TRUST INDENTURE

Between

WALTON COUNTY WATER AND SEWERAGE AUTHORITY

And

REGIONS BANK,

as trustee

Dated as of April 1, 2008

This instrument was prepared by:

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THIS TRUST INDENTURE, dated as of April 1, 2008 (the "Indenture"), between the WALTON COUNTY WATER AND SEWERAGE AUTHORITY (the "Authority") and REGIONS BANK (the "Trustee"), a state banking association;

W I T N E S S E T H:

WHEREAS, under the Constitution and laws of the State of Georgia, the Authority has been duly created and is validly existing and is authorized to issue revenue bonds to acquire, construct and install facilities to provide water to the public and to collect and treat sewerage through its system (the "System"), and to prescribe and revise rates, and to collect fees and charges for the services and facilities furnished by the System, and in anticipation of the collection of revenues from the System, to issue revenue bonds to finance, in whole or in part, the cost of additions, extensions and improvements to the System and to pay all expenses necessary to accomplish the foregoing; and

WHEREAS, all acts and things necessary to constitute this Indenture a valid indenture and agreement according to its terms have been done and performed by the Authority; and

WHEREAS, at the time Obligations are issued in accordance with the provisions of this Indenture, all acts and things necessary to authorize such Obligations and to constitute such Obligations the legal, valid and binding obligations of the Authority will have been done and performed;

NOW, THEREFORE, THIS INDENTURE FURTHER WITNESSETH:

GRANTING CLAUSES

That the Authority, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created, and of the sum of One Dollar ($1.00) to it duly paid by the Trustee, at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and in order to secure the payment of and performance under all Outstanding Obligations, the Authority has granted, bargained, sold, warranted, aliened, demised, released, conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed, and does by these presents hereby grant, bargain, sell, warrant, alien, demise, release, convey, assign, transfer, mortgage, pledge, set over and confirm, unto the Trustee and to its successors in the trusts hereby created, and to it and its assigns forever, all of the Authority's estate, right, title and interest in, to and under the following described property, rights and interests (herein sometimes referred to as the "trust estate" or "Trust Estate"), to wit:

I.

All moneys and securities held by the Trustee in any and all of the funds and accounts established under this Indenture.

II.

All right, title and interest of the Authority to make claim for, collect and receive any sum of money owed by the County to the Authority under the Intergovernmental Contract, and to bring actions and proceedings thereunder or for the enforcement thereof.

III.

All other property which is by the express provisions of this Indenture required to be subject to the lien hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien hereof, by the Authority or by anyone in its behalf, and the Trustee is hereby authorized to receive the same at any time as additional security hereunder.

TO HAVE AND TO HOLD, all and singular, the trust estate, including all additional property which by the terms hereof has or may become subject to the encumbrance of this Indenture, unto the Trustee and its successors and assigns forever.

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit and security of the Holders from time to time of all Obligations issued and Outstanding hereunder, without preference, priority or distinction as to lien or otherwise of any one of such Obligations over any other or others of such obligations to the end that each Holder of such Obligations has the same rights, privileges and lien under and by virtue of this Indenture except as expressly provided herein; and conditioned, however, that if the Authority shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, then and in such event this Indenture shall be and become discharged and of no further force and effect, otherwise the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereinafter set forth.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Obligations issued and secured hereunder are to be issued, authenticated and delivered and all such property and the rents, revenues and receipts hereby assigned and pledged, are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Authority and the Trustee have agreed and covenanted, and do hereby agree and covenant with the respective Holders from time to time of the Obligations, as follows:

ARTICLE I

DEFINITIONS OF TERMS, CONSTRUCTION AND CERTAIN GENERAL PROVISIONS

Section 1.1. Definitions of Terms. Unless the use or context clearly require otherwise, the following words and terms when used in this Indenture shall have the meanings specified in this Section:

"Accountant" shall mean person or firm who or which is appointed (i) by the Authority for the purpose of examining and reporting on or passing on questions relating to the financial statements of the Authority, has all certifications necessary for the performance of such services, and, in the opinion of the Authority, has a favorable reputation for skill and experience in performing similar services in respect of entities of a comparable size and nature. If any Accountant's report or opinion is required to be given with respect to matters partly within and partly without the expertise of such Accountant, such Accountant may rely upon the report or opinion of another Accountant, which other Accountant shall be reasonably satisfactory to the relying Accountant and the Authority.

"Additional Indebtedness" shall mean any Indebtedness (including all Obligations) incurred by the Authority subsequent to its entering into this Trust Indenture and secured under this Indenture. "Additional Indebtedness" does not include other obligations of the Authority which are not secured hereunder.

"Audited Financial Statements" shall mean the annual financial statements of the Authority, delivered to the Trustee in accordance with Section 7.3(a).

"Authority" shall mean the Walton County Water and Sewerage Authority, and its successors and assigns.

"Authorized Authority Representative" shall mean the Chairman or Vice Chairman of the Authority, or the person or persons designated by the Authority to the Trustee from time to time by a certificate signed by the Chairman or Vice Chairman of the Authority, to serve as Authorized Authority Representative under this Indenture.

"Bonds" means any revenue bonds issued by the Authority pursuant to this Indenture or any Supplemental Indenture.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which the New York Stock Exchange is closed or on which banks are authorized or required to be closed in the City of Atlanta, Georgia or any other municipality in which the principal offices of the Trustee are located.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto and any regulations applicable thereto. As to any series of Bonds, the term "Code" shall only include those provisions of the Internal Revenue Code or Treasury Regulations applicable to such Bonds.

"Construction Fund" shall mean the Walton County Water and Sewerage Construction Fund created in Section 3.1 of this Indenture.

"Counsel" shall mean a lawyer or firm of lawyers selected by the Authority who or which is duly admitted to practice law before the highest court of any state in the United States of America or the District of Columbia.

"County" shall mean Oconee County, Georgia.

"Credit or Liquidity Facility" shall mean any letter of credit, line of credit, insurance policy, guaranty or other agreement constituting a credit enhancement or liquidity facility which is issued by a bank, trust company, savings and loan association or other institutional lender, insurance company or surety company for the benefit of the holder of any Indebtedness in order to provide a source of funds for the payment of all or any portion of the Authority's payment obligations under such Indebtedness or the purchase price of Indebtedness which has provisions permitting or requiring the holder thereof to tender such Indebtedness prior to its maturity.

"Debt Holder" shall mean holders of Obligations that constitute Indebtedness.

"Debt Service Account" shall mean the Debt Service Account created within the Sinking Fund to pay principal of, redemption premium, if any, and interest on the Bonds and certain other charges as provided in this Indenture.

"Debt Service Reserve Fund" shall mean the Debt Service Reserve Fund created under Section 3.2 hereof.

"Escrow Deposit" shall mean a segregated escrow fund or other similar fund, account or deposit in trust, of cash in an amount (or Government Obligations, the principal of and interest on which when payable will be in an amount), and under terms, sufficient, without further reinvestment, to pay all or a portion of the principal of, and premium, if any, and interest on, the Indebtedness secured by such escrow fund or other similar fund, account or deposit as the same shall become due or payable upon redemption.

"Event of Default" shall mean any event of default under this Indenture as defined in Article VIII hereof.

"Fiscal Year" shall mean a period of 12 consecutive months ending on June 30 of each year or on such other date as may be specified in an Officer's Certificate of the Authority executed and delivered to the Trustee.

"Funds" shall mean the Construction Fund and the Sinking Fund and any other fund created from time to time under a Supplemental Indenture.

"Government Obligations" shall mean (a) obligations of the United States and of its agencies and instrumentalities, (b) obligations fully insured or guaranteed by the United States or any agency thereof, (c) obligations of any corporation of the United States (including any obligations described in (a), (b) or (c) issued or held in book-entry form on the books of the Department of the Treasury of

the United States of America) or (d) tax-exempt municipal obligations that have been defeased with obligations described in (a), (b) or (c), which obligations, in any case, are rated in the highest rating category by Moody's Investors Service, Inc. and Standard & Poor's Rating Services, a Division of the McGraw-Hill Companies.

"Hedge Agreement" shall mean an interest rate swap, cap, collar, floor, forward, option, put, call or other agreement, arrangement or security, however denominated, entered into in order to hedge interest rate fluctuations on all or a portion of any Indebtedness or to change the payments to be made with respect to any Indebtedness from fixed to variable or from variable to fixed.

"Holder" shall mean, as the context requires, the registered owner of any Bonds or the holder or beneficiary of any other type of Obligation. In the case of an Obligation issued to a trustee or other fiduciary acting on behalf of the holders of any bonds, notes or other similar obligations which are secured by such Obligation, including any registered securities depositary then in the business of holding (for the benefit of beneficial owners whose interests may be evidenced by book-entry registration) substantial amounts of obligations of types comprising the Obligations, the term Holder shall mean the trustee or other fiduciary or, if so provided in a Supplemental Indenture, the holders of the series of Bonds issued under such Supplemental Indenture in proportion to their respective interests therein, including any registered securities depositary then in the business of holding (for the benefit of beneficial owners whose interests may be evidenced by book-entry registration) substantial amounts of obligations of types comprising the Obligations.

"Indebtedness" of the Authority shall mean (i) all Bonds, (ii) all liabilities (exclusive of reserves) recorded as indebtedness on the audited financial statements of the Authority as of the end of the most recent Fiscal Year for which financial statements reported upon by an Accountant are available which are secured under this Indenture, and (iii) all other obligations for borrowed money; provided that Indebtedness shall not include (1) Interest Rate Swap Obligations, Commitment Indebtedness or obligations under Hedge Agreements, (2) any other Indebtedness of the Authority not secured under this Indenture or (3) any other obligation which does not constitute indebtedness under generally accepted accounting principles.

"Interest Payment Date" shall mean with respect to any Indebtedness issued under this Indenture, the interest payment date specified in this Indenture or in a Supplemental Indenture authorizing or relating to such Indebtedness.

