

FIRST SUPPLEMENTAL TRUST INDENTURE

Among

WALTON COUNTY WATER AND SEWERAGE AUTHORITY

AND

REGIONS BANK  
as Trustee

Dated as of April 1, 2008

Relating to

Walton County Water and Sewerage Authority  
Revenue Bonds  
(Oconee-Hard Labor Creek Reservoir Project),  
Series 2008

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## FIRST SUPPLEMENTAL TRUST INDENTURE

This FIRST SUPPLEMENTAL TRUST INDENTURE, dated as of April 1, 2008 (the "First Supplemental Indenture"), among WALTON COUNTY WATER AND SEWERAGE AUTHORITY (the "Authority"), and REGIONS BANK (the "Trustee"), a state banking association, as trustee;

### WITNESSETH:

WHEREAS, the Authority and the Trustee have heretofore entered into a Trust Indenture, dated as of April 1, 2008 (the "Original Indenture", and as supplemented and amended hereby, the "Indenture"), which provides for the issuance thereunder of Obligations and provides that the Trustee shall enter into an indenture supplemental to the Original Indenture in connection therewith; and

WHEREAS, the Authority has determined to issue its Revenue Bonds (Oconee-Hard Labor Creek Project), Series 2008, in the aggregate principal amount of \$19,535,000 (the "Series 2008 Bonds"), for the purpose of (i) financing or refinancing a portion of the cost of the acquisition, construction, and equipping of a new reservoir and related treatment, pumping and other facilities and other related facilities, including piping (the "Reservoir Project"); (ii) paying capitalized interest on the Series 2008 Bonds, and (iii) paying all or a portion of the costs of issuance of the Series 2008 Bonds, including the bond insurance premium on a municipal bond insurance policy (the "Policy") to be issued by Financial Security Assurance, Inc. (the "Insurer"); and

WHEREAS, all acts and things necessary to make the Series 2008 Bonds, when authenticated and issued as provided in the Original Indenture and this First Supplemental Indenture, the valid, binding and legal obligations of the Authority, and to constitute the Original Indenture and this First Supplemental Indenture as a valid, binding and legal instrument for the security of the Series 2008 Bonds have been done and performed, and the creation, execution and delivery of this First Supplemental Indenture and the creation, execution and delivery of the Series 2008 Bonds, subject to the terms of the Original Indenture and this First Supplemental Indenture have in all respects been duly authorized;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL MASTER INDENTURE  
WITNESSETH:

That in order to secure the payment of the principal of and interest on the Series 2008 Bonds, the performance of all of the covenants and conditions contained in the Original Indenture, this First Supplemental Indenture, the Series 2008 Bond and for the purpose, among others, of further securing the performance and observance of all of the covenants and conditions contained in the Original Indenture, the Authority for and in consideration of the premises and of the purchase and acceptance by the owner thereof of the Series 2008 Bonds and of the sum of

\$1.00 duly paid by the Trustee to the Authority and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, have executed and delivered this First Supplemental Indenture, and the Authority and the Trustee DO HEREBY COVENANT AND AGREE with each other and with the registered owners from time to time of the Series 2008 Bonds as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1. Definitions. All capitalized terms and words used in this First Supplemental Indenture and not otherwise defined herein shall have the meanings set forth or incorporated in Section 1.1 of the Original Indenture, unless the context or use clearly indicates another or different meaning or intent. In addition, the following terms and words have the following meanings for the purposes of this First Supplemental Indenture:

“DTC” shall mean The Depository Trust Company, or any successor or assignee thereof.

“First Supplemental Indenture” shall mean this First Supplemental Indenture, dated as of April 1, 2008 between the Authority and the Trustee.

“Insurer” means Financial Security Assurance, Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

“Interest Payment Date” shall mean, as to the Series 2008 Bonds, each February 1 and August 1, commencing August 1, 2008.

“Maturity Date” shall mean February 1, 2038.

“Original Indenture” shall mean the Trust Indenture, dated as of April 1, 2008 between the County and the Authority.

“Paying Agent” means Regions Bank, Atlanta, Georgia, or any successor thereto or assignee thereof.

“Policy” means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2008 Bonds when due.

“Principal Office of the Trustee” shall be Attention: Corporate Trust Department 260 Peachtree Street, Suite 1800, Atlanta, Georgia 30303, or such other office of the Trustee so designated by written notice to the Authority.

“Record Date” shall mean the 15<sup>th</sup> day (whether or not a Business Day) of the calendar month next preceding any Interest Payment Date, redemption date or maturity date as to the Series 2008 Bonds.

“2008 Construction Fund Account” shall mean the account in the Construction Fund created in Section 4.2 hereof.

“2008 Sinking Fund Account” shall mean the account in the Sinking Fund created in Section 4.3 hereof.

## ARTICLE II

### THE SERIES 2008 BONDS

Section 2.1. Designation of Series 2008 Bonds. There is hereby authorized to be issued under the Original Indenture, as supplemented by this First Supplemental Indenture, a series of bonds which shall be designated as the "Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008," in the aggregate principal amount of \$19,535,000. The amount of Series 2008 Bonds that may be issued and outstanding under this First Supplemental Indenture is expressly limited to \$19,535,000.

The Series 2008 Bonds are limited obligations of the Authority as provided in the Original Indenture.

