

**SHELBY COUNTY COMMISSION
SHELBY COUNTY WATER SYSTEM
INFRASTRUCTURE FINANCING**

REQUEST FOR PROPOSALS

FEBRUARY 2011

SUBMIT PROPOSALS TO:

COUNTY MANAGER

**SHELBY COUNTY
200 WEST COLLEGE STREET
P.O. BOX 467
COLUMBIANA, AL 35051**

TABLE OF CONTENTS

<u>BACKGROUND</u>	4
<u>WATER SYSTEM</u>	6
<u>CURRENT FINANCIAL STRUCTURE</u>	7
<u>PART I</u>	<u>GENERAL INFORMATION</u>
1-1	Purpose and Scope 9
1-2	Selection Process 9
1-3	Award 10
<u>PART II</u>	<u>GENERAL CONDITIONS</u>
2-1	Submission Requirements 12
2-2	Delivery of Proposal 12
2-3	Proposal Costs 13
2-4	Acceptance 13
2-5	Inquiries 13
2-6	Rejection 13
2-7	Insurance 13
2-8	Proposal Format 13
2-9	Executive Summary 14
2-10	Company Background 14
2-11	Proposed Financing Structure 15
2-12	Supporting Analysis and Documentation 15
2-13	Cost Quotation 15
2-14	Proposed Syndicate Team Members 15
2-15	Client References 15
2-16	Contract Terms and Conditions 15
2-17	Other Terms and Conditions 16
2-18	Sample Documents 16
<u>PART III</u>	<u>EVALUATION OF PROPOSALS</u>
3-1	Evaluation Method 18
3-2	Selection Criteria 18
<u>PART IV</u>	<u>MANDATORY SUBMITTALS</u>
4-1	Signature Page 20
4-2	Affidavit of Non-Conviction 21

4-3	Reference List.....	22
-----	---------------------	----

PART V

ATTACHMENT

A	Series 2004-DWSRF-BL Detail.....	Attachment A
B	Series 2005-DWSRF-BL Detail.....	Attachment B
C	Series 2007-DWSRF-DL Detail.....	Attachment C
D	Selected Shelby County Financial Information	Attachment D
E	Standard & Poor's Rating Information	Attachment E
F	Moody's Rating Information	Attachment F

BACKGROUND

Shelby County (Shelby) is located in the north central part of Alabama. Shelby consists of approximately 808 square miles of land mass. Included within this area is a small portion of the southern section of the City of Birmingham, approximately one-half of the City of Hoover as well as 15 other incorporated municipalities.

Over the past four decades Shelby has been the fastest growing county in Alabama and one of the fastest growing counties in the Southeastern United States. Between 1970 and 2000, Shelby experienced a 277% increase in population from 38,037 in 1970 to 143,293 in 2000. The most recent information has the population total at 192,503 in 2009 with final 2010 census data to be released in mid-2011.

The ruling body for Shelby is the Shelby County Commission (Commission). The Commission is a political subdivision of the State of Alabama and is established under the various applicable provisions of the Code of Alabama, 1975. The Commission is comprised of 9 members that are elected from individual districts. The Commission establishes general policy and guidelines over the operations of county government.

The day-to-day operations of Shelby are performed under a County Manager form of government. Management of the county is responsible for establishing and maintaining an adequate system of internal controls which is designed to ensure compliance with all policies established by the Commission and underlying State law. The internal control structure is also designed to provide reasonable assurance that the cost of control does not exceed the benefits likely to be derived.

A primary function of County management is to maintain budgetary controls. Shelby operates on a fiscal year ending September 30th of each year. Beginning in the 4th quarter of each fiscal year the Commission will perform an established budget process to determine an operating budget for the following year. Using the current operating year information as a basis the Commission will conduct work session meetings and hearings, as determined under the circumstances, with those charged with the oversight of the individual departments or cost centers. The final result is an allocation of funding for operations during the next fiscal year. The budget is formally approved during a regularly scheduled meeting in September of each year. The County Manager is expected to implement the adopted budget.

Shelby reports financial operations under Fund Accounting principles. There are two primary funds for Shelby – Governmental and Enterprise. Activities reported in the Governmental fund include most of the basic services provided by the county. These

include general government, public safety, highway operations, health, welfare, culture and recreation. Property taxes, sales and use taxes, license and permits, and charges for services finance most of these activities.

The Enterprise fund includes all business type activities. These are activities where the county charges a fee to users to cover all or most of the costs of certain services provided. Shelby operates a Water system, which includes both a production and distribution segment, and a Solid Waste system.