"Interest Rate Swap Obligations" shall mean obligations of the Authority secured under this Indenture pursuant to any arrangement with any entity chosen by the Authority to serve as the swap counterparty whereby, directly or indirectly, the Authority is entitled to receive from time-to-time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such swap counterparty calculated by applying a fixed or a floating rate of interest on the same notional amount.

"Intergovernmental Contract" shall mean the Intergovernmental Contract - Hard Labor Creek Reservoir Project, dated as of October 1, 2007, between the Authority and the County, as amended and supplemented from time to time.

"Majority" shall mean more than 50 percent of the aggregate principal amount of any series of Outstanding Obligations.

"Obligations" shall mean all Bonds issued hereunder, any lease, contractual agreement to pay money or other obligations of the Authority issued or secured hereunder, any Hedge Agreement, any Interest Rate Swap Obligation and any additional forms of Obligations created pursuant to Section 2.6 hereof, but shall not include any obligation which is not payable from or secured by the Trust Estate created under this Indenture.

"Officer's Certificate" shall mean a certificate signed by the Chairman or Vice Chairman of the Authority or by any other officer of the Authority. When an Officer's Certificate is required to set forth matters relating to the Authority, such Officer's Certificate may be given in reliance upon another certificate, or other certificates, and supporting materials, if any, provided by any duly authorized officer of the Authority.

"Opinion of Bond Counsel" shall mean an opinion in writing signed by an attorney or firm of attorneys appointed by the Authority who or which is experienced in the field of municipal bonds.

"Outstanding" (a) when used with reference to Bonds, shall mean, as of any date of determination, all Bonds theretofore issued or incurred and not paid and discharged other than (i) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation, (ii) Bonds deemed paid and no longer Outstanding as provided in Article XI hereof or for which an Escrow Deposit has been established, (iii) Bonds in lieu of which other Bonds have been authenticated and delivered or have been paid pursuant to the provisions of the Supplemental Indenture regarding mutilated, destroyed, lost or stolen Bonds unless proof satisfactory to the Trustee has been received that any such Note is held by a bona fide purchaser for value without notice, and (iv) any Note held by the Authority; or, (b) when referring to Obligations or other evidences of Indebtedness other than Bonds, shall mean, as of any date of determination, all Obligations or other evidences of Indebtedness theretofore issued or incurred other than (i) Obligations or other evidences of Indebtedness which have been paid, (ii) Obligations or other evidences of Indebtedness for which an opinion of Counsel stating that such Obligations or other evidences of Indebtedness have been discharged has been provided to the Trustee, (iii) Obligations or other evidences of Indebtedness for which new Obligations or other evidences of Indebtedness have been substituted in a manner analogous to clause (a)(iii) above and (iv) any Obligations or other evidences of Indebtedness held by the Authority, provided that Obligations or evidences of Indebtedness held by the Authority may be deemed by the Authority to be continuously Outstanding if such Obligations or evidences of Indebtedness were acquired with an intent that they only be held temporarily in connection with an effort to remarket them to anyone other than the Authority. For purposes of determining consents, directions to the Trustee, approval of amendments or supplements and other similar purposes, Bonds or other similar Obligations incurred hereunder relating to Subordinated Indebtedness, Commitment Indebtedness, Interest Rate Swap Obligations or Hedge Agreements shall not be considered to be Outstanding.

"Paying Agent" shall mean the commercial bank or banks appointed by the Authority to serve as paying agent, in accordance with the terms of this Indenture and any Supplemental Indenture, for any series of Bonds secured by this Indenture.

"Permitted Investments" shall mean any of the following securities, if and to the extent the same are at the time legal for investment of Authority funds:

(a) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated, as amended;

(b) bonds or obligations of the State of Georgia, or of other counties, municipal corporations, and political subdivisions of the State of Georgia;

(c) bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by such government;

(d) obligations of agencies of the United States government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, and the Central Bank for Cooperatives;

(e) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(f) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any of the proceeds of the Certificates. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or of any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations referred to in paragraph (c) above, obligations of the agencies of the United States government referred to in paragraph (d) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities referred to in paragraph (e) above;

(g) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

(i) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referred to in paragraph (c) above and repurchase agreements fully collateralized by any such obligations;

(ii) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;

(iii) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and

(iv) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State of Georgia; and

(h) forward purchase and repurchase agreements with respect to (c) and (d) above; and

(i) any other investments authorized by or under the laws of the State of Georgia from time to time for the type of moneys to be invested.

"Principal," when used to refer to the amount of any Obligation, shall mean (i) the principal amount of any Obligation that constitutes Indebtedness; (ii) with respect to an Interest Rate Swap Obligation, the "notional amount" of the Interest Rate Swap Obligation to the party to the swap transaction that is not the Authority; (iii) with respect to a Credit Facility, the amount disbursed by the issuer of the Credit Facility and not reimbursed on the date the principal amount is determined; and (iv) with respect to any other type of Obligation, the amount specified in the Supplemental Indenture creating such Obligation.

"Projects" shall mean any projects identified by the Authority to be financed with the proceeds of Indebtedness issued or incurred under this Indenture.

"Rating Agency" shall mean severally or collectively, if applicable (i) Standard & Poor's, a division of the McGraw-Hill Companies, Inc. ("S&P") and any successor thereto, if it has assigned a rating to any Obligation issued and Outstanding hereunder, (ii) Moody's Investors Service, Inc. ("Moody's") and any successor thereto, if it has assigned a rating to any Obligation issued and Outstanding hereunder, and (iii) Fitch's Investors Service ("Fitch") and any successor thereto, if it has assigned a rating to any Obligation issued and outstanding hereunder. If any such Rating Agency shall no longer perform the functions of a securities rating service for whatever reason, the term "Rating Agency" shall thereafter be deemed to refer to the others, but if both of the others shall no

longer perform the functions of a securities rating service for whatever reason, the term "Rating Agency" shall thereafter be deemed to refer to any other nationally recognized rating service or services as shall be designated in writing by the Authority to the Trustee; provided that such designee shall not be unsatisfactory to the Trustee.

"Reserve Requirement" shall mean, as of any date of calculation, an amount not less than the least of (a) 10% of the original outstanding principal amount of the Bonds, (b) the maximum annual debt service on the Bonds payable in any Sinking Fund Year or (c) 125% of average annual debt service on the Bonds payable in any Sinking Fund Year.

"Revenue Bond Law" shall mean the Revenue Bond Law of the State of Georgia (O.C.G.A. Section 36-82-60 et seq.), as amended.

"Sinking Fund" shall mean the Walton County Water and Sewerage Sinking Fund created in Section 3.3 hereof.

"Sinking Fund Custodian" shall mean the commercial bank appointed by the Authority to maintain the Sinking Fund.

"Sinking Fund Investments" shall mean (a) Government Obligations and forward purchase agreements and repurchase agreements with respect thereto, (b) demand deposits or certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured and (c) the local government investment pool created by O.C.G.A. Section 36-83-8.

"Sinking Fund Year" shall mean the period commencing on the 2nd day of February in each year and extending through the 1st day of February in the next year.

"Supplemental Indenture" shall mean an indenture supplemental to, and authorized and executed pursuant to, the terms of this Indenture.

"System" shall mean the Authority's water and sewerage system, as now existent and as hereafter added to, extended, improved and equipped and any and all other systems, equipment or facilities operated in connection therewith.

"Tax" shall mean an ad valorem tax on all property in the County subject to such tax, as may be necessary for the County to levy to provide funds in an amount sufficient to fulfill its payment obligations under the Intergovernmental Contract.

"Trust Estate" or "trust estate" shall have the meaning set forth in the granting and habendum clauses hereof.

"Value," when used in connection with any property, shall mean either (a) Book Value, or (b) at the election of the Authority evidenced by an Officer's Certificate delivered to the Trustee, the

aggregate fair market value of such property, as reflected in the most recent written report of an appraiser selected by the Authority and, in the case of real property, who or which is a member of the American Institute of Real Estate Appraisers (MAI), delivered to the Trustee (which report shall be dated not more than three years prior to the date as of which value is to be calculated) increased the cost of any property acquired, or decreased by the fair market value of any property disposed of, since the date of such report.

Section 1.2. Rules of Construction. References in this Indenture to any Article or Section shall be construed as referring to the Articles and Sections contained in this Indenture, unless otherwise stated. The words "hereby," "herein," "hereof," "hereto," and "hereunder" and any compounds thereof shall be construed as referring to this Indenture generally and not merely to the particular Article, Section or subdivision in which they occur, unless otherwise required by the use or context. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the use or context shall indicate otherwise, words importing the singular number shall include the plural and vice versa.

Section 1.3. Severability Clause. If any provision of this Indenture shall be held or be deemed to be, or shall in fact be, inoperative or unenforceable as applied to any particular case in any jurisdiction or jurisdictions, or in all jurisdictions or in all cases, such circumstance shall not have the effect of rendering the provision or provisions in question inoperative or unenforceable in any other jurisdiction or in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable.

Section 1.4. Accounting Principles. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Indenture or any agreement, document or certificate executed and delivered in connection with or pursuant to this Indenture, such determination or computation shall be done in accordance with generally accepted accounting principles in effect on (i) the date of the delivery of this Indenture, or (ii) at the election of the Authority, as specified in an Officer's Certificate delivered to the Trustee, the date such determination or computation is made for any purpose of this Indenture, such accounting principles, to the extent applicable, consistently applied; provided that intercompany balances and liabilities among the Obligated Issuers shall be disregarded and that the requirements set forth herein shall prevail, if inconsistent with generally accepted accounting principles.

Section 1.5. Officer's Certificates. Whenever the Authority is required or permitted to deliver an Officer's Certificate pursuant to the terms of this Indenture, the Authority shall, in making the required certifications, be entitled to (i) determine compliance with any financial covenant or test set forth herein based on the Audited Financial Statements; and (ii) rely on the advice of an Accountant as to the determination of compliance with any financial covenant or test set forth herein.