Section 2.2. Terms of Series 2008 Bonds. The Series 2008 Bonds shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. Each of the Series 2008 Bonds shall be lettered and numbered from R-1 upwards in order of issuance according to the records maintained by the Trustee and may have such other legends or identifying marks as the Trustee or the Authority deems advisable. The Series 2008 Bonds shall bear the date of authentication. Every Series 2008 Bond issued in exchange for or upon registration of transfer of a Series 2008 Bond as originally issued shall bear its date of authentication.

The principal and interest and redemption premium (if any) on the Series 2008 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts. The principal of and redemption premium (if any) on the Series 2008 Bonds are payable only upon presentation and surrender thereof at the Principal Office of the Trustee. The Series 2008 Bonds shall bear interest (computed on the basis of a 360-day year comprised of twelve 30-day months), payable on each Interest Payment Date, commencing August 1, 2008, from the Interest Payment Date next preceding the date of authentication of such Series 2008 Bond to which interest has been paid or provided for, unless the date of authentication of such Series 2008 Bond is an Interest Payment Date to which interest has been paid or provided for, then from the date of authentication thereof, or unless no interest has been paid on such Series 2008 Bond, in which case from the date of issuance of the Series 2008 Bonds; provided that if the authentication date for a Series 2008 Bond shall be after any Record Date and before the next succeeding Interest Payment Date, then interest shall be paid on such Series 2008 Bonds from the interest payment date next succeeding the authentication date.

Interest on each Series 2008 Bond shall be payable on each Interest Payment Date by check or draft mailed by first class mail on the date on which due to the person in whose name such Series 2008 Bond is registered on the registration books of the Authority maintained by the Trustee at the close of business on the Record Date, except that any interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner of

such Series 2008 Bond (or one or more predecessor Series 2008 Bonds) as of the Record Date, and shall be payable to the person who is the registered owner of such Series 2008 Bond (or of one or more predecessor Series 2008 Bonds) at the close of business on a special record date for the payment of such defaulted interest. Such special record date shall be fixed by the Trustee whenever moneys become available for the payment of such defaulted interest, and notice of the special record date shall be given by first class mail by the Trustee or by or on behalf of the Authority to the registered owner thereof not less than 15 days prior thereto. Such interest shall be mailed to the registered owner at his or her address as shown on the bond register maintained by the Trustee on the Record Date. In the event that any owner of Series 2008 Bonds in an aggregate principal amount of at least \$1,000,000 shall provide the Trustee on or prior to any Record Date with written wire transfer instructions, the interest on subsequent Interest Payment Dates shall be paid in accordance with such instructions, or to such securities depository, as the case may be, until the Trustee receives written notice to the contrary.

Notwithstanding the foregoing, as long as the Series 2008 Bonds are in book-entry form and registered in the name of a depository or its nominee, principal and interest shall be payable in accordance with Section 2.4 hereof.

The Series 2008 Bonds shall mature on February 1 in each of the years and in the principal amounts set forth below and shall bear interest at the respective rate of interest per annum as follows:

<u>Maturity Date (February 1)</u>	<u>Principal Amount</u>	<u>Interest Rate per annum</u>
2015	\$470,000	4.000%
2016	485,000	4.000
2017	505,000	4.000
2018	525,000	4.000
2019	545,000	4.125
2020	570,000	4.250
2021	595,000	4.375
2022	620,000	4.250
2023	645,000	4.500
2028	3,730,000	5.000
2038	<u>10,845,000</u>	5.000
Total	\$19,535,000	

Section 2.3. Form of Series 2008 Bonds. The Series 2008 Bonds, the certificate of authentication, the form of assignment and the certificate of validation to be endorsed upon the Series 2008 Bonds, shall be substantially in the form attached hereto as Exhibit "A", with such variations, omissions and insertions as are required to distinguish between the Series 2008 Bonds or otherwise as are required or permitted by this First Supplemental Indenture or the Original Indenture.

Section 2.4. Book-Entry System.

(a) The Authority hereby provides that Series 2008 Bonds may be issued in book-entry form. Notwithstanding any inconsistent provision in this Indenture to the contrary, the provisions of this Section 2.4 shall govern at any time that the Series 2008 Bonds are issued in book-entry form.

(b) Series 2008 Bonds issued in book-entry form shall be issued in the form of one fully-registered immobilized certificate for each maturity of Series 2008 Bonds outstanding which certificates, taken together, will represent the total aggregate principal amount of the Series 2008 Bonds, which Series 2008 Bonds (except as provided in paragraph (i) below) shall be registered in the name of Cede & Co., as nominee of DTC; provided, that if DTC shall request that the Series 2008 Bonds be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the Series 2008 Bonds for an equal aggregate principal amount of Series 2008 Bonds registered in the name of such other nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the Authority, the Trustee or the Paying Agent a Series 2008 Bond or any other evidence of ownership of the Series 2008 Bonds, or any right to receive any payment in respect thereof, unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2008 Bonds on the Series 2008 Bond registration books to be maintained by the Trustee, in connection with discontinuing the book-entry system as provided in paragraph (i) below or otherwise.

