the Refunded Warrants Paying Agent applicable thereto, a notice in substantially the form hereinafter specified, such notice to be mailed not more than sixty (60) nor less than thirty (30) days prior to February 1, 2011.

The form of the notice referred to above shall be substantially as follows:

**NOTICE OF CALL OF
WARRANTS FOR REDEMPTION**

Jefferson County, Alabama has called for redemption on February 1, 2011, and will redeem and pay on that date, its Sewer Revenue Capital Improvement Warrants, Series 2001-A, that mature on February 1, 2021, in the principal amount of \$1,555,000, that mature on February 1, 2031, in the principal amount of \$7,140,000, consisting of warrants bearing the following numbers:

[insert certificate numbers]

that mature on February 1, 2034, in the principal amount of \$8,955,000, and that mature on February 1, 2041, in the principal amount of \$29,960,000, consisting of warrants bearing the following numbers:

[insert certificate numbers]

Each warrant so called for redemption will become due and payable on February 1, 2011, at and for a redemption price equal to 101% of the principal amount thereof, plus accrued interest to February 1, 2011. The warrants so called for redemption should be presented for payment and redemption at the principal office of The Bank of New York, Birmingham, Alabama, and will cease to bear interest after February 1, 2011, whether or not so presented.

DATED this _____ day of _____, _____.

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK,
Its Duly Authorized Agent

By _____

Its _____

The Escrow Trustee hereby accepts the agency powers conferred upon it by this section with respect to the redemption of Series 2001-A Warrants, and it hereby agrees to take, in a timely manner, all actions necessary under the Indenture to redeem on February 1, 2011, pursuant to the provisions of this section, the Refunded Series 2001-A Warrants.

Section 3.10 Redemption of Refunded Series 2002-B Warrants. The County and the Escrow Trustee hereby acknowledge that the governing body of the County has called for redemption on August 1, 2012, all of the Refunded Series 2002-B Warrants. The County hereby irrevocably authorizes and directs the Escrow Trustee, as agent of the County with power to act in its name, to effect the redemption of such Refunded Series 2002-B Warrants in accordance with all applicable provisions of the Indenture pursuant to which such warrants were issued. Without limiting the power and authority hereby conferred upon the Escrow Trustee, the County hereby specifically authorizes and directs the Escrow Trustee to mail, by United States registered or certified mail, to the registered owner of each Series 2002-B Warrant called for redemption, at its address shown in the registry books of the Refunded Warrants Paying Agent applicable thereto, a notice in substantially the form hereinafter specified, such notice to be mailed not more than sixty (60) nor less than thirty (30) days prior to August 1, 2012.

The form of the notice referred to above shall be substantially as follows:

**NOTICE OF CALL OF
WARRANTS FOR REDEMPTION**

Jefferson County, Alabama has called for redemption on August 1, 2012, and will redeem and pay on that date, its Sewer Revenue Capital Improvement Warrants, Series 2002-B, that mature on February 1, 2038, in the principal amount of \$50,000,000, that mature on February 1, 2041, in the principal amount of \$191,850,000, consisting of warrants bearing the following numbers:

[insert certificate numbers]

and that mature on February 1, 2042 in the principal amount of \$91,230,000, consisting of warrants bearing the following numbers:

[insert certificate numbers]

Each warrant so called for redemption will become due and payable on August 1, 2012, at and for a redemption price equal to 100% of the principal amount thereof, plus accrued interest to August 1, 2012. The warrants so called for redemption should be presented for payment and redemption at the principal office of The Bank of New York, Birmingham, Alabama, and will cease to bear interest after August 1, 2012, whether or not so presented.

DATED this _____ day of _____, _____.

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK,
Its Duly Authorized Agent

By _____

Its _____

The Escrow Trustee hereby accepts the agency powers conferred upon it by this section with respect to the redemption of Series 2002-B Warrants, and it hereby agrees to take, in a timely manner, all actions necessary under the Indenture to redeem on August 1, 2012, pursuant to the provisions of this section, the Refunded Series 2002-B Warrants.