ARTICLE II

INDENTURE OBLIGATIONS

Section 2.1. Issuance of Obligations; Form and Terms Thereof. Subject to the further conditions specified in Article IV, the Authority may issue from time to time one or more series of Obligations which are secured hereunder. The Obligations of each series shall be issued in substantially such forms as may be approved by the Authority and set forth in the Supplemental Indenture providing for the issuance thereof. The number and aggregate principal amount of Obligations shall not be limited, except as provided in any Supplemental Indenture. All Obligations shall be issued in fully registered form without coupons. Subject to the applicable provisions hereof, all Obligations shall be issued upon and contain such maturities, payment terms, interest rate provisions, redemption or prepayment features and other provisions as shall be set forth in the Supplemental Indenture providing for the issuance of such Obligations. All Obligations issued under this Indenture shall be ratably secured hereunder and payable from the Trust Estate.

Section 2.2. Payment of Obligations. Payments on the Obligations shall be payable in any currency of the United States of America which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts, and such payments shall be payable as provided in a Supplemental Indenture relating to such Obligations. In the case of all payments made directly to a Holder, the Authority shall give notice of any such payment to the Trustee concurrently with the making thereof, specifying the amount paid and identifying the Obligation or Obligations with respect to which such payment was made by series, designation, number and Holder. Except with respect to Obligations directly paid, the Authority agrees to deposit with the Trustee on or prior to each due date of the principal of, premium, if any, or interest on any of the Obligations the sum becoming due, all in accordance with the specific terms for such payments which may from time to time be specified in Supplemental Indentures.

Section 2.3. Execution and Authentication of Obligations. All Obligations shall be executed for and on behalf of the Authority by its Chairman or Vice Chairman or such other officer of the Authority as may be designated in writing by, or in the manner specified in, a resolution of the governing body of the Authority. The signatures, or facsimiles thereof, of such officers may be mechanically or photographically reproduced on the Obligations. If any officer whose signature appears on any Obligation ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. Each Obligation shall be manually authenticated by an authorized officer or employee of the Trustee, without which authentication no Obligation shall be valid or entitled to the benefits hereof.

The Trustee's certificate of authentication shall be substantially in the following form:

TRUSTEE'S AUTHENTICATION CERTIFICATE

The undersigned Trustee hereby certifies that this [Bond/description of other Obligation] No. ___ is one of the Obligations described in the within-mentioned Trust Indenture.

Regions Bank,
as Trustee

By_____
Authorized Signatory

Section 2.4. Registration of Transfer and Exchange. (a) Registration books relating to Obligations of the Authority shall be maintained at the designated corporate trust office of the Trustee. Such books shall contain the names and addresses of all Holders of Obligations and any other information which may be necessary for the proper discharge of the Trustee's duties hereunder in respect of such Obligations.

(b) The Obligations of any series may be registered as transferred or exchanged in the manner specified in the Supplemental Indenture providing for the issuance thereof. No registration of transfer or exchange made in any other manner shall be valid for any purpose hereunder. Unless otherwise specified in the Supplemental Indenture providing for the issuance of the Obligations to be transferred or exchanged, the Authority shall pay all costs relating to such registration of transfer or exchange, except for taxes or governmental charges related thereto, which shall be paid by the Holder requesting the registration of transfer or exchange.

Section 2.5. Mutilated, Destroyed, Lost or Stolen Obligations. (a) If any Obligation is mutilated, lost, stolen or destroyed, the Holder thereof shall be entitled to the issuance of a substitute Obligation only as follows:

(i) in the case of a lost, stolen or destroyed Obligation, the Holder shall provide notice of the loss to the Authority, or to the Trustee, within a reasonable time after the Holder receives notice of the loss;

(ii) in the case of a lost, stolen or destroyed Obligation, the Holder shall request the issuance of a substitute Obligation before the Authority receives notice of the transfer of the original Obligation to a bona fide purchaser for value without notice;

(iii) in all cases, the Holder shall provide indemnity against any and all claims arising out of or otherwise related to the issuance of substitute Obligations pursuant to this Section satisfactory to the Trustee and to the Authority;

(iv) in the case of a mutilated Obligation, the Holder shall surrender the Obligation to the Trustee for cancellation; and

(v) in the case of a lost, stolen or destroyed Obligation, the Holder shall provide evidence, satisfactory to the Trustee and to the Authority, of the ownership of the affected Obligation and the loss, theft or destruction thereof.

Upon compliance with the foregoing, a new Obligation of like tenor and denomination, executed by the Authority, shall be authenticated by the Trustee and delivered to the Holder, all at the expense of the Holder to whom the substitute Obligation is delivered. Notwithstanding the foregoing, the Trustee shall not be required to authenticate and deliver any substitute for an Obligation which has been called for redemption or which has matured or is about to mature and, in any such case, the principal or redemption price then due or becoming due shall be paid by the Trustee in accordance with the terms of the mutilated, lost, stolen or destroyed Obligation without substitution therefor.

(b) Every substituted Obligation issued pursuant to this Section 2.5 shall constitute an additional contractual obligation of the Authority, whether or not the Obligation alleged to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Obligations duly issued hereunder unless the Obligation alleged to have been destroyed, lost or stolen shall be at any time enforceable by a bona fide purchaser for value without notice. In the event the Obligation alleged to have been destroyed, lost or stolen shall be enforceable by anyone, the Authority may recover the substitute Obligation and any payments of principal and interest made thereunder from the Holder to whom it was issued or from anyone taking under the Holder except a bona fide purchaser for value without notice.

(c) All Obligations shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Obligations, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments, investments or other securities without their surrender.

Section 2.6. Supplemental Indenture Creating an Obligation. The Authority and the Trustee may from time to time enter into a Supplemental Indenture in order to specify the form, terms and other details of any Obligation issued hereunder. Such Supplemental Indenture shall, (a) with respect to Obligations created thereby, set forth the date thereof, and the date or dates on which payments on such Obligations shall be payable, and (b) provide for the form of such Obligations and shall contain such other terms and provisions as shall not be inconsistent with the provisions hereof. Such Supplemental Indenture shall be executed by the Authority and the Trustee.

Section 2.7. Conditions to Issuance of Obligations Hereunder. Simultaneously with or prior to the execution, authentication and delivery of Obligations pursuant to this Indenture:

(a) all requirements and conditions to the issuance of such Obligations, if any, set forth herein and in any Supplemental Indenture shall have been complied with and satisfied, as evidenced by an opinion of Counsel to the Authority to that effect delivered to the Trustee;

(b) the Authority shall have delivered to the Trustee such opinions, certificates, proceedings, instruments and other documents as the Trustee may reasonably request;

(c) the requirements of Article IV with respect to the incurrence of Additional Indebtedness shall have been satisfied; and

(d) the Authority shall have delivered to the Trustee an opinion of Counsel to the Authority to the effect that registration of such Obligation or Obligations under the Securities Act of 1933, as amended, and qualification of this Indenture or the Supplemental Indenture under the Trust Indenture Act of 1939, as amended, are not required, or, if such registration or qualification is required, that the Authority has complied with all applicable provisions of such Acts.

Section 2.8. Voting of Obligations. Only Debt Holders are entitled to vote. Other Holders are not entitled to vote, but no Supplemental Indentures or amendments or supplements to the Intergovernmental Contract shall be executed without the consent of such Holders if such supplement or amendment adversely affects the Holders.

ARTICLE III

FUNDS AND REVENUES

Section 3.1. Construction Fund.

(a) There is hereby created a special trust fund to be held by the Trustee which shall be designated as the "Walton County Water and Sewerage Authority-Reservoir Construction Fund (Oconee)." The Trustee is authorized to deposit into the Construction Fund all moneys or investments received by the Trustee accompanied by instructions from the Authority to deposit the same into the Construction Fund. All moneys deposited into the Construction Fund shall be held in trust by the Trustee separate from other deposits of the Authority. The Authority may, from time to time, designate additional accounts within the Construction Fund.

As to any issue of Bonds or other Indebtedness providing Construction Fund moneys, the Authority shall establish a separate special account for the Construction Fund as shall be designated by the Authority in a Supplemental Indenture. Subject to subparagraph (b) below, the moneys credited to any such account shall be used and applied by the Authority for the purpose of paying the cost of the Projects to be paid from such Indebtedness and otherwise disbursed as herein provided. The Authority (and not the Trustee) shall be responsible for monitoring the use of moneys withdrawn from the Construction Fund.

(b) Upon completion of the Projects to be financed with such Indebtedness and after payment of all expenses with respect thereto, all moneys remaining on deposit in such account may, at the direction of the Authority, be (i) credited to any other account in the Construction Fund and used to complete the Project or Projects with respect to which such account was created or (ii) credited to the Sinking Fund and used to pay debt service on Indebtedness as shall be directed by the Authority. Prior to such application, the Authority shall receive an opinion of nationally recognized bond counsel to the effect that such application will not adversely effect the exclusion from gross income for federal income tax purposes of interest on the Obligations which are the source of such funds.

(c) All payments from the Construction Fund or reimbursements to the Authority for costs of Projects shall be made upon receipt by the Trustee of a requisition signed by an Authorized Authority Representative stating each amount to be paid, the name of the person, firm or corporation to whom payment thereof is due, and the account from which such amount is to be paid, which requisition shall state or contain certifications as follows:

(i) That an obligation in the stated amount has been incurred by the Authority, specifying the purpose and circumstances of such obligation in reasonable detail and that the same is a proper charge against the Construction Fund and has not been the subject of a previous requisition for payment, and that the bill or statement of account for such obligation is on file with the Authority;

(ii) That the Authority has no notice of any vendors, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or any security interest, which should be satisfied or discharged before such payment is made;

(iii) That such requisition contains no item representing payment on account or any retained percentages which the Authority is, at the date of such certificate, entitled to retain; and

(iv) That insofar as such obligation was incurred for work, materials, supplies or equipment in connection with a Project, such work was actually performed, or such materials, supplies or equipment were actually installed in or about the construction or delivered at the site of the work for that purpose.

The Trustee may conclusively rely upon any statements of fact or representations made in any requisition furnished to it by the Authority and shall have no duty or responsibility for investigating the truth and accuracy of statements made therein.