(c) So long as the Series 2008 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal, prepayment price or of interest on such Series 2008 Bonds shall be made to DTC or its nominee in immediately available funds on the dates provided for such payments under this Indenture and at such times as provided in the Letter of Representations to be entered into among the Authority, the Trustee and DTC or in a blanket letter of representation executed by the Authority and delivered to DTC (the "Representation Letter"). Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Authority, the Trustee, or the Paying Agent with respect to the principal, prepayment price or of interest on the Series 2008 Bonds to the extent of the sum or sums so paid. In the event of the prepayment of less than all of the Series 2008 Bonds Outstanding of any maturity, the Trustee shall not require surrender by DTC or its nominee of the Series 2008 Bonds so redeemed, but DTC or its nominee may retain such Series 2008 Bonds and make an appropriate notation thereon as to the amount of such partial redemption; provided, that DTC shall deliver to the Trustee, upon request, a written confirmation of such partial prepayment and thereafter the records maintained by the Trustee shall be conclusive as to the amount of the Series 2008 Bonds of such maturity which have been prepaid.

(d) All transfers of beneficial ownership interests in, exchanges and selection of Bonds to be redeemed of such Series 2008 Bonds issued in book-entry form shall be effected by procedures by DTC with its participants for recording and transferring the ownership of beneficial interests in each such series of Series 2008 Bonds.

(e) The Authority, the Trustee and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive Owner of the Series 2008 Bonds registered in its name for the purposes of payment of the principal, redemption price or of interest on the Series 2008 Bonds,



selecting the Series 2008 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners under this Indenture, registering the transfer of Series 2008 Bonds, obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever; and the Authority, the Trustee and the Paying Agent shall not be affected by any notice to the contrary. The Authority, the Trustee and the Paying Agent shall not have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Series 2008 Bonds under or through DTC or any such participant, or any other person which is not shown on the Series 2008 Bond registration books as being an Owner, with respect to: (i) the Series 2008 Bonds, or (ii) the accuracy of any records maintained by DTC or any such participant; or (iii) the payment by DTC or any such participant of any amount in respect of the principal, redemption price of or interest on the Series 2008 Bonds; or (iv) any notice which is permitted or required to be given to Owners under this Indenture; or (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2008 Bonds; or (vi) any consent given or other action taken by DTC as Owner.

(f) So long as the Series 2008 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Owners under this Indenture shall be given to DTC as provided in the Representation Letter to be delivered to DTC, in form and content satisfactory to DTC, the Authority and the Trustee.

(g) In connection with any notice or other communication to be provided to Owners pursuant to this Indenture by the Authority, the Trustee or the Paying Agent with respect to any consent or other action to be taken by Owners, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the Authority, the Trustee or the Paying Agent shall give DTC notice of any special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(h) Any successor Trustee, in its written acceptance of its duties under this Indenture, shall agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

(i) The book-entry system for registration of the ownership of the Series 2008 Bonds in book-entry form may be discontinued at any time if: (i) after notice to the Authority, the Trustee and the Paying Agent, DTC determines to resign as securities depository for the Series 2008 Bonds; or (ii) after notice to DTC, the Trustee and the Paying Agent, the Authority determines that a continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Authority; or (iii) after notice to the Authority, the Trustee and the Paying Agent, DTC determines that the current system of book-entry transfers through DTC does not permit DTC to act as a securities depository for the Series 2008 Bonds. In each of such events (unless, in the cases described in clause (i) or (iii) above, the Authority appoints a successor securities depository), the Series 2008 Bonds shall be delivered in registered certificate form to such persons, and by series in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Authority, the Trustee or the Paying Agent for the accuracy of such designation. Whenever DTC requests the Authority and the Trustee to do so, the Authority and the Trustee shall cooperate

with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2008 Bonds.

(j) The Authority hereafter may amend this Indenture or enter into one or more amendments or supplements hereto without notice to or consent of the Owners of any of the Series 2008 Bonds in order (i) to offer to the beneficial owners of the Series 2008 Bonds the option of receiving any Series 2008 Bonds in certificated form or (ii) to require the execution and delivery of certificated Series 2008 Bonds representing a portion or all of the Series 2008 Bonds, (A) if DTC shall cease to serve as depository and no successor depository can be found to serve upon terms satisfactory to the Authority, or (B) if the Authority determines that it would be in their best interest or in the best interests of the beneficial owners of the Series 2008 Bonds that they obtain certificated Series 2008 Bonds; provided, that any such amendment or supplement is in form reasonably satisfactory to the Trustee.

### ARTICLE III

#### REDEMPTION OF SERIES 2008 BONDS BEFORE MATURITY

Section 3.1. Optional Redemption of Series 2008 Bonds. The Series 2008 Bonds are redeemable at the option of the Authority, in whole or in part at any time and in any order of maturity, not earlier than February 1, 2018 (less than all of such Series 2008 Bonds of a single maturity to be selected by lot in a manner determined by the Trustee), from any moneys available therefor, at a redemption price of par, plus accrued interest.

In order to exercise such optional redemption, the Authority shall give the Trustee notice of such redemption specifying (i) the maturity date of the Series 2008 Bonds to be redeemed and the principal amount of each such maturity to be redeemed, (ii) the redemption price to be paid as provided in the table above, and (iii) the date of such redemption. Such notice shall be provided to the Trustee at least 15 days prior to date that the Trustee is required to provide notice of such redemption to the owners of the Series 2008 Bonds to be redeemed unless the Trustee shall waive such notice.

Section 3.2. [Intentionally Omitted].