WATER SYSTEM

In the mid-1980's the Commission created the Shelby County Water System (Water System) to address the increased demand for drinking water in the formally rural, northern areas of the county. In 1986 the Commission entered into an agreement with the Talladega County Commission to jointly renovate, own and operate the Army Ordinance Works' water treatment facility in Childersburg, Alabama. The facility, known as the Talladega/Shelby County Water Treatment Plant (Talladega/Shelby) has a capacity of 13.8 million gallons per day (MGD) and supplies water to distribution systems in both Shelby County and Talladega County.

Talladega/Shelby is a traditional treatment plant and the treated water is distributed on a first come-first serve basis. A study completed in July 1998 at the direction of the Commission found that the then current rate of increase in demand for water would cause Talladega/Shelby to reach peak daily capacity in 7 years unless additional water supply and distribution capacity was developed and constructed. The Commission determined that construction of the South Shelby Water Treatment Plant (SSWTP) was necessary based, in part on, the increasing demand for drinking water from the county's wholesale and retail customers.

The total SSWTP project consisted of the following: (i) a 16MGD surface water treatment plant; (ii) a new raw water intake on the west bank of the lay Lake reservoir, an impoundment on the Coosa River; (iii) approximately 156,000 linear feet of associated raw water transmission and finished water distribution lines; and (iv) two water storage facilities and one booster station.

CURRENT FINANCIAL STRUCTURE

The Commission determined that cost of the SSWTP project would exceed the resources that could be provided from internal financial structure therefore external financing sources need to be explored. After researching the possible alternative available, the Commission decided to participate in a loan from the Drinking Water State Revolving Fund (DWSRF). This fund is under the direction of the Alabama Drinking Water Finance Authority (ADWFA), a public corporation under the laws of the State of Alabama. ADWFA is authorized to issue bonds under the Alabama Drinking Water Finance Authority Revolving Fund Loan Bonds. The proceeds of these bonds are then provided to the awarded entity under a loan program that, in turn, uses the repayment of the loans as a source of revenue to pay the debt service on the associated bonds.

The Commission entered into 3 separate loan agreements to obtain the final financing for the project. A recap of these is as follows:

Series 2004-DWSRF-BL, General Obligation Warrant, Shelby County, Alabama dated December 1, 2004 in the total principle amount of \$21,225,000. See Appendix A for additional detail information.

Series 2005-DWSRF-BL, General Obligation Warrant, Shelby County, Alabama dated October 1, 2005 in the total principle amount of \$25,325,000. See Appendix B for additional detail information

Series 2007-DWSRF-DL, General Obligation Warrant, Shelby County, Alabama dated November 20, 2007 in the total principle amount of \$16,370,000. See Appendix C for additional detail information.

Part I

General Information

GENERAL INFORMATION

PART I

1-1 **PURPOSE AND SCOPE** The County is seeking proposals for the refinancing of the balance remaining on the existing loans with the DWSRF and for the financing of the new project needed at the existing water treatment facility.

- 1) The current DWSRF loan repayment structure is heavily loaded on the back end of the payment schedule. It is projected that this will place a heavy burden on the current projected future cash flow of Shelby because of the 20 year term of the current debt instruments. The County desires to restructure the repayment schedule to lessen the impact of future debt service requirements by extending the remaining years of required payments for either a 30 to 40 year term and implement a financial structure more commonly seen with major projects.
- 2) The Commission is seeking the expertise of the respondents to this proposal to determine the most favorable structure that the new financing should take. It is expected that the repayment term will be lengthen beyond the current original 20 year repayment required by the DWSRF. The desire would be to equalize, to the extent possible, the yearly payments which would benefit the County Water System's operating requirements and projections.
- 3) The responses to this proposal should include all of the costs associated with the issuance of the new debt instruments. The County expects the respondents to provide a total team concept for their response to include the Financial Advisor, Underwriter, Bond Counsel, Paying Agent/Registrar, Trustee, Securities Depository, document Printer and any other team member deemed necessary in the circumstance. The submittal should include a detailed schedule of the total costs expressed as a certain number of dollars per \$1,000 bond.

1-2 **SELECTION PROCESS** The proposals will be received and opened by the County Manager. Each submittal will be evaluated, taking into consideration the criteria stipulated in this RFP. The County Manager will present his findings to the Finance Committee of the Commission. At its discretion, the Finance Committee may require the County Manager to schedule a respondent to make an oral presentation of their proposal or provide demonstrations or submit further written literature. These public presentations would be a structured opportunity for the respondent to clarify their proposal. The County Manager will schedule any such presentations or requests for information.