Section 3.11 **Redemption of Refunded Series 2002-D Warrants.** The County and the Escrow Trustee hereby acknowledge that the governing body of the County has called for

redemption on August 1, 2012, all of the Refunded Series 2002-D Warrants. The County hereby irrevocably authorizes and directs the Escrow Trustee, as agent of the County with power to act in its name, to effect the redemption of such Refunded Series 2002-D Warrants in accordance with all applicable provisions of the Indenture pursuant to which such warrants were issued. Without limiting the power and authority hereby conferred upon the Escrow Trustee, the County hereby specifically authorizes and directs the Escrow Trustee to mail, by United States registered or certified mail, to the registered owner of each Series 2002-D Warrant called for redemption, at its address shown in the registry books of the Refunded Warrants Paying Agent applicable thereto, a notice in substantially the form hereinafter specified, such notice to be mailed not more than sixty (60) nor less than thirty (30) days prior to August 1, 2012.

The form of the notice referred to above shall be substantially as follows:

**NOTICE OF CALL OF
WARRANTS FOR REDEMPTION**

Jefferson County, Alabama has called for redemption on August 1, 2012, and will redeem and pay on that date, its Sewer Revenue Capital Improvement Warrants, Series 2002-D, that mature on February 1 in the years 2022 through 2027 (inclusive), 2032 and 2042, and on February 1, 2038, in the principal amount of \$127,420,000, consisting of warrants bearing the following numbers:

[insert certificate numbers]

Each warrant so called for redemption will become due and payable on August 1, 2012, at and for a redemption price equal to 100% of the principal amount thereof, plus accrued interest to August 1, 2012. The warrants so called for redemption should be presented for payment and redemption at the principal office of The Bank of New York, Birmingham, Alabama, and will cease to bear interest after August 1, 2012, whether or not so presented.

DATED this _____ day of _____, _____.

JEFFERSON COUNTY, ALABAMA

By: THE BANK OF NEW YORK,
Its Duly Authorized Agent

By _____

Its _____

The Escrow Trustee hereby accepts the agency powers conferred upon it by this section with respect to the redemption of Series 2002-D Warrants, and it hereby agrees to take, in a timely manner, all actions necessary under the Indenture to redeem on August 1, 2012, pursuant to the provisions of this section, the Refunded Series 2002-D Warrants.

ARTICLE IV

INVESTMENT AND SECURITY PROVISIONS RESPECTING MONEYS IN ESCROW FUND

Section 4.1 **Investment of Moneys in Escrow Fund.** Subject to the provisions of Sections 3.3 and 6.1 hereof and to the succeeding provisions of this section, moneys held in the Escrow Fund that are not at the time invested in Escrow Fund Basic Investments shall be invested and reinvested by the Escrow Trustee, at the written direction of the County, in Supplemental Investments which shall mature (or be subject to redemption at the option of the holder thereof) on such dates as will assure the availability of cash in the Escrow Fund to make any payments therefrom required by the provisions hereof. Any Supplemental Investments acquired by the Escrow Trustee pursuant to the provisions of this section shall be deemed at all times to constitute part of the Escrow Fund, and all income earned, profits realized and losses suffered by reason of the acquisition or disposition of such investments shall be credited or charged, as the case may be, to the Escrow Fund. The Escrow Trustee shall sell, redeem or otherwise convert into cash any Supplemental Investments constituting a part of the Escrow Fund to the extent necessary to provide cash in such fund for any payments required by the provisions hereof to be made therefrom. The Escrow Trustee shall not be liable for losses incurred in connection with investments made or disposed of in accordance with the provisions of this section.

Anything contained herein to the contrary notwithstanding, the Escrow Trustee shall not invest any Escrow Fund moneys in Supplemental Investments unless the County provides to the Escrow Trustee (i) a report of an independent certified public accountant or other escrow verification agent stating the conclusion that, following the acquisition of the proposed Supplemental Investments, the Escrow Fund shall contain Escrow Fund Investments that will mature on such dates (or will be subject to redemption at the option of the holder), bear such interest payable at such times, and be of such tenor as will, without any expectation of income from the investment and reinvestment of future cash balances in the Escrow Fund, provide moneys which, together with any cash on deposit in the Escrow Fund immediately following the acquisition of such Supplemental Investments, will be sufficient to pay all principal and interest thereafter maturing or otherwise becoming due and payable with respect to those of the Refunded Warrants that will remain outstanding after the acquisition of such Supplemental Investments and (ii) an opinion of Bond Counsel to the effect that such investment or investments are permitted by the provisions hereof and will not result in any of the Series 1997-A Warrants, the Series 1997-D Warrants, the Series 1999-A Warrants, the Series 2001-A Warrants, the Series 2002-B Warrants, the Series 2002-D Warrants or

the Series 2003-B Warrants being or becoming "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.