Section 3.3. Mandatory Sinking Fund Redemption. The Series 2008 Bonds maturing on February 1, 2028, are subject to mandatory sinking fund redemption on February 1, 2024 and on each February 1 thereafter, in accordance with the table below, at a redemption price equal to the principal amount of each Series 2008 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the February 1, 2024 amount to be paid rather than redeemed):

<u>February 1 of the Year</u>	<u>Principal Amount to be redeemed</u>
2024	\$675,000
2025	710,000
2026	745,000
2027	780,000
2028	820,000

The Series 2008 Bonds maturing on February 1, 2038 are subject to mandatory sinking fund redemption on February 1, 2029 and on each February 1 thereafter, in accordance with the table below, at a redemption price equal to the principal amount of each Series 2008 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the February 1, 2029 amount to be paid rather than redeemed):

<u>February 1 of the Year</u>	<u>Principal Amount to be redeemed</u>
2029	\$860,000
2030	905,000
2031	950,000
2032	1,000,000
2033	1,050,000
2034	1,100,000
2035	1,155,000
2036	1,215,000
2037	1,275,000
2038	1,335,000

At its option, to be exercised on or before the 45th day next preceding any sinking fund redemption date, the Authority may (a) deliver to the Trustee for cancellation Series 2008 Bonds of the appropriate maturity in any aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Series 2008 Bonds of the appropriate maturity which prior to said date have been redeemed (otherwise than through the operation of this Section) and cancelled by the Trustee and not theretofore applied as a credit against any prior mandatory sinking fund redemption obligation. Each Series 2008 Bond so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the Authority on such sinking fund redemption date and any excess shall be credited on future sinking fund redemption obligations in such order as may be specified by the Authority, and the principal amount of such Series 2008 Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

Section 3.4. Selection of Bonds to be Redeemed. If less than all of the Series 2008 Bonds are to be redeemed, then the Authority may select the particular maturity or maturities of the Series 2008 Bonds to be redeemed except in the case of mandatory sinking fund redemption, or if the Authority does not select the maturities, then in inverse order of maturity. In the event that a portion of a particular maturity of the Series 2008 Bonds is to be redeemed, the particular Series 2008 Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Trustee shall deem appropriate and as shall result in the outstanding Series 2008 Bonds being in authorized denominations. For the purpose of determining the Series 2008 Bonds to be redeemed, in the case of any Series 2008 Bond in a principal amount in excess of \$5,000, the Trustee shall treat each \$5,000 principal amount of such Series 2008 Bond as if the

same were separate Series 2008 Bonds of \$5,000 each and shall assign separate numbers to each for the purpose of determining the particular Series 2008 Bonds to be redeemed.

Section 3.5. Partially Redeemed Series 2008 Bonds. In case any Series 2008 Bond shall be redeemed in part only, upon the surrender of such Series 2008 Bond for partial redemption, the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the owner thereof a Series 2008 Bond or Bonds of the same maturity and interest rate, in any authorized denominations, for the unredeemed portion of such partially-redeemed certificate. Any Series 2008 Bond, a portion of which has been redeemed as contemplated by this Section, shall be considered to be outstanding only in an amount reduced by the portion thereof so redeemed whether or not it has been surrendered as aforesaid. While the Series 2008 Bonds are in book-entry form, any such partial redemption shall be effected in the manner provided by DTC.

Section 3.6. Notice of Redemption. Notice of redemption shall be given by the Trustee to the owners of the Series 2008 Bonds to be redeemed by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the redemption date at the addresses appearing in the registration books maintained by the Trustee as of the record date. The Authority and the Trustee may agree as to any additional or other means of giving notices of redemption with respect to the Series 2008 Bonds. Provided that notice is mailed as provided in this Section, neither failure of any owner of a Series 2008 Bond to receive such notice, nor any defect therein, shall affect the validity of the proceedings to redeem any Series 2008 Bond as to which proper notice was mailed.

Section 3.7. Effect of Redemption Call. Notice having been given in the manner and under the conditions hereinabove provided, and moneys for the payment of the redemption price being held by the Trustee, all as provided in this First Supplemental Indenture, the Series 2008 Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable on such date, interest on the Series 2008 Bonds so called for redemption shall cease to accrue, such Series 2008 Bonds shall cease to be entitled to any lien, benefit or security under this First Supplemental Indenture or the Original Indenture, and the owners of such Series 2008 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof from such moneys.

Section 3.8. Cancellation and Destruction of Series 2008 Bonds. All Series 2008 Bonds paid, redeemed or purchased, either at or before maturity, when such payment, redemption or purchase is made, shall thereupon be canceled by the Trustee and shall not be reissued but shall thereupon be destroyed by the Trustee and a record thereof furnished periodically to the Authority.

Section 3.9. Conditions to Delivery of Series 2008 Bonds. The Series 2008 Bonds shall be authenticated by the Trustee and delivered to or upon the directions of the purchaser thereof upon receipt by the Trustee of all conditions to the issuance of Obligations under Sections 2.7 and 4.1 of the Trust Indenture.

## ARTICLE IV

### SOURCE AND APPLICATION OF FUNDS

Section 4.1. Application of Proceeds of Series 2008 Bonds. Upon the issuance and delivery of the Series 2008 Bonds, the proceeds of the sale thereof in the amount of \$19,153,016.60 (representing the aggregate principal amount of the Bonds of \$19,535,000, less original issue discount of \$138,387.25, less underwriters' discount of \$67,395.75, less bond insurance premium of \$176,200.34) shall be deposited as follows:

(i) the sum of \$17,746,516.60 shall be deposited in the 2008 Construction Fund Account; and

(ii) the sum of \$1,406,500 shall be deposited in the Debt Service Reserve Fund.