(d) The Authority will do all things, and take all reasonable and prudent measures, necessary to continue construction with due diligence and to expend the moneys credited to each account in the Construction Fund as expeditiously as possible in order to assure the completion of the Projects for which such accounts were created, on the earliest practicable date, delays outside of the control of the Authority excepted, provided that the Authority shall not be required to continue or complete the construction or acquisition of any Project which the Authority shall determine is not in the best interest of the Authority to continue or complete.

(e) All requisitions and certificates required by this Section shall be retained by the Trustee for so long as any of the Bonds or other Indebtedness are outstanding and for a period of three years thereafter, subject at all times to inspection by any officer of the Authority or the holder of any Indebtedness, upon reasonable request during normal business hours.

(f) In the event an Event of Default shall occur and be continuing under this Indenture and a declaration of acceleration of the Obligations secured hereunder is made, the Trustee is hereby authorized and directed, without any further direction, to transfer all moneys in the Construction Fund to the Sinking Fund.

Section 3.2. Debt Service Reserve Fund. There is hereby created and established with the Trustee a trust fund to be designated as the "Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project) Debt Service Reserve Fund." The Debt Service Reserve Fund shall be funded in an amount equal to the Reserve Requirement on the date of issuance of any series of Bonds. On the date of issuance of any Additional Bonds, the Debt Service Reserve Fund shall be funded to equal the Reserve Requirement on all of the Bonds then outstanding, including such Additional Bonds. The Trustee shall deposit from time to time into the Debt Service Reserve Fund amounts paid by the Authority to the Trustee for such purposes. The Debt Service Reserve Fund shall be maintained in an amount equal to the Reserve Requirement.

Moneys in the Debt Service Reserve Fund shall only be applied to the payment of principal of, redemption premium (if any) and interest on the Bonds, except as otherwise described in this Section. If, on any date on which payment of the principal, redemption premium (if any) or interest on and series of Bonds is due, whether at maturity, upon redemption prior to maturity, upon acceleration, or otherwise, and the amount on deposit in the Sinking Fund is insufficient to make such payment, the Trustee shall transfer without any further instruction or direction from the Debt Service Reserve Fund to the Sinking Fund amounts sufficient to pay any such deficiency. The Trustee shall notify the Insurer, the Authority and the County of any such transfer.

Moneys in the Debt Service Reserve Fund may be invested as provided in Section 3.4. Any investments in the Debt Service Reserve Fund shall be valued on the basis of their cost. Any earnings or other income from the investment of moneys in the Debt Service Reserve Fund shall be deposited in the Debt Service Reserve Fund, unless such deposit shall cause the moneys and the value of investments in the Debt Service Reserve Fund to exceed the Reserve Requirement, in which case such interest or other income shall be deposited in the Sinking Fund except as provided below. The moneys and investments in the Debt Service Reserve Fund shall be valued each January 15 and commencing January 15, 2009, at their fair market value. In the event that on any such valuation date, the moneys and the value of investments in the Debt Service Reserve Fund shall exceed the Reserve Requirement, the Trustee shall transfer to the Sinking Fund the amount of any such excess.

In the event there is a shortfall in the Debt Service Reserve Fund as a result of a transfer of amounts from the Debt Service Reserve Fund to the Sinking Fund to pay amounts due on any series of Bonds, the Authority shall make deposits to the Debt Service Reserve Fund in twelve equal monthly installments, such that the amounts so deposited, when added to the amounts on deposit in the Debt Service Reserve Fund will equal the Reserve Requirement. In addition, in connection with any redemption or defeasance, in whole or in part, of any series of Bonds, if, on the date of such redemption or defeasance, the moneys and value of investments in the Debt Service Reserve Fund exceeds the Reserve Requirement (taking into account such redemption or defeasance), such excess shall be transferred on the date of such redemption or defeasance at the direction of the Authority for any purpose for which the Authority shall have delivered to the Trustee a written direction. Upon an acceleration of the Bonds, the Trustee is hereby authorized and directed to transfer all moneys in the Debt Service Reserve Fund to the Sinking Fund.

Section 3.3. Sinking Fund. There is hereby created a special trust fund to be held by the Trustee and designated as the "Walton County Water and Sewerage Authority Sinking Fund". The Sinking Fund shall be kept by the Trustee as a trust fund separate and apart from other deposits of the Authority. Moneys in the Sinking Fund constitute part of the Trust Estate and shall be applied as provided herein. The Authority may, from time to time, designate additional accounts within the Sinking Fund. The Trustee is authorized to deposit into the Sinking Fund (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 Sinking Fund. The Trustee is further authorized to deposit into the Sinking Fund any moneys transferred from the Construction Fund to the Sinking Fund following the occurrence of an Event of Default hereunder or any other moneys received upon the exercise of any rights or remedies under this Indenture following an Event of Default.

The Authority agrees to deposit, or cause to be deposited, from time to time into the Sinking Fund, but solely from the Trust Estate, amounts sufficient to pay any Obligations secured hereunder.

Subject to the terms and conditions set forth in this Indenture and any Supplemental Indenture, moneys in the Sinking Fund shall be disbursed by the Trustee for:

(a) the payment of amounts due on Obligations secured hereby as such amounts become due and payable;

(b) the reimbursement to the provider of any Credit or Liquidity Facility for any draws thereon relating to the payment of amounts due on Obligations or fees for such Credit or Liquidity Facility, or to the provider of any Commitment Indebtedness or Hedge Agreement for amounts due thereunder;

(c) the optional redemption or prepayment (including defeasance) of Obligations secured hereby before maturity at the price and under the conditions provided therefor in Article III or Article XI;

(d) the purchase of Obligations in the open market for the purpose of cancelling the same; provided, however, the price paid for such Obligations shall not exceed the then authorized call price; or

(e) to establish an Escrow for the payment of amounts due on any Obligations.

In connection with establishing any Escrow for all or a portion of any Obligations secured hereunder, the Authority may direct the Trustee to apply or deposit any funds on deposit in the Sinking Fund in such Escrow.

Section 3.4. Investment of Moneys in Funds. Moneys on deposit in any fund established from time to time under this Indenture, including the Debt Service Reserve Fund and the Construction Fund, may be invested by the Trustee from time to time in Permitted Investments upon instruction from an Authorized Authority Representative. Investments in the Debt Service Reserve Fund shall have a maturity date (or be subject to mandatory repurchase at the sole option of the holder thereof) not later than five years after the acquisition thereof. Moneys on deposit in the Sinking Fund may be invested in Sinking Fund Investments. All such investments shall be held in the name of the Trustee. All gains or losses from such investment shall be credited or charged to the fund with respect to which such investment was made. The Trustee shall have no obligation to invest any money in any fund other than at the direction of the Authorized Authority Representative, and the Trustee shall have no obligation or liability for any loss resulting from any investment made at the direction of the Authorized Authority Representative. The Trustee agrees to provide the Authority on a monthly basis a statement of account showing the beginning and ending balances in each fund or account and the transactions for each fund or account created under this Indenture. The Trustee is authorized in the absence of specific direction from the Authority to liquidate, without any further direction, any investment in the Sinking Fund, the Debt Service Reserve Fund or the Construction Fund required to make a payment from such Fund to the extent that there are not

moneys sufficient in such fund to make such payment when due, and shall have no liability to the Authority for any loss on such investment resulting therefrom.

Section 3.5. [Intentionally Omitted].

Section 3.6. Obligations Not General Obligations. The Obligations issued or secured under this Indenture are not general obligations of the Authority, but special limited obligations of the Authority payable by the Authority solely from the Trust Estate created under this Indenture as provided in Section 6.1.

Section 3.7. Lien on Funds. The Authority in the granting clauses of this Indenture has pledged to the owners of any Obligations issued hereunder the Trust Estate which includes all the moneys and securities held in the funds and accounts created under this Indenture, subject to the terms of this Indenture permitting the use thereof on the terms provided herein.

Section 3.8. No Lien on System Revenues or Other Contract Revenues. The Obligations issued and secured under this Indenture are secured only by the Trust Estate created hereunder, and shall not be secured by any lien on the revenues of the Authority's water and sewerage system or by any other revenues or moneys received by the Authority (including, but not limited to, any moneys or revenue the Authority might receive from its intergovernmental agreements with the County or Walton County, Georgia unless the Authority shall supplement this Indenture to expressly subject such revenues or moneys to the pledge and lien of this Indenture.

Section 3.9. Repayment to Authority from Certain Funds. Any amounts remaining in the Sinking Fund, the Construction Fund, the Debt Service Reserve Fund or any other fund or account created hereunder after payment in full of the principal of, premium, if any, and interest on all Obligations secured hereunder, the fees, charges and expenses of the Trustee and all other amounts required to be paid hereunder, shall be paid upon written direction of the Authorized Authority Representative as soon as practicable to the Authority.

ARTICLE IV

LIMITATIONS ON INCURRENCE OF ADDITIONAL INDEBTEDNESS

Section 4.1. Additional Indebtedness. The Authority agrees that it will not issue or incur any Additional Indebtedness unless the Trustee shall be provided with the following:

(a) a resolution certified by the Secretary or Assistant Secretary or another officer of the Authority certifying the resolution authorizing the issuance of such Additional Indebtedness and specifying or approving the terms thereof;

(b) a supplement to this Indenture, specifying the terms and form of the Obligations to be issued;

(c) an amendment or supplement to the Intergovernmental Contract under which the County agrees to pay funds to the Authority (or to the Trustee for the benefit of the Authority) sufficient to pay amounts due on such Additional Indebtedness;

(d) a copy of the validation proceedings relating to such Additional Indebtedness (or to the Obligations in anticipation of which such Additional Indebtedness is being issued), or a certificate of the Authority to the effect that no such validation is required;

(e) a certificate of the Authority, signed by the Chairman or Vice Chairman, to the effect that all conditions to the issuance of such Additional Indebtedness have been satisfied;

(f) an opinion of counsel that no registration of such Additional Indebtedness, or qualification of this Indenture or any Supplemental Indenture, is required in connection with the issuance of such Additional Indebtedness, or if such registration is required, that such registration is in effect;

(g) a certificate or letter of instruction from an officer of the Authority as to the disposition of the proceeds received upon the sale of such Additional Indebtedness;

(h) an authentication order of the Authority authorizing the Trustee to authenticate such Indebtedness upon such conditions as may be specified by the Authority, including receipt by the Trustee of a specified sum from the purchaser of such Additional Indebtedness if applicable;

(i) an opinion of Counsel to the County to the effect that the amendment to the Contract referred to Section 4.1(c) has been duly authorized, executed and delivered by the County, and the Contract, as so amended, is the legal, valid and binding obligation of the County (subject to customary conditions and qualifications);

(j) an opinion of Bond Counsel or Counsel to the Authority that such Additional Indebtedness is a valid and binding obligation(s) of the Authority (subject to customary conditions and qualifications); and

(k) the Authority shall have complied with the requirements of Section 3.2 hereof.