Section 4.2 Security for the Escrow Fund. The moneys at any time on deposit in the Escrow Fund shall be and at all times remain public funds impressed with a trust for the purpose for which the Escrow Fund is herein created. The Escrow Trustee will never assert a lien on the cash and securities held in the Escrow Fund. Such cash and securities shall be kept separate and apart from other funds of the Escrow Trustee for the benefit of the holders of the Refunded Warrants.

The Escrow Trustee shall at all times keep the moneys on deposit in the Escrow Fund continuously secured, for the benefit of the County and the holders of the Refunded Warrants, either

(a) by holding on deposit, as collateral security, Federal Obligations having a market value (exclusive of accrued interest) not less than the combined total of moneys on deposit in the Escrow Fund, or

(b) if the furnishing of security in the manner provided by the preceding clause (a) is not permitted by the then applicable laws and regulations, then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of public funds;

provided, however, that it shall not be necessary for the Escrow Trustee so to secure any portion of the moneys held in the Escrow Fund that is at the time invested in Federal Obligations or Qualified Tax-Exempt Obligations or insured by the Federal Deposit Insurance Corporation or by any agency of the United States of America that may succeed to its functions.

ARTICLE V

CONCERNING THE ESCROW TRUSTEE

Section 5.1 Acceptance of Trusts. The Escrow Trustee accepts the trusts hereby created and agrees to perform the duties expressly required herein, subject, however, to the following conditions:

(a) It shall not be liable hereunder except for its noncompliance with the provisions hereof, its willful misconduct or its gross negligence, or the breach of any warranty or the untruthfulness of any representation made herein by it, and, in particular and without limiting the generality of the foregoing, it shall not be liable for any losses resulting from any investment of moneys, or the conversion into cash of any investment forming a part of the Escrow Fund if it shall have made such investment or conversion in accordance with the provisions hereof.

(b) It may consult with Independent Counsel on any matters connected herewith and the written advice or opinion of such Independent Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) It shall not be answerable for any action taken in good faith on any notice, request, consent, certificate or other paper or document which it believes to be genuine and signed or acknowledged by the proper party.

(d) It shall be entitled to reasonable compensation for its services hereunder, including extra compensation for unusual or extraordinary services.

(e) It may be the holder of the Series 1997-A Warrants, the Series 1997-D Warrants, the Series 1999-A Warrants, the Series 2001-A Warrants, the Series 2002-B Warrants, the Series 2002-D Warrants and the Series 2003-B Warrants, or any thereof, as if not Escrow Trustee hereunder.

(f) It shall not be liable for the proper application of any moneys other than those that may be paid to or deposited with it.

(g) All moneys received by the Escrow Trustee to be held by it hereunder shall be held as trust funds until disbursed in the manner herein provided therefor. The Escrow Trustee shall not be liable to pay or allow interest thereon. The Escrow Trustee shall not be required to invest any such moneys except as specifically required herein.

(h) It shall, upon reasonable request, advise the County of the cash balances and investments at the time contained in the Escrow Fund.

Section 5.2 Failure of Escrow Trustee to Account for Escrow Fund. In the event that the Escrow Trustee fails to account for any of the investments or other assets forming part of the Escrow Fund, said investments or other assets shall be and remain the property of the County in trust for the holders of the Refunded Warrants secured thereby, as herein provided, and if for any reason such investments or other assets cannot be identified, the assets of the Escrow Trustee shall be impressed with a trust for the amount thereof, and the County shall be entitled to a preferred claim upon such assets until such identification is made.