Section 4.2. 2008 Construction Fund Account. (a) There is hereby created and established with the Trustee as a part of the Construction Fund a trust account in the Construction Fund to be designated "Walton County Water and Sewerage Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 Construction Fund Account." Moneys in the 2008 Construction Fund Account shall be expended in accordance with the provisions of the Original Indenture. Moneys received from the investment of moneys in the 2008 Construction Fund Account shall be deposited into the 2008 Construction Fund Account.

(b) The Trustee is hereby authorized and directed to make each disbursement from the 2008 Construction Fund Account in accordance with the provisions of the Original Indenture. Moneys in the Construction Fund may also be invested as provided in the Original Indenture. The Trustee shall keep and maintain adequate records pertaining to the 2008 Construction Fund Account and all receipts and disbursements therefrom, including records of all requisitions. The Trustee shall be entitled to rely conclusively on the statements of fact and certifications contained in any requisition furnished to the Trustee.

(c) Upon an Event of Default and an acceleration of the Series 2008 Bonds, all moneys in the 2008 Construction Fund Account shall be transferred without any further authorization or direction to the 2008 Sinking Fund Account.

(d) Upon completion of the Project and after payment of all expenses with respect thereto, all moneys remaining on deposit in the 2008 Construction Fund Account may, at the direction of the Authority, be applied as provided in Section 3.1(b) of the Original Indenture.

Section 4.3. 2008 Sinking Fund Account. There is hereby created and established with the Trustee a trust account in the Sinking Fund which is designated the "Walton County Water and Sewerage Authority 2008 Sinking Fund Account" (the "2008 Sinking Fund Account"). The Trustee is authorized to deposit into the 2008 Sinking Fund Account (and into any account therein) any moneys or securities transferred to it by, or at the direction of, the

Authority which are accompanied by instructions that such moneys or securities are to be deposited into the 2008 Sinking Fund Account. The Trustee is further authorized to deposit into the 2008 Sinking Fund Account any moneys transferred from the 2008 Construction Fund Account to the 2008 Sinking Fund Account following the occurrence of an Event of Default under the Original Indenture or any other moneys received upon the exercise of any rights or remedies under the Original Indenture following an Event of Default.

There are hereby created within the 2008 Sinking Fund Account three sub-accounts to be designated as follows: the "2008 Interest Account," the "2008 Principal Account" and the "2008 Redemption Account." The Authority may establish from time to time additional accounts or sub-accounts in the 2008 Sinking Fund Account.

The Authority shall provide the Trustee, from the Trust Estate, moneys for deposit into the 2008 Sinking Fund Account sufficient to pay the principal, interest and redemption premium on the Series 2008 Bonds as and when the same are due and payable, whether on any regularly scheduled payment date or upon any redemption or acceleration of the Series 2008 Bonds.

Moneys in the 2008 Sinking Fund Account shall constitute part of the Trust Estate created under the Indenture and may be used to pay amounts due on any series of Bonds or obligations issued under the Indenture on a parity basis with the Series 2008 Bonds unless the Authority shall set aside and designate any particular funds or moneys as being dedicated to the payment of the Series 2008 Bonds or some portion thereof as provided in Article 11 of the Indenture, in which case such Series 2008 Bonds shall be payable solely from such source.

Section 4.4. Nonpresentment of Series 2008 Bonds. In the event any Series 2008 Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, if moneys sufficient to pay any such Series 2008 Bond shall have been made available to the Trustee for the benefit of the owner thereof, all liability of the Authority to the owner thereof for the payment of such Series 2008 Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the owner of such Series 2008 Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his or her part under this Indenture with respect to such Series 2008 Bonds. Such funds need not be invested, but if invested, shall be invested only in Government Obligations with maturities of 30 days or less.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Series 2008 Bonds within two years after the date on which the same shall have become due shall be repaid by the Trustee to the Authority, and thereafter owners of Series 2008 Bonds shall be entitled to look only to the Authority for payment, and then to the extent of the amount so repaid, and all liability of the Trustee with respect to such money shall thereupon cease, and the Authority shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 4.5. Payments Pursuant to the Intergovernmental Contract. The County and the Authority have entered into an Intergovernmental Contract-Reservoir Project, dated as of October 1, 2007 (the "Original Contract"). Simultaneously with the issuance and delivery of the

Series 2008 Bonds, the Authority will enter into the First Supplement to Intergovernmental Contract-Reservoir Project, dated as of April 1, 2008 (the "First Supplement to Contract") and, together with the Original Contract, the "Intergovernmental Contract"), with the County pursuant to which, in consideration of the Authority's agreement to provide certain facilities and water services to the citizens of Oconee County, has agreed to pay the Authority amounts, which the Authority will use to provide for the payment of the principal and interest on the Series 2008 Bonds when due. The County has also agreed in the Intergovernmental Contract to levy taxes if necessary on all property in the County subject to taxation for such purposes as may be necessary for the County to make the payments required of it pursuant to the Intergovernmental Contract. Payments on the Intergovernmental Contract have been assigned to the Trustee as part of the Trust Estate.



ARTICLE V  
[INTENTIONALLY OMITTED]

## ARTICLE VI

### MISCELLANEOUS

Section 6.1. Original Indenture and First Supplemental Indenture as One Document. As supplemented by this First Supplemental Indenture, the Original Indenture is in all respects ratified and confirmed, and the Original Indenture and this First Supplemental Indenture shall be read, taken and construed as one and the same instrument.

Section 6.2. References. All references herein or in the Original Indenture to any Article, Section or provision of the Original Indenture shall be deemed to refer to such Article, Section or provision as hereby supplemented, unless in any case, the use or context otherwise requires.