ARTICLE V

[INTENTIONALLY OMITTED]

ARTICLE VI

PAYMENT OF OBLIGATIONS; INTERGOVERNMENTAL CONTRACT

Section 6.1. Payment of Obligations; Failure of the Authority to Make Timely Deposits; Notice. The Authority hereby agrees to pay, but solely from the Trust Estate, amounts due from time to time on any Obligation issued or secured under this Indenture when and as the same are due and payable at the places and in the manner provided therein. Pursuant to this Indenture, the Authority has pledged the Trust Estate to pay, among other things, the amounts due on any Obligations issued or secured hereunder. If on or before the due date for the payment of any amount due on any Obligation issued or secured hereunder, the Authority fails to deposit or cause to be deposited with the Trustee amounts sufficient to enable the Trustee to make timely payment of the amount due on such Obligation, the Trustee is hereby directed to give immediate written notice of such failure to the Authority and the County.

Such notice shall specify (i) the amount due on any such Obligation and the amount of funds, if any, that are on deposit in the Sinking Fund and available to pay amounts due on such payment date on such Obligation; (ii) the amount of funds necessary to cover any shortfall between the amount on deposit in the Sinking Fund as described in subclause (i) of this sentence and the amount due on such payment date, and (iii) the due date for the payment of amounts due on such Obligation. The Authority may, in any Supplemental Indenture, provide for advance notice of any such shortfall to be provided by the Trustee to the Authority and the County.

Neither the State of Georgia nor any political subdivision thereof shall in any event be liable for the payment of the principal of or interest on, or other amounts due on, any Obligations issued or secured under this Indenture, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever that may be undertaken by the Authority, and none of the Obligations issued or secured hereunder shall be construed to constitute a debt or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including the County and Walton County, Georgia within the meaning of any constitutional or statutory provision whatsoever, and shall not directly, indirectly or contingently obligate the State of Georgia or any of its political subdivisions to levy or to pledge any form of taxation whatever therefor or to make any appropriation for the payment thereof; nor shall any breach of any such pledge, mortgage, obligation or agreement impose any pecuniary liability upon any member, officer, employee or agent of the Authority, or any charge upon the general credit of the Authority, or any pecuniary liability upon the Authority payable from any moneys, revenues, payments, and proceeds other than the Trust Estate. The Authority has no taxing power.

ARTICLE VII

GENERAL COVENANTS OF THE AUTHORITY

Section 7.1. Covenants as to Existence, Maintenance of Properties, Etc. The Authority hereby covenants:

(a) Except as otherwise expressly provided herein, to preserve its corporate or other separate legal existence and to be qualified to do business and conduct its affairs in each jurisdiction where its ownership of Property or the conduct of its business or affairs requires such qualification; and

(b) To do all things reasonably necessary to conduct its affairs and to carry on its business and operations in such manner as to comply with any and all applicable laws of the United States and the several states thereof and to duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its property; provided, nevertheless, that nothing herein contained shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it shall be contested in good faith; provided, however, that it need not comply with this Section 7.1(b) if and to the extent that the Authority shall have determined, as evidenced by an Officer's Certificate, that such compliance is not in its best interests and that lack of such compliance would not materially impair its ability to pay its Obligations issued or secured under this Indenture when due.

Section 7.2. Amendments and Supplements to Intergovernmental Contract. So long as any Obligation shall be outstanding, and except as in this Indenture otherwise permitted, the Authority will not enter into any amendment or supplement to the Intergovernmental Contract which is to the adverse interest of the Holders; provided that nothing in this Section shall be construed to limit the ability of the County and the Authority to amend or supplement the Contract to extend the coverage of the Contract to additional Obligations secured hereunder or to make other amendments or modifications to the Contract as specifically permitted pursuant to the terms of this Indenture.

Section 7.3. [Intentionally Omitted].

Section 7.4. [Intentionally Omitted].

Section 7.5. Protection of Lien on Trust Estate. The Authority has good right, full power and lawful authority to grant, bargain and assign, and to transfer in trust, convey and pledge the Trust Estate in the manner and form herein provided; and, the Authority forever will warrant and defend the title to the Trust Estate to the Trustee against the claims of all persons whomsoever. The Authority agrees to take such actions, including any actions reasonably requested by the Trustee, as may be required to perfect or to protect the lien created under this Indenture on the Trust Estate. The

Authority hereby agrees that it shall not create any other lien on the Trust Estate except as created hereunder.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE TRUSTEE AND HOLDERS

Section 8.1. Events of Default.

(a) The term "Event of Default," as used herein, shall mean the occurrence of any one or more of the following events:

(i) the Authority shall fail to make any payment when due under the terms of any Obligation and such failure continues to exist upon the expiration of any applicable grace period;

(ii) an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver, or receivers, or trustee or trustees of the assets of the Authority, or of the revenues thereof, or any proceedings shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors, or for the purpose of adjusting claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable out of the Trust Estate, or if such order or decree, having been entered without the consent and acquiescence of the Authority, shall not be vacated or discharged or stayed on appeal within 60 days after entry thereof, or if such proceeding, having been instituted without the consent or acquiescence of the Authority, shall not be withdrawn, or any orders entered shall not be vacated, discharged or stayed on appeal, within 60 days after the institution of such proceedings, or the entry of such orders;

(iii) the Contract shall be determined by a court of competent jurisdiction to be invalid or unenforceable and any appeal from such determination has been exhausted; or

(iv) the Authority shall fail in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Obligations or this Indenture, and such failure shall continue for a period of 60 days after written notice from the Trustee or from the Holders of not less than 25% of the principal amount of the Debt Holders, specifying such failure; provided, however, that if such failure cannot be corrected within such 60 day period, no Event of Default shall be deemed to have occurred hereunder if the Authority shall institute corrective action within such 60 day period and diligently pursue it until the failure is corrected.

(b) Upon the occurrence of an Event of Default, then and in each and every such case, the Trustee may, by notice in writing to the Authority, declare the principal of all (but not less than all) Outstanding Obligations to be due and payable immediately, and upon any

such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in such Outstanding Obligations contained to the contrary notwithstanding; provided that the Trustee shall be required to make such a declaration if the Trustee is requested to make such a declaration by the Debt Holders of not less than 25% in aggregate principal amount of all Outstanding Obligations. Upon any such declaration of acceleration, the Trustee shall provide written notice thereof to the County and to the extent any moneys remain in the Construction Fund, such moneys shall be transferred to the Sinking Fund for application as provided herein.

(c) Any declaration of acceleration pursuant to subsection (b) above shall be subject to the condition that if, at any time after the principal of all Outstanding Obligations shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided: (i) the Authority shall deposit or cause to be deposited with the Trustee an aggregate sum sufficient to pay (1) all sums due under any Obligations, other than by reason of acceleration, and (2) the expenses and fees of the Trustee; and (ii) any and all Events of Default under this Indenture, other than the nonpayment of amounts due on Outstanding Obligations that shall have become due by acceleration, shall have been remedied, then and in every such case, the Trustee shall, if requested by the Debt Holders of 25% in aggregate principal amount of all Obligations then Outstanding, waive all Events of Default and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default.

Upon the continuance of an Event of Default, if so requested by a Majority in principal amount of the Debt Holders and if satisfactory indemnity has been furnished to it, the Trustee shall exercise such of the rights and powers conferred by this Indenture as the Trustee, being advised by counsel, shall deem most effective to enforce and protect the interests of the Holders.

No remedy under this Indenture is intended to be exclusive, and to the extent permitted by law each remedy shall be cumulative and in addition to any other remedy hereunder or now or hereafter existing. No delay or omission to exercise any right or power shall impair such right or power or constitute a waiver of any default or Event of Default or acquiescence therein; and each such right and power may be exercised as often as deemed expedient. No waiver by the Trustee or the Holders of any default or Event of Default shall extend to any subsequent default or Event of Default.

A Majority in principal amount of the Debt Holders shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder or thereunder; provided that such direction shall be in accordance with applicable law and this Indenture and, if applicable, the Intergovernmental Contract, and provided that the Trustee shall be indemnified to its satisfaction.

Section 8.2. Payment of Obligations Upon Event of Default. Upon the occurrence of an Event of Default as described in Section 8.1 hereof and upon demand of the Trustee, the Authority

will pay to the Trustee, for the benefit of the Holders of all Obligations then Outstanding, (a) the whole amount that then shall have become due and payable on all such Obligations for principal or interest, or both, and such other amounts as may be required to be paid on all such Obligations, with interest upon the overdue principal and installments of interest (to the extent permitted by law) at the respective rates of interest borne by such Obligations or as provided in the applicable Supplemental Indenture, and (b) such further amounts as shall be sufficient to cover the costs and expenses of collection, including a reasonable compensation to the Trustee, its agents, attorneys and counsel, and any expenses incurred by the Trustee other than as a result of its gross negligence or bad faith.

Section 8.3. Suit for Moneys Due. In case the Authority shall fail to pay the amounts due under Section 8.2 hereof upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may institute any action or proceedings for the collection of amount due under the Intergovernmental Contract, and may enforce any such judgment or final decree against the Authority or the County, and collect in the manner provided by law out of the Trust Estate the moneys adjudged or decreed to be payable.