Section 5.3 Compensation and Expenses of the Escrow Trustee. The Escrow Trustee shall be entitled to reasonable compensation for its services hereunder and to payment of all reasonable charges, expenses and disbursements incurred by it in the performance of its duties hereunder. The County will pay the full amount of such compensation, charges, expenses and disbursements directly to the Escrow Trustee promptly upon being billed therefor by the Escrow Trustee.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Provisions Respecting Avoidance of Arbitrage. The County hereby represents that the portion of the proceeds of the Series 2003-C Warrants invested in the Initial Escrow Fund Investments has been invested at a Yield which is not expected to cause any of the Series 2003-C Warrants to be "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder. Anything herein contained to the contrary notwithstanding, the County shall not request or direct the Escrow Trustee to invest any moneys in the Escrow Fund, if the Yields on the investments of such moneys, the amounts invested therein or any other factors relating thereto would cause any of the Series 1997-A Warrants, the Series 1997-D Warrants, the Series 1999-A Warrants, the Series 2001-A Warrants, the Series 2002-B Warrants, the Series 2002-D Warrants or the Series 2003-C Warrants to be "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder. In addition, the County hereby covenants to restructure the Escrow Fund Basic Investments, in accordance with the provisions of Section 3.4 hereof, if and to the extent that such a restructuring is necessary to insure that the Yield derived from the investment of proceeds of the Series 2003-C Warrants is not greater than the Yield on the Series 2003-C Warrants, as calculated (or projected), based on actual experience with respect to payments of debt service on the Series 2003-C Warrants and receipts from any related hedge transaction, for any applicable computation period for federal tax purposes.

Anything in this Escrow Trust Agreement to the contrary notwithstanding, if Section 148 of the Code or the applicable regulations thereunder shall be modified, or interpreted by the United States Treasury Department, the Internal Revenue Service or a court of competent jurisdiction, or held invalid by a court of competent jurisdiction, and the effect of the modification, interpretation or invalidation is to make unnecessary to any extent any provision hereof restricting the Yield on any investments or any other provision hereof intended to ensure that the interest on the Series 1997-A Warrants, the Series 1997-D Warrants, the Series 1999-A Warrants, the Series 2001-A Warrants, the Series 2002-B Warrants, the Series 2002-D Warrants and the Series 2003-C Warrants is and will continue to be exempt from federal income taxation, then to that extent such provisions shall be ineffective. The Escrow Trustee, however, shall not take any action pursuant to this paragraph without written direction of the County and a prior written opinion of Bond Counsel that such action would not adversely affect the exemption of the interest on the Series 1997-A Warrants, the Series 1997-D Warrants, the Series 1999-A Warrants, the Series 2001-A Warrants, the Series 2002-B Warrants, the Series 2002-D Warrants and the Series 2003-C Warrants from federal income taxation.

Section 6.2 Third Party Beneficiaries Hereof. The holders of the Refunded Warrants and the Series 2003-C Warrants shall be third party beneficiaries of this Escrow Trust Agreement as and to the extent provided herein.

Section 6.3 Concerning the Authorizing Proceedings for the Refunded Warrants. The execution and delivery of this Escrow Trust Agreement and the establishment of the Escrow

Fund shall relieve the County from its obligations to make payments to the Refunded Warrants Paying Agent of amounts necessary to provide for the payment of the principal of and the interest on the Refunded Warrants. Notwithstanding the foregoing, the County acknowledges and agrees that there shall remain in full force and effect those provisions of the instruments pursuant to which the Refunded Warrants were issued that are necessary or convenient for the County and the Refunded Warrants Paying Agent to perform their respective remaining duties with respect to the Refunded Warrants, including, without limitation, those administrative provisions thereof relating to the payment of such obligations and the interest applicable thereto, whether such obligations are presented for payment at maturity or thereafter.

Section 6.4 Termination of Escrow Trust Agreement; Payment of Remaining Moneys to the County. This Escrow Trust Agreement shall terminate when the principal of and the interest and premium on the Refunded Warrants shall have been paid in full in accordance with the provisions hereof. Upon the payment in full of the principal of and the interest and premium on the Refunded Warrants, the Escrow Trustee will promptly pay and transfer to the County any moneys and other assets then remaining in or forming a part of the Escrow Fund that are not needed for the payment of such warrants.