Section 6.3. Counterparts. This First Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original but all of which shall constitute but one and the same instrument.

Section 6.4. Captions. The captions or headings in this First Supplemental Indenture are for convenience of reference only and in no way define, limit or describe the scope or intent of any provisions or sections of this First Supplemental Indenture.

Section 6.5. Governing Law. The effect and meaning of this First Supplemental Indenture and the rights of all parties hereunder shall be governed by and construed in accordance with the laws of the State of Georgia (without regard to the conflict of laws principles thereof).

Section 6.6. Effective Date and Term. This First Supplemental Indenture shall become effective upon the execution and delivery hereof by the Authority and the Trustee, and shall continue in full force and effect until the Series 2008 Bonds are no longer outstanding pursuant to the Indenture.

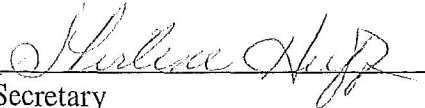
IN WITNESS WHEREOF, the Authority and the Trustee have caused these presents to be executed in their respective names and behalf and sealed and attested by their duly authorized officers, and to evidence its acceptance of the trust hereby created, the Trustee has caused these presents to be executed, sealed and attested in its name and behalf by its duly authorized officers, all as of the date first above written.

WALTON COUNTY WATER AND SEWERAGE  
AUTHORITY

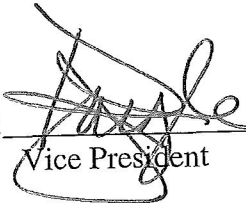
By:   
Chairman

(SEAL)

Attest:

  
Secretary

REGIONS BANK, as Trustee

By:   
Vice President

(SEAL)

Attest:


  
Vice President

EXHIBIT "A"

[FORM OF SERIES 2008 BOND]

No. R-\_\_\_\_

\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF GEORGIA

WALTON COUNTY WATER AND SEWERAGE AUTHORITY  
REVENUE BONDS  
(OCONEE-HARD LABOR CREEK RESERVOIR PROJECT)  
SERIES 2008

INTEREST RATE:  
\_\_\_\_\_ %

MATURITY DATE:  
[\_\_\_\_\_, 20\_\_]

CUSIP:  
\_\_\_\_\_

FOR VALUE RECEIVED, WALTON COUNTY WATER AND SEWERAGE AUTHORITY (the "Authority"), a public body corporate and politic, created and existing pursuant to an Act of the General Assembly of Georgia (Ga. Laws 1972, p. 3623 et seq.), as amended from time to time (the "Act"), hereby promises to pay solely from the sources hereinafter described to

CEDE & CO.,

or registered assigns, the principal sum of

\_\_\_\_\_ DOLLARS

on the date specified above, upon presentation and surrender of this bond at the corporate trust office in Atlanta, Georgia of REGIONS BANK, as trustee, registrar and paying agent (the "Trustee"), and to pay interest on said principal sum (computed on the basis of a 360-day year of twelve 30-day months) at the interest rate per annum specified above, payable semiannually on the first days of February and August of each year (each such date an "Interest Payment Date"), commencing August 1, 2008, from the Interest Payment Date next preceding the date of authentication of this bond to which interest has been paid or provided for, unless the date of authentication of this bond is an Interest Payment Date to which interest has been paid or provided for, in which case from the date hereof or unless no interest has been paid hereon in which case from April 1, 2008 or unless such authentication date shall be after any record date (hereinafter defined) and before the next succeeding Interest Payment Date in which case interest shall be paid from the next succeeding Interest Payment Date.

The interest payable on any Interest Payment Date will be paid by first class mail, postage prepaid, mailed on the date on which due to the person in whose name this bond is

registered at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (each such date, a "Record Date") at the address shown on the bond register maintained by the Trustee on such Record Date except that any interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner of this bond as of the Record Date, and shall be payable to the person who is the registered owner of this bond at the close of business on a special record date for the payment of such defaulted interest. Such special record date shall be fixed by the Trustee whenever moneys become available for the payment of such defaulted interest, and notice of the special record date shall be given by first class mail by the Trustee or by or on behalf of the Authority to the owner hereof not less than 15 days prior thereto. Any owner of bonds of this series in an aggregate principal amount of at least \$1,000,000 who shall, on or before any Record Date, supply the Trustee with written wire transfer instructions, the interest on such Interest Payment Date and on subsequent Interest Payment Dates shall be paid by wire transfer in accordance with such instructions or to such securities depository, as the case may be, until the Trustee receives written notice to the contrary. Principal and interest are payable in any coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts.

Notwithstanding the foregoing, as long as this bond is held in book-entry form and registered in the name of a securities depository or its nominee, principal and interest shall be paid by wire transfer to the securities depository or its nominee and subsequently disbursed by such depository or its nominee to beneficial owners as more fully described below.

This bond is one of a duly authorized series of revenue bonds in the aggregate principal amount of \$19,535,000, all of like tenor, except as to authentication dates, numbers, denominations, interest rates and maturities (the "Series 2008 Bonds"), issued pursuant to the Act and a resolution of the Authority duly adopted on September 25, 2007, as supplemented on March 25, 2008, (together, the "Resolution"), for the purpose of providing funds to be applied toward (i) financing or refinancing, in whole or in part, the cost of the acquisition, construction, and equipping of a new reservoir and related treatment, pumping and other facilities and other related facilities, including piping (the "Project"); and (ii) paying all or a portion of the costs of issuance of the Series 2008 Bonds, including bond insurance premium.