Section 8.4. Proceedings in Bankruptcy. In case there shall be pending proceedings for the bankruptcy or for the reorganization or arrangement of the Authority under the United States Bankruptcy Code or any other applicable law, or in case a receiver or trustee shall have been appointed for its property, the Trustee, irrespective of whether the payment of Obligations of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of Section 8.2 hereof, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid in respect of Obligations of all series, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Holders of the Obligations allowed in such judicial proceedings relative to the Authority, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of such Holders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to such Holders, to pay to the Trustee any amount due it for compensation and expenses, including counsel fees incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses and counsel fees out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a first and prior lien on, and shall be paid out of, any and all distributions, dividends, moneys, securities and other property which the Holders of the Obligations may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Section 8.5. Suit by Trustee. All rights of action and rights to assert claims under any Obligation may be enforced by the Trustee without the possession of such Obligation on any trial or other proceedings instituted by the Trustee. In any proceedings brought by the Trustee, the Trustee

shall be held to represent all the Holders of Obligations, and it shall not be necessary to make any Holders of Obligations parties to such proceedings.

Section 8.6. Application of Moneys Collected. All moneys received by the Trustee pursuant to any right given or action taken under this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances owing to or incurred or made by the Trustee, be deposited in the Sinking Fund and shall be applied as follows:

(a) Unless the principal of all Obligations shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of all installments of interest then due on the Obligations, in the order of the maturity of the installments of such interest (with interest on overdue installments of such interest, to the extent permitted by law, at the rate of interest borne by the Obligations or the rate for overdue payments provided for in the Supplemental Indenture relating to such Obligations) and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Obligations which shall have become due (other than Obligations matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), (with interest on overdue installments of principal and premium, if any, to the extent permitted by law, at the rate of interest borne by the Obligations or the rate for overdue payments provided for in the Supplemental Indenture relating to such Obligations) and, if the amount available shall not be sufficient to pay in full all Obligations due on any particular date, then to the payment ratably according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD - To the payment to the persons entitled thereto as the same shall become due of the principal of and premium, if any, and interest on the Obligations which may thereafter become due and, if the amount available shall not be sufficient to pay in full Obligations due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of interest, principal and premium, if any, due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Obligations shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or

privilege, with interest on overdue installments of interest or principal, to the extent permitted by law, at the rate of interest borne by the Obligations.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, that upon an acceleration of all Obligations pursuant to this Article, interest shall cease to accrue on the Obligations on and after the date of such acceleration. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder until such Obligation shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.7. Actions by Holders.

(a) No Holder of an Obligation shall have any right by virtue of or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture or for the appointment of a receiver or trustee, or any other remedy hereunder, unless (i) the Debt Holders of not less than 25% in aggregate principal amount of Obligations then Outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities which may be incurred therein or thereby, and (ii) the Trustee, for 30 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 8.8 hereof; it being understood and intended, and being expressly covenanted by the Holder of an Obligation and the Trustee, that no one or more Holders of Obligations shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of an Obligation or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of Obligations. For the protection and enforcement of the provisions of this Section, each and every Holder of an Obligation and the Trustee shall be entitled to such relief as can be given either at law or in equity.

(b) The Holder of an Obligation instituting a suit, action or proceeding in compliance with the provisions of this Section shall be entitled in such suit, action or proceeding to such amounts as shall be sufficient to cover the costs and expenses of collection, including to the extent permitted by applicable law, reasonable compensation of its Counsel.

(c) Notwithstanding any other provision of this Indenture, the right of a Holder of an Obligation to receive payment of the principal of and interest on any Obligation and any

other amounts payable thereunder, on or after the respective due dates expressed in such Obligation, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 8.8. Direction of Proceedings by Holders. The Holders of a majority in aggregate principal amount of Obligations then Outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by Counsel, determines that the action so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the proceedings so directed would be illegal or subject it to liability, and provided further that nothing in this Indenture shall impair the right of the Trustee in its discretion to take any action deemed proper by the Trustee and which is not inconsistent with such direction by the Holders.

Section 8.9. Delay or Omission of Trustee. No delay or omission of the Trustee, or of any Holder of an Obligation, to exercise any right or power accruing upon an Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall the action of the Trustee or of the Holders of Obligations in case of any Event of Default, or in case of any Event of Default and subsequent waiver of such Event of Default, affect or impair the rights of the Trustee or of such Holders in respect of any subsequent Event of Default or impair any right resulting therefrom; and every power and remedy given by this Indenture to the Trustee or to such Holders may be exercised from time to time and as often as may be deemed expedient by it or by them.

Section 8.10. Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee or the Holders of Obligations entitled to the benefits hereof is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute; and the employment of any remedy hereunder, or otherwise, shall not prevent the concurrent employment of any other appropriate remedy or remedies. In the pursuit of any such remedies the Trustee shall have and be vested with the rights of a secured creditor under the Georgia Uniform Commercial Code (or similar laws of other jurisdictions as applicable) with respect to moneys collected by the Trustee pursuant to any provision hereof.

Section 8.11. Notice of Default. The Trustee shall, within 10 days after the occurrence of an Event of Default is known to the Trustee, mail to the County and to all Holders of Obligations, as the names and addresses of such Holders appear upon the books maintained by the Trustee, notice of such Event of Default known to the Trustee, unless such Event of Default shall have been cured before the giving of such notice; provided that, except in the case of an Event of Default specified in subsection 8.1(a)(i) hereof, the Trustee shall be protected in withholding such notice from the Holders of any Obligations if and so long as the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders of the Obligations. For purposes of this Indenture, matters (other than the failure to make payment of amounts due on Obligations when the same are due and payable) shall not be considered to be known to the Trustee unless an officer of its corporate trust department located at its principal corporate trust office has actual knowledge thereof.

ARTICLE IX

CONCERNING THE TRUSTEE

Section 9.1. Duties and Liabilities of Trustee

(a) The Trustee hereby accepts the trusts imposed upon it by this Indenture. The Trustee, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct; provided, however, that:

(i) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or employee or officers or employees of the Trustee, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts (other than facts which the Trustee is not required to investigate pursuant to Sections 9.2 and 9.6 hereof); and

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

(c) None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

Section 9.2. Reliance on Documents, Etc. Except as otherwise provided in Section 9.1(a) hereof:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, note, bond, debenture or other paper or document (including any statement by or on behalf of any Holder relating to the amount of principal outstanding or interest due on any Obligation) believed by it to be genuine and to have been signed or presented by the proper party or parties. Any action taken by the Trustee pursuant to this

Indenture on the request or authority or consent of any Holder shall be conclusive and binding on all future Holders of the same Certificates and on Obligations issued in exchange therefor or in place thereof.

(b) Any request, direction, order or demand of the Authority mentioned herein shall be sufficiently evidenced by an Officer's Certificate (unless other evidence in respect thereof is herein specifically prescribed); and any resolution of the Governing Authority may be evidenced to the Trustee by a copy thereof certified by the Secretary the Authority.

(c) The Trustee may consult with Counsel and the advice of such Counsel shall be full and complete authorization and protection and the Trustee shall be relieved of liability to the Holders of Obligations and to the Authority in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice.

(d) Prior to the occurrence of an Event of Default hereunder and after the curing of all Events of Default, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, note, bond, debenture, or other paper or document, unless requested in writing to do so by the Holders of a majority in aggregate principal amount of Obligations then Outstanding; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require indemnity, reasonably satisfactory to the Trustee, with respect to such additional compensation as the Trustee may require for complying with such request and against such costs, expenses (including, without limitation, fees of Counsel) or liabilities as a condition to so proceeding. The reasonable expense of every such examination shall be paid by the Authority or, if paid by the Trustee, shall be repaid by the Authority upon demand.

(e) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys.

(f) The Trustee shall be under no responsibility for the approval by it in good faith of any expert or other skilled person for any of the purposes expressed in this Indenture.

Section 9.3. Responsibility for Recitals, Validity of Indenture, Proceeds of Obligations. The recitals contained in this Indenture and in the Obligations (other than the certificate of authentication on such Obligations) shall be taken as the statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the liens or security created hereby or of the Obligations. The Trustee shall not be accountable for the use or application by the Authority of the proceeds of any Obligations, or for the use or application of any moneys paid over by the Trustee in accordance with any provision of this Indenture, or for use or application of any moneys received by any paying agent other than the Trustee; provided that the Trustee shall be responsible for maintaining any records specifically required to be maintained under the terms of this Indenture.

Section 9.4. Trustee May Own Obligations. The Trustee, in its individual or any other capacity, may become the owner or pledgee of Obligations with the same rights it would have if it were not Trustee hereunder. Any provision to the contrary herein notwithstanding, no provision of this Indenture shall prohibit the Trustee from serving as trustee under any other documents from the Authority or from maintaining a banking relationship with the Authority; provided that if the Trustee determines that any such service as trustee or such relationship is in conflict with its duties under this Indenture, it shall eliminate the conflict or resign as Trustee.

Section 9.5. Compensation and Expenses of Trustee. The Authority shall pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation, and the Authority shall pay or reimburse the Trustee promptly upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the acceptance or administration of its trusts under this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its gross negligence or willful misconduct. The Authority shall indemnify, defend the Trustee and its officers, directors, employees and agents for, and to hold them harmless against, any loss, liability or expense (including, without limitation, a reasonable compensation to its counsel through all investigations, suits and appeals) incurred without gross negligence or willful misconduct on the part of the Trustee and arising out of or in connection with the acceptance or administration of such trusts, including the costs and expenses of defending itself against any claim of liability in the premises. The respective obligations of the Authority under this Section 9.5 to compensate the Trustee, to pay or reimburse the Trustee for expenses, disbursements and advances and to indemnify, defend and hold harmless the Trustee shall survive the satisfaction and discharge of this Indenture and the resignation, removal and succession of the Trustee. As security for the payment of all such obligations, the Trustee shall have an express first and prior lien on any moneys and Permitted Investments on deposit in any funds which the Trustee may establish hereunder from time to time.

Section 9.6. Officer's Certificate as Evidence, Etc.