- 1-3 **AWARD** The Finance Committee of the Commission, with input from the County Manager and applicable County personnel, will evaluate the proposals submitted. A recommendation will be presented to the Commission which conforms to all requirements herein and whose award will be in the best interest of the County. The Commission will make an award to the respondent who submits the proposal judged to be the most advantageous. The Commission anticipates awarding one contract only. The Commission reserves the right to award on an all-or-none basis. The award will only be to a respondent qualified by experience to perform the services specified herein. All proposals submitted shall be valid for a period of sixty (60) calendar days from the date of proposal opening and longer upon the written agreement of the County and awarded respondent/entity.

Part II

General Conditions

GENERAL CONDITIONS

PART II

- 2-1 SUBMISSION REQUIREMENTS** To facilitate evaluation of the proposals, the submittal should include an original, five (5) identical copies, and a diskette version in MicroSoft Word/Excel as deemed applicable. All of this shall be included in one package submitted to the office of the County Manager. The original shall be clearly marked "original". The proposal shall be prepared with a straight forward, concise delineation of the respondent's capabilities to satisfy the requirements of this RFP.

Proposals must be received no later than 2:00 p.m. local time, Friday, March 11, 2011. Late proposals will not be considered.

Mailing Address: Alex Dudchock
County Manager
200 West College Street
P.O. Box 467
Columbiana, AL 35051

It is anticipated that the respondent may be required to make one or more appearances to answer questions and present results. The documentation provided in this request for proposal is intended to provide a common methodology of development and basic technical skills for proposal purposes. The Request for Proposals is written in a narrative format for clearer understanding of the process as seen by the County.

- 2-2 DELIVERY OF PROPOSAL** Each proposal must be received by the date and time set for closing receipt of offers. The package shall be identified as Shelby County Water System Infrastructure Financing, with the name of the respondent, and the date and time of closing.

Note: Any deviation from this requirement may result in your proposal being considered non-responsive, thus eliminating your company from further consideration.

The County cautions respondents to assure actual delivery of mailed or hand-delivered proposals **directly to the County Managers' Office** prior to the established deadline. A proposal received by the County Manager after the established deadline will be returned, unopened, to the respondent.

- 2-3 **PROPOSAL COSTS** Those submitting proposals do so entirely at their expense. There is no expressed or implied obligation by the Commission to reimburse any individual or firm for any costs incurred in preparing or submitting proposals, providing additional information when requested by the Commission, or for participating in any selection interviews.
- 2-4 **ACCEPTANCE** Submission of any proposal indicates acceptance of the conditions contained in the RFP unless clearly and specifically noted otherwise in the proposal.
- 2-5 **INQUIRIES** Interested respondents may contact Alex Dudchock, County Manager by email at adudchock@shelbyal.com or Butch Burbage, Finance Manager by email at bburbage@shelbyal.com regarding questions about the proposal. The County Manager will receive written requests for clarification concerning the meaning or interpretations of this RFP **until five (5) business days prior to the submittal date (deadline March 4, 2011 by 1:00PM)**.
- 2-6 **REJECTION** The County Manager or Commission reserves the right to reject any and all proposals, in whole or in part, to waive any and all informalities, and to disregard all non-conforming, non-responsive or conditional proposals.
- 2-7 **INSURANCE** The respondent, if awarded a contract, shall maintain insurance coverage reflecting the minimum amounts and conditions specified by the Commission.
- 2-8 **PROPOSAL FORMAT** In order to facilitate the analysis of responses to this RFP, respondents are required to prepare their proposals in accordance with the instructions outlined in this section. Each respondent is required to submit the proposal in a sealed package. Respondents whose proposals deviate from these instructions may be considered non-responsive and may be disqualified at the discretion of the County. Proposals should be prepared as simply as possible and provide a straightforward, concise description of the respondent's capabilities to satisfy the requirements of the RFP. Expensive bindings, color displays, promotional material, etc., are not necessary nor desired. Emphasis should be concentrated on accuracy, completeness, and clarity of content. All parts, pages, figures and tables should be numbered and clearly labeled.

The proposal should be organized into the following major sections:

<i>Section</i>	<i>Title</i>
	Title Page
	Letter of Transmittal
	Table of Contents
1.0	Executive Summary
2.0	Company Background
3.0	Proposed Financing Structure
4.0	Supporting Analysis and Documentation
5.0	Cost Quotations and submitted rate per \$1,000
6.0	Proposed Team Members
7.0	Client references
8.0	Contract Terms and Conditions
9.0	Other Terms and Conditions
10.0	Sample Documents

Instructions relative to each part of the response to this RFP are defined in the remainder of this section.

2-9 EXECUTIVE SUMMARY (Section 1