In connection with the issuance of the Series 2008 Bonds, the Authority and Oconee County, Georgia (the "County") entered into an Intergovernmental Contract-Reservoir Project, dated as of October 1, 2007, as supplemented by a First Supplement to Intergovernmental Contract-Reservoir Project, dated as of April 1, 2008 (together, the "Intergovernmental Contract"), pursuant to which in consideration of the Authority's agreement to provide certain facilities and water services to the citizens of Oconee County, has agreed to pay the Authority amounts, which the Authority will use to provide for the payment of the principal and interest on the Series 2008 Bonds when due, and which amounts will be sufficient for such purpose, and further agreed, pursuant to the Act and the constitutional power of the County to levy taxes to provide water and sewerage services generally to levy an annual tax on all property located within the County as may be necessary for the County to make the payments required of it pursuant to the Intergovernmental Contract.

As security for the payment of the Series 2008 Bonds, the Authority has assigned to Regions Bank, as trustee (the "Trustee"), under the Trust Indenture, dated as of April 1, 2008, as supplemented by a First Supplemental Indenture, dated as of April 1, 2008, (together, the "Indenture"), the "Trust Estate," which includes all right, title and interest of the Authority in (i) the Intergovernmental Contract and (ii) all amounts on deposit from time to time in the funds and accounts established under the Indenture. In addition, the principal of and interest on the Series 2008 Bonds will be secured by the Policy. The Series 2008 Bonds are not secured by a mortgage or lien on the Project.

THIS BOND DOES NOT CONSTITUTE AN INDEBTEDNESS OR OBLIGATION OF THE STATE OF GEORGIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING OCONEE COUNTY, GEORGIA AND WALTON COUNTY, GEORGIA. THIS BOND IS PAYABLE BY THE AUTHORITY, SOLELY FROM THE TRUST ESTATE PLEDGED TO THE PAYMENT THEREOF UNDER THE INDENTURE. NO OWNER OF THIS BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF GEORGIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING OCONEE COUNTY, GEORGIA AND WALTON COUNTY, GEORGIA, TO PAY THIS BOND OR THE INTEREST HEREON OR ANY OTHER COST RELATING HERETO OR TO ENFORCE PAYMENT HEREOF AGAINST ANY PROPERTY OF THE STATE OF GEORGIA OR ANY POLITICAL SUBDIVISION THEREOF. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND AGAINST ANY OFFICER, DIRECTOR OR MEMBER OF THE AUTHORITY.

Reference is hereby made to the Indenture and the First Supplemental Indenture for a description of the moneys pledged and assigned to the payment of the Series 2008 Bonds, the provisions, among others, with respect to the nature and extent of the security for the Series 2008 Bonds, the rights, duties and obligations of the Authority, the Trustee and the owners of the Series 2008 Bonds, and the terms under which the Indenture and the First Supplemental Indenture may be supplemented or amended.

The bonds are being issued by means of a book-entry system, with actual bonds immobilized at The Depository Trust Company, New York, New York, or its successor as securities depository, evidencing ownership of the bonds in principal amounts of \$5,000 or integral multiples thereof, and with transfers of beneficial ownership effected on the records of the securities depository and its participants pursuant to the rules and procedures established by the securities depository. Actual bonds are not available for distribution to the beneficial owners, except under the limited circumstances set forth in the Indenture. The principal, redemption premium (if any) and interest on the bonds are payable by the Trustee to Cede & Co., as nominee of the securities depository. Transfer of principal, redemption premium (if any) and interest payments to participants of the securities depository is the responsibility of the securities depository; transfers of principal, redemption premium (if any) and interest to beneficial owners by participants of the securities depository will be the responsibility of such participants and other nominees of beneficial owners. The delivery of notices and voting procedures will be carried pursuant to the rules and procedures established by the securities depository. The Authority and the Trustee are not responsible or liable for maintaining, supervising or reviewing

the records maintained by the securities depository, its participants or persons acting through such participants.

While not in book-entry form, this bond may be registered as transferred only upon the registration books kept for that purpose at the principal corporate trust office of the Trustee by the registered owner hereof in person, or by his or her attorney duly authorized in writing, upon presentation and surrender to the Trustee of this bond duly endorsed for registration of transfer or accompanied by an assignment duly executed by the registered owner or his or her attorney duly authorized in writing, and thereupon a new registered bond, of the same series, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor.

While not in book-entry form, this bond may be exchanged by the registered owner hereof or his or her duly authorized attorney upon presentation at the principal corporate trust office of the Trustee in Atlanta, Georgia for an equal aggregate principal amount of Series 2008 Bonds of the same maturity, interest rate and series and in any authorized denominations in the manner, subject to the conditions and upon payment of charges, if any, provided in the Indenture.

The Series 2008 Bonds are issuable in the form of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The person in whose name this bond is registered on the registration books kept by the Trustee shall be deemed to be the owner of this bond for all purposes.

The Series 2008 Bonds are redeemable at the option of the Authority, in whole or in part at any time and in any order of maturity, not earlier than February 1, 2018 (less than all of such Series 2008 Bonds of a single maturity to be selected by lot in a manner determined by the Trustee), from any moneys available therefor, at a redemption price of par, plus accrued interest.