(a) Except as otherwise provided in Section 9.1(a) hereof, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate delivered to the Trustee. In the absence of bad faith on the part of the Trustee, any such Officer's Certificate shall be full ratification of any action taken, suffered or omitted by the Trustee under the provisions of this Indenture upon the faith thereof, and the Trustee shall not be obligated to make any investigation into the facts stated therein.

(b) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable other than for its gross negligence or willful misconduct.

(c) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-

fulfillment of contracts during any period in which it may be in the possession of or managing the real and tangible personal property as in this Indenture provided, provided it is acting at the time with due regard for the standard provided in Section 9.1 hereof, which shall be fully applicable to Trustee and its actions or failure to act while in possession of or managing such real or personal property.

(d) The Trustee shall not be required to give any bond or surety in respect of the execution of such trusts and powers or otherwise in connection with its duties hereunder.

(e) Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Obligations, the withdrawal of any cash, the release of any property, or any reasonable action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Authority to the authentication of any Obligations, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(f) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required herein or by law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(g) Prior to the occurrence of an Event of Default hereunder, the Trustee is authorized to respond in writing to all written inquiries from the County or the Holders and persons identifying themselves as prospective Holders for information concerning the status of funds and accounts held under this Indenture and for other information concerning the Authority, the County and the Obligations and similar matters otherwise within the knowledge of the Trustee, and the Trustee shall not be liable to the County, any Holder or the Authority by reason of its disclosures of such information to those requesting it.

Section 9.7. Resignation, Removal and Succession of Trustee. (a) The Trustee may resign at any time without cause by giving at least 30 days prior written notice to the Authority and the County and by providing additional notice of such resignation as may be specified in any Supplemental Indentures and by mailing notice of such resignation to each Holder of an Obligation then Outstanding, as the names and addresses of such Holders appear on the registers maintained by the Trustee. Such resignation shall not be effective until the appointment and acceptance of a successor Trustee hereunder.

(b) The Trustee may be removed (1) with cause at the direction of the Holders of not less than a Majority in aggregate principal amount of Obligations then Outstanding, delivered to the Authority, the County and the Trustee, or (2) provided that no Event of Default has occurred (or any event which, with the passage of time or the giving of notice or both would constitute such an Event

of Default), and is continuing, without cause by the Authority; provided that any such removal shall not be effective until the appointment and acceptance of a successor Trustee under this Indenture.

(c) The successor Trustee shall promptly give notice of any resignation or removal pursuant to this Section in writing to each Holder of an Obligation then Outstanding as provided above. In the case of the resignation or removal of the Trustee, a successor Trustee may be appointed by the Authority as evidenced by an Officer's Certificate from a designated representative of the Authority designating the successor, unless an Event of Default exists hereunder. If an Event of Default exists hereunder or if the Authority otherwise fails to appoint a successor within 30 days after any notice of resignation or direction to remove the Trustee is given, a successor may be appointed at the direction of the Holders of not less than a Majority in aggregate principal amount of Obligations then Outstanding. If a successor Trustee shall not have been appointed within 45 days after such notice of resignation or removal, the Trustee, the Authority or any Holder of an Obligation then Outstanding may apply to any court of competent jurisdiction to appoint a successor to act until such time, if any, as a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided.

Section 9.8. Acceptance by Successor Trustee. Any successor Trustee, however appointed, shall execute and deliver to its predecessor and to the Authority an instrument or supplement to this Indenture accepting such appointment, and thereupon such successor, without further act, shall become vested with all the estates, properties, rights, powers and duties of its predecessor hereunder in the trusts under this Indenture applicable to it with like effect as if originally named the Trustee; but, nevertheless, upon the written request of such successor Trustee, its predecessor shall execute and deliver an instrument transferring to such successor Trustee, upon the trusts herein expressed applicable to it, all the estates, properties, rights and powers of such predecessor under this Indenture, and such predecessor shall duly assign, transfer, deliver and pay over to such successor Trustee all moneys or other property then held by such predecessor under this Indenture and assign its rights in the Trust Estate, including, without limitation, the Contract, to such successor. Such successor Trustee shall give written notice thereof to the County.

Section 9.9. Qualifications of Successor Trustee. Any successor Trustee, however appointed, shall be a bank or trust company having together with its Affiliates a combined capital and surplus on a consolidated basis of at least $75,000,000, if there be such an institution willing, able and legally qualified to perform the duties of the Trustee hereunder upon reasonable or customary terms.

Section 9.10. Successor by Merger. Any corporation into which the Trustee may be merged or consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation to which substantially all the business of the trust business of the Trustee may be transferred, shall, subject to the terms of Section 9.9 hereof, be the Trustee under this Indenture without further act.

Section 9.11. Co-Trustees.

(a) At any time, for the purpose of meeting the legal requirements of any applicable jurisdiction, the Trustee shall have power to appoint one or more commercial banks or banks to act as Co-Trustee under this Indenture, with such powers as may be provided in the instrument of appointment and to vest in such bank or banks any property, title, right or power deemed necessary or desirable, subject to the provisions of this Section 9.11.

(b) Each Co-Trustee shall, to the extent permitted by applicable law, be appointed subject to the following terms:

(i) The rights, powers, duties and obligations conferred or imposed upon any such Co-Trustee shall not be greater than those conferred or imposed upon the Trustee, and such rights and powers shall be exercisable only jointly with the Trustee, except to the extent that, under any law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights and powers shall be exercised by such Co-Trustee subject to the provisions of subsection (b)(iv) of this Section 9.11.

(ii) The Trustee may at any time, by an instrument in writing executed by it, accept the resignation of or remove any Co-Trustee appointed under this Section 9.11.

(iii) No Co-Trustee under this Indenture shall be liable by reason of any act or omission of the Trustee or any other Co-Trustee appointed under this Indenture.

(iv) No power given to such Co-Trustee shall be separately exercised hereunder by such Co-Trustee except with the consent in writing of the Trustee, anything herein contained to the contrary notwithstanding.

Section 9.12. Continuation Statements. The Trustee shall prepare and file any financing statements required to continue or perfect the lien on the Trust Estate created under this Indenture, and the expenses of such preparation and filing, including any reasonable fees and expenses of counsel to the Trustee, shall be paid or reimbursed by the Authority promptly upon request by the Trustee.

ARTICLE X

SUPPLEMENTS AND AMENDMENTS

Section 10.1. Supplemental Indentures without Consent of Holders.

(a) The Authority and the Trustee, may from time to time and at any time enter into a Supplemental Indenture for one or more of the following purposes:

(i) to provide for the issuance of any Obligations hereunder in accordance with the terms of Article IV;

(ii) to add to the covenants of the Authority such further covenants, restrictions or conditions as the Authority and the Trustee shall consider to be for the protection of the Holders of Obligations issued hereunder, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions an Event of Default under this Indenture permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition, such Supplemental Indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default;

(iii) to cure any ambiguity or to correct or supplement any provision contained herein or in any Supplemental Indenture which may be defective or inconsistent with any other provision contained herein or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under this Indenture or any Supplemental Indenture and shall not materially impair the security of this Indenture or adversely affect the interests of the Holders of any particular Obligations or series of Obligations issued hereunder;

(iv) to modify or supplement this Indenture in such manner as may be necessary or appropriate to qualify this Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, including provisions whereby the Trustee accepts such powers, duties, conditions and restrictions hereunder and the Authority undertakes such covenants, conditions or restrictions additional to those contained in this Indenture as would be necessary or appropriate so to qualify this Indenture;

(v) to provide for the establishment of funds and accounts hereunder and for the proper administration of and transfers of moneys between any such funds and accounts, provided that, except as otherwise provided in Article XI hereof (relating to the defeasance of Outstanding Obligations), all such funds and accounts shall be

established for the equal and ratable benefit of the Holders of all Outstanding Obligations;

(vi) to permit the issuance of additional forms of Obligations, provided that such Obligations are equally and ratably secured with all other Obligations issued hereunder (except as otherwise provided herein);

(vii) to make changes, modifications, additions or supplements to implement or accommodate any Credit or Liquidity Facility relating to any series of Obligations secured by such Credit or Liquidity Facility or any Hedge Agreement relating to any series of Obligations provided that no such amendment, supplement or modification shall give any preference or priority for the payment of amounts due thereon to the provider of any such Credit or Liquidity Facility or Hedge Agreement above the Holder of any other Obligation, or restrict the ability of the Holders of any other series of Obligations from exercising their rights under this Indenture as to such Obligations;

(viii) to modify, amend, change or remove any covenant, agreement, term or provision of this Indenture (other than a modification of the type described in Section 10.2 hereof requiring the unanimous written consent of the Holders) provided that if at the time of the proposed amendment the Obligations are rated by one or more Rating Agencies, written notice of the substance of such proposed amendment is given to such Rating Agencies by the Authority not fewer than 30 days prior to the date such amendment is to take effect, and the Authority provides evidence satisfactory to the Trustee that the ratings on the Obligations will not be lowered or withdrawn by such Rating Agencies as a result of such proposed amendment;

(ix) to add additional property or collateral to the Trust Estate; or

(x) to make changes, modifications, additions or supplements to accommodate a pledge of the System revenues, flow of funds provisions and other similar provisions to provide for the issuance of Additional Obligations secured by the revenues of the System, provided that such changes, modifications, additions or supplements shall not affect the County's obligation to pay under the Intergovernmental Contract on any Obligations secured under such Intergovernmental Contract.

Section 10.2. Modification of Indenture with Consent of Holders.

(a) With the consent of the Holders of not less than a Majority in aggregate principal amount of Obligations then Outstanding, the Authority and the Trustee may from time to time and at any time enter into a Supplemental Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any Supplemental Indenture or of modifying in any manner the rights of the Holders of Obligations; provided, however, that (i) without the consent of the Holders of all Obligations whose Obligations are proposed to be modified or adversely affected, no such

Supplemental Indenture shall effect a change in the times, amounts or currency of payment of the principal of, premium, if any, or interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon or permit the preference or priority of any Obligation over any other Obligation, and (ii) without the consent of the Holders of all Obligations then Outstanding, no such Supplemental Indenture shall reduce the percentage or affected class of Obligations, the Holders of which are required to consent to any such Supplemental Indenture or amendment or supplement to the Intergovernmental Contract.