Section 6.5 Amendments to Escrow Trust Agreement. The parties hereto may, without the consent of or notice to the holders of any of the Refunded Warrants, at any time and from time to time, amend this Escrow Trust Agreement for any one or more of the following purposes:

(a) to add to the covenants and agreements herein contained other covenants and agreements thereafter to be observed and performed by either of the parties hereto, provided that such other covenants and agreements shall not either expressly or impliedly limit or restrict any of the obligations hereunder of either of the parties hereto;

(b) to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained herein or in any amendment hereto, or to make any provision with respect to matters arising hereunder or under any amendment hereto for any other purpose if such provisions are necessary or desirable and are not inconsistent with the provisions hereof and do not, in the judgment of the Escrow Trustee, adversely affect the interests of the holders of the Refunded Warrants;

(c) to make subject to the trusts created herein additional funds, securities or properties; or

(d) to modify particular provisions hereof to such extent as shall be necessary to eliminate inconsistent or contradictory provisions resulting from a rearrangement or restructuring of the Escrow Fund Basic Investments in accordance with the applicable provisions of Section 3.4 hereof.

With respect to all questions arising under this section, the Escrow Trustee shall be entitled to rely upon an opinion of Bond Counsel acceptable to it. Prior to any amendment of the Escrow Trust Agreement, the County or the Escrow Trustee will provide Moody's with written notice of any such amendment and with drafts of any documents to be delivered to effect and evidence such amendment.

Section 6.6 Benefit and Binding Effect of Escrow Trust Agreement. This Escrow Trust Agreement shall inure to the benefit of, and shall be binding upon, the County and the Escrow Trustee and their respective successors and assigns. Except as otherwise provided in Section 6.2 hereof with respect to the holders of the Refunded Warrants and the Series 2003-C Warrants, the covenants and agreements herein contained are for the sole and exclusive benefit of the parties hereto and their respective successors and assigns. Any corporation into which the Escrow Trustee, or any successor to it in the trusts created by this Escrow Trust Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Trustee or any successor to it shall be a party, shall be the successor Escrow Trustee under this Escrow Trust Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 6.7 Resignation of Escrow Trustee. No removal or resignation of the Escrow Trustee shall be effective until a successor has been appointed and has accepted its duties and responsibilities under this Escrow Trust Agreement and the assets at the time held in the Escrow Fund have been transferred to such successor.

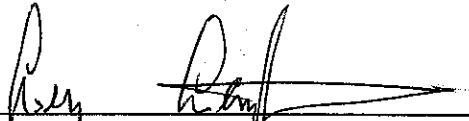
Section 6.8 Governing Law. This Escrow Trust Agreement shall in all respects be governed by and construed in accordance with the laws of the State of Alabama.

Section 6.9 Article and Section Captions. The article and section captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation of this Escrow Trust Agreement.


Section 6.10 Severability. In the event any provision of this Escrow Trust Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. The County or the Escrow Trustee will provide notice to Moody's of any determination that a portion of this Escrow Trust Agreement should be severed because of its unenforceability.

IN WITNESS WHEREOF, the County and the Escrow Trustee have caused this Escrow Trust Agreement to be executed in their respective names, have caused their respective seals to be hereunto affixed, have caused this Escrow Trust Agreement to be attested, all by their duly authorized officers, in ten (10) counterparts, each of which shall be an original, and have caused this Escrow Trust Agreement to be dated as of August 1, 2003, although actually executed and delivered on August 7, 2003.

JEFFERSON COUNTY, ALABAMA

By 
President of the County Commission

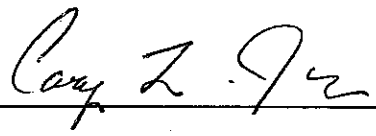
ATTEST:


Minute Clerk of the County Commission


[SEAL]

THE BANK OF NEW YORK

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

By 
Its VICE PRESIDENT

ATTEST:


Its Assistant Treasurer

[SEAL]

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Larry Langford, whose name as President of the County Commission of JEFFERSON COUNTY, a political subdivision of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the 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 and official seal of office, this 7th day of August, 2003.

[NOTARIAL SEAL]

Maurice McDermott
Notary Public

My Commission Expires: 7-24-03

STATE OF ALABAMA)
:
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that CARY L. JONES, whose name as Vice President of THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., acting as agent for THE BANK OF NEW YORK, a New York banking corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation acting in the capacity as agent as aforesaid.

GIVEN under my hand and official seal of office, this 7th day of August, 2003.