The Series 2008 Bonds are subject to redemption in whole or in part at any time (in such order of maturities as may be selected by the Authority) in the event of damage to, or destruction or condemnation of, any part of the Project, to the extent that the proceeds of any insurance or condemnation awards relating thereto are not applied to the repair, reconstruction or restoration of the Project.

Section 6.7. The Series 2008 Bonds maturing on February 1, 2028, are subject to mandatory sinking fund redemption on February 1, 2024 and on each February 1 thereafter, in accordance with the table below, at a redemption price equal to the principal amount of each Series 2008 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the February 1, 2024 amount to be paid rather than redeemed):



<u>February 1 of the Year</u>	<u>Principal Amount to be redeemed</u>
2024	\$675,000
2025	710,000
2026	745,000
2027	780,000
2028	820,000

The Series 2008 Bonds maturing on February 1, 2038 are subject to mandatory sinking fund redemption on February 1, 2029 and on each February 1 thereafter, in accordance with the table below, at a redemption price equal to the principal amount of each Series 2008 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed for redemption, in the following principal amounts and on the dates set forth below (the February 1, 2029 amount to be paid rather than redeemed):

<u>February 1 of the Year</u>	<u>Principal Amount to be redeemed</u>
2029	\$860,000
2030	905,000
2031	950,000
2032	1,000,000
2033	1,050,000
2034	1,100,000
2035	1,155,000
2036	1,215,000
2037	1,275,000
2038	1,335,000

If less than all of the Series 2008 Bonds are to be redeemed, then the Authority may select the particular maturity or maturities of the Series 2008 Bonds to be redeemed except in the case of mandatory sinking fund redemption, or if the Authority does not select the maturities, then in inverse order of maturity. In the event that a portion of a particular maturity of the Series 2008 Bonds is to be redeemed, the particular Series 2008 Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Trustee shall deem appropriate and as shall result in the outstanding Series 2008 Bonds being in authorized denominations. For the purpose of determining the Series 2008 Bonds to be redeemed, in the case of any Series 2008 Bond in a principal amount in excess of \$5,000, the Trustee shall treat each \$5,000 principal amount of such Series 2008 Bond as if the same were separate Series 2008 Bonds of \$5,000 each and shall assign separate numbers to each for the purpose of determining the particular Series 2008 Bonds to be redeemed. Any such redemption, either in whole or in part, shall be made following notice to the registered owners of the affected Series 2008 Bonds mailed not less than

30 and not more than 60 days prior to the redemption date and otherwise in the manner and upon the terms and conditions provided in the Indenture. If this bond or any portion hereof shall be called for redemption, interest shall cease to accrue on this bond or such portion hereof from and after the date fixed for redemption unless default shall be made in payment of the redemption price hereof upon presentation and surrender hereof; and, except as otherwise provided in the Indenture, the owner of this bond shall not be entitled to any rights under the Indenture except the right to receive payment, and this bond or the portion hereof so called shall not be considered to be outstanding. Upon partial redemption of this bond, the Trustee shall authenticate and deliver to the registered owner hereof, at the expense of the Authority, a new bond or bonds of authorized denominations in the aggregate principal amount equal to the unredeemed portion of this bond and of the same maturity and interest rate.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until this bond shall have been authenticated and registered upon the registration books kept by the Trustee for that purpose, which authentication shall be evidenced by the manual execution of the bond hereon by the Trustee.

It is hereby recited and certified that all acts, conditions and things required by the Constitution and laws of the State of Georgia to happen, exist and be performed precedent to and in the issuance of this bond, the execution of the Indenture and Agreement, and the adoption of the Resolution by the Authority have happened, do exist and have been performed as so required. This bond is issued with the intent that the laws of the State of Georgia shall govern its enforcement and construction.

IN WITNESS WHEREOF, the Walton County Water and Sewerage Authority has caused this bond to be executed by the manual or facsimile signature of its Chairman and its official seal to be impressed or printed hereon and attested by the manual or facsimile signature of its Secretary.

WALTON COUNTY WATER AND SEWERAGE  
AUTHORITY

(SEAL)

By: \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_, 2008

This bond is one of the Series 2008 Bonds  
described in the within mentioned Indenture.

REGIONS BANK,  
as Trustee

By: \_\_\_\_\_  
Authorized Signatory

\* \* \* \* \*

VALIDATION CERTIFICATE

STATE OF GEORGIA

COUNTY OF WALTON

The undersigned Clerk of the Superior Court of Walton County, State of Georgia, DOES HEREBY CERTIFY that this bond was validated and confirmed by judgment of the Superior Court of Walton County, Georgia, on the 6<sup>th</sup> day of November, 2007.

Witness my manual or facsimile signature and seal of the Superior Court of Walton County, Georgia.

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Clerk, Superior Court, Walton County, Georgia

(SEAL)

\* \* \* \* \*

## STATEMENT OF INSURANCE

Financial Security Assurance Inc. ("Financial Security"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Bond to Regions Bank, Atlanta, Georgia or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from Financial Security or the Paying Agent.

(Form for Transfer)

FOR VALUE RECEIVED, \_\_\_\_\_ the undersigned, hereby sells, assigns and transfers unto \_\_\_\_\_ (Tax Identification or Social Security No. \_\_\_\_\_) the within Series 2008 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Series 2008 Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guarantee:

\_\_\_\_\_  
(Authorized Officer)

Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Series 2008 Bond in every particular, without alteration or enlargement or any change whatever.

DTC FAST RIDER

Each such bond shall remain in the Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Trustee and DTC - FAST Agreement.