(b) Upon the request of the Authority, and upon the filing with the Trustee of evidence of the consent of Holders, the Trustee shall join with the Authority in the execution of such Supplemental Indenture unless such Supplemental Indenture adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may, in its discretion, but shall not be obligated to, enter into such Supplemental Indenture.

(c) It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed Supplemental Indenture or for the Holders of Obligations to consent to such Supplemental Indenture at the same time, but it shall be sufficient if such consent shall approve the substance thereof.

Section 10.3. Effect of Supplemental Indenture.

(a) Upon the execution of any Supplemental Indenture pursuant to the provisions of this Article X, this Indenture shall, with respect to each series of Obligations issued hereunder, be deemed to be amended and supplemented in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Indenture of the Trustee, the Authority and the Holders of Obligations issued hereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such amendments and Supplements, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture.

(b) The Trustee, subject to the provisions of Sections 10.1 and 10.2 hereof, may receive and rely on an opinion of Counsel as conclusive evidence that any such Supplemental Indenture complies with the provisions of this Article X.

Section 10.4. Obligations May Bear Notation of Changes. Obligations authenticated and delivered after the execution of any Supplemental Indenture pursuant to the provisions of this Article X may bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Indenture. If the Obligated Issuer of any Obligations then Outstanding or the Trustee shall so determine, new Obligations so modified as to conform, in the opinion of the Trustee and the Governing Body of such Obligated Issuer, to any modification of this Indenture contained in any such Supplemental Indenture may be executed by such Obligated Issuer, authenticated by the Trustee and delivered in exchange for Obligations of the same series then Outstanding.

Section 10.5. Supplements or Amendments to Intergovernmental Contract without Consent of Holders.

(a) The Authority acknowledges that the Intergovernmental Contract constitutes part of the Trust Estate and agrees that it will not amend or supplement the Intergovernmental Contract without the consent of the Trustee. The Trustee, may from time to time and at any time consent to an amendment or supplement to the Intergovernmental Contract for one or more of the following purposes:

(i) to provide for the Intergovernmental Contract to cover any additional Obligations issued in accordance with the terms of Article IV;

(ii) to add to the covenants of the County such further covenants, restrictions or conditions as the Authority and the Trustee shall consider to be for the protection of the Holders of Obligations issued hereunder;

(iii) to cure any ambiguity or to correct or supplement any provision contained in the Intergovernmental Contract which may be defective or inconsistent with any other provision contained herein or in the Intergovernmental Contract, or to make such other provisions in regard to matters or questions arising under this Indenture or the Intergovernmental Contract and shall not materially adversely affect the interests of the Holders of any particular Obligations or series of Obligations; or

(iv) to make changes, modifications, additions or supplements to implement or accommodate any Credit or Liquidity Facility relating to any series of Obligations secured by such Credit or Liquidity Facility or any Hedge Agreement relating to any series of Obligations provided that no such amendment, supplement or modification shall give any preference or priority for the payment of amounts due thereon to the provider of any such Credit or Liquidity Facility or Hedge Agreement above the Holder of any other Obligation, or restrict the ability of the Holders of any other series of Obligations from exercising their rights under this Indenture as to such Obligations.

Section 10.6. Modification of Intergovernmental Contract with Consent of Holders.

(a) With the consent of the Debt Holders of not less than a Majority in aggregate principal amount of Obligations then Outstanding, the Trustee may from time to time and at any time consent to an amendment or supplement to the Intergovernmental Contract for any purpose not described in Section 10.5; provided, however, that without the consent of the Holders of all Obligations whose Obligations are proposed to be modified or adversely affected, no such amendment or supplement shall effect the obligation of the County to pay to the Authority amounts sufficient to provide for the payment by the Authority of amounts due on the Obligations as the same are due and payable, or permit the preference or priority of any Obligation over any other Obligation.

(b) Upon the request of the Authority, and upon the filing with the Trustee of evidence of the consent of Holders, the Trustee shall consent to the execution of such amendment or supplement to the Intergovernmental Contract unless such amendment or supplement adversely affects the Trustee's own rights, duties or immunities, in which case the Trustee may, in its discretion, but shall not be obligated to, consent to such amendment or supplement.

(c) It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment or supplement to the Intergovernmental Contract or for the Holders of Obligations to consent to such amendment or supplement at the same time, but it shall be sufficient if such consent shall approve the substance thereof.

ARTICLE XI

SATISFACTION AND DISCHARGE OF INDENTURE; RELEASE OF AUTHORITY; UNCLAIMED MONEYS

Section 11.1. Satisfaction and Discharge of Indenture. If the Trustee receives cash or Government Obligations, or a combination thereof in an amount sufficient, together with the interest thereon, but without the need for any further reinvestment, to provide for the payment of all Outstanding Obligations to and including the maturity date or prior redemption or prepayment date thereof; (b) irrevocable instructions to redeem all Obligations to be redeemed prior to maturity and to notify the Holders of each such redemption; and (c) an amount sufficient to pay or provide for the payment of the fees and expenses of the Trustee (or an agreement satisfactory to the Trustee providing for the payment thereof), then the lien of this Indenture on the Trust Estate shall discharged, and the Trustee shall execute all such instruments acknowledging satisfaction of and discharging this Indenture as may be requested by the Authority and cancelling the lien on the Trust Estate, including the lien on moneys received under the Intergovernmental Contract; provided, however, that even though the lien on the Trust Estate shall be discharged, the provisions of this Indenture relating to the registration and transfer of Obligations and the payment of Obligations and other similar provision shall continue unless otherwise provided in an escrow agreement providing for such provisions. The sufficiency of such moneys and Government Obligations shall be evidenced by a report delivered to the Trustee by the Authority from a certified public accountant or firm thereof satisfactory to the Trustee. In like manner, the Authority may provide for the payment of any particular Obligation (or series or a portion thereof) at or prior to maturity and the Obligation (or series or portion thereof) so provided for shall thereupon cease to be Outstanding hereunder.

Section 11.2. Application of Funds Deposited for Payment of Obligations. All moneys and Government Obligations deposited with the Trustee pursuant to Section 11.1 hereof shall be held in trust and applied by it to the payment to the Holders of the specific Obligations for the payment or redemption of which such moneys and Government Obligations have been deposited with the Trustee, and after such deposit such Obligations shall no longer be deemed to be Outstanding under this Indenture (except for the provisions hereof relating to payments, registration of transfer and similar provisions) and shall no longer be secured by a lien on the Trust Estate.

Section 11.3. Repayment of Moneys Held by Trustee. Any moneys deposited with the Trustee for the payment of the principal of or interest on Obligations and not applied but remaining unclaimed by the Holders of such Obligations for two years after the date upon which such payment shall have become due, shall, to the extent permitted by applicable law, be repaid to the Authority by the Trustee on demand; and, upon such repayment, the Holder of any of such Obligations entitled to receive such payment shall look only to the Authority for the payment thereof; provided that, before being required to make any such repayment, the Trustee may notify the Holders of such unpaid Obligations that said moneys have not been so applied and that after a date named therein any unclaimed balance of said moneys then remaining will be returned to the Authority. Any such notice shall be given in such manner as may be specified in the applicable Supplemental Indenture and the cost thereof shall be paid by the Authority.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 12.1. Successors and Assigns of the Authority Bound by Indenture. All the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the Authority or the Trustee shall inure to the benefit of and shall bind their respective successors and assigns, whether so expressed or not.

Section 12.2. Notices. With respect to each series of Obligations, unless otherwise expressly specified or permitted by the terms of this Indenture or the applicable Supplemental Indenture, all notices shall be in writing, mailed by first-class mail, postage prepaid, or by courier, postage or delivery charge prepaid, and addressed as follows:

(a) if to the Authority

Walton County Water and Sewerage Authority
Attention: Chairman
P.O. Box 880
Loganville, Georgia 30052

(b) if to the Trustee,

Regions Bank
Corporate Trust Group
Attention: Rick Jaegle
260 Peachtree Street
Suite 1800
Atlanta, Georgia 30303

(c) if to the County,

Oconee County, Georgia
Attention: Chairman, Board of Commissioners
P.O. Box 145
Watkinsville, Georgia 30677

The Authority, the Trustee, the County and Walton County, by notice given in the manner provided above, may from time to time designate other or additional addresses to which notice shall be given as provided herein.

Section 12.3. Governing Law. This Indenture shall be shall be construed and enforced in accordance with the laws of the State of Georgia.

Section 12.4. Legal Holidays. Except to the extent a Supplemental Indenture or Obligation provides otherwise, in any case where the date on which any principal, premium, interest or other payment is required to be paid shall be on a day on which banking institutions at the place of

payment are authorized by law to remain closed, then payment of such amounts need not be made on such date but may be made on the next succeeding day which is not a day on which banking institutions at such place of payment are authorized by law to remain closed, with the same force and effect as if made on the date otherwise due and, in the case of such payment, no interest shall accrue for the period from and after such date.

Section 12.5. Benefits of Provisions of Indenture and Obligations. Nothing in this Indenture or in the Obligations issued hereunder, expressed or implied, shall give or be construed to give anyone other than the Authority, the Trustee, the County and the Holders of Obligations, any legal or equitable right, remedy or claim under or in respect of this Indenture, or under any covenant, condition and provision herein contained; all its covenants, conditions and provisions being for the sole benefit of the Authority, the Trustee, the County and the Holders of such Obligations.

Section 12.6. Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 12.7. Effective Date. This Indenture shall become effective as of the day and year first written above upon execution hereof by the Authority and the Trustee.

Section 12.8. Headings For Convenience Only. The Table of Contents and the headings of the several sections hereof are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed and their respective corporate seals to be hereunto affixed and attested by persons thereunto duly authorized, as of the day and year first written above.

WALTON WATER AND SEWERAGE AUTHORITY

By: _____
Chairman

(SEAL)

_____
Secretary

[Signature Page - Trust Indenture]

REGIONS BANK, as Trustee

By:_____
Vice President

(SEAL)

Attest:

_____
Vice President

[Signature Page - Trust Indenture]