[NOTARIAL SEAL]

Maurice McDermott
Notary Public

My Commission Expires: 7-24-03

EXHIBIT A

to
ESCROW TRUST AGREEMENT
between
JEFFERSON COUNTY
and
THE BANK OF NEW YORK
dated as of August 1, 2003

Schedule of Federal Obligations that are to constitute the Initial Escrow Fund Investments to be purchased and held by the Escrow Trustee in the Escrow Fund under the Escrow Trust Agreement of which this Exhibit A forms a part:

<u>Description of Obligation</u>	<u>Principal Amount</u>	<u>Per Annum Interest Rate</u>	<u>Date of Maturity</u>
United States Treasury obligation - State and Local Government Series	\$ 6,437,257	0.92%	February 1, 2004
United States Treasury obligation - State and Local Government Series	5,746,006	1.09	August 1, 2004
United States Treasury obligation - State and Local Government Series	10,017,610	1.22	February 1, 2005
United States Treasury obligation - State and Local Government Series	5,868,696	1.44	August 1, 2005
United States Treasury obligation - State and Local Government Series	8,440,722	1.69	February 1, 2006
United States Treasury obligation - State and Local Government Series	5,982,275	1.94	August 1, 2006

United States Treasury obligation - State and Local Government Series	65,913,809	2.19	February 1, 2007
United States Treasury obligation - State and Local Government Series	4,902,246	2.44	August 1, 2007
United States Treasury obligation - State and Local Government Series	4,962,053	2.69	February 1, 2008
United States Treasury obligation - State and Local Government Series	5,028,792	2.93	August 1, 2008
United States Treasury obligation - State and Local Government Series	140,028,365	3.16	February 1, 2009
United States Treasury obligation - State and Local Government Series	3,975,163	3.33	August 1, 2009
United States Treasury obligation - State and Local Government Series	4,041,349	3.46	February 1, 2010
United States Treasury obligation - State and Local Government Series	4,111,264	3.57	August 1, 2010
United States Treasury obligation - State and Local Government Series	52,270,751	3.68	February 1, 2011
United States Treasury obligation - State and Local Government Series	3,938,332	3.78	August 1, 2011
United States Treasury obligation - State and Local Government Series	437,788,757	3.87	February 1, 2012

United States Treasury
obligation - State and
Local Government Series

359,007,989

3.96

August 1, 2012

EXHIBIT B

to
ESCROW TRUST AGREEMENT
between
JEFFERSON COUNTY
and
THE BANK OF NEW YORK
dated as of August 1, 2003

ESCROW FUND CASH FLOW

<u>Date</u>	<u>Beginning Cash Balance</u>	<u>Escrow Fund Investment Receipts</u>	<u>Subsequent Basic Investments</u>		<u>Escrow Fund Requirements</u>	<u>Ending Cash Balance</u>
			<u>(Purchase)</u>	<u>Maturity</u>		
August 7, 2003						\$ 100.00
February 1, 2004	\$ 100.00	\$ 26,000,023.29			\$ 26,000,022.50	100.79
August 1, 2004	100.79	26,000,022.89			26,000,022.50	101.18
February 1, 2005	101.18	30,210,022.17			30,210,022.50	100.85
August 1, 2005	100.85	26,000,000.75			26,000,000.32	101.28
February 1, 2006	101.28	28,529,772.14			28,529,772.50	100.92
August 1, 2006	100.92	26,000,001.03			26,000,000.90	101.05
February 1, 2007	101.05	85,873,506.97			85,873,506.88	101.14
August 1, 2007	101.14	24,140,187.76			24,140,187.50	101.40
February 1, 2008	101.40	24,140,187.36			24,140,187.50	101.26
August 1, 2008	101.26	24,140,186.75			24,140,187.50	100.51
February 1, 2009	100.51	159,066,087.95			159,066,087.50	100.96
August 1, 2009	100.96	20,800,437.78			20,800,437.50	101.24
February 1, 2010	101.24	20,800,437.32			20,800,437.50	101.06
August 1, 2010	101.06	20,800,436.98			20,800,437.50	100.54
February 1, 2011	100.54	68,886,537.92			68,886,537.50	100.96
August 1, 2011	100.96	19,592,337.10			19,592,337.50	100.56
February 1, 2012	100.56	453,368,327.63	(433,775,990.00)		19,592,337.50	100.69
August 1, 2012	100.69	366,116,347.18		433,775,990.00	799,892,337.50	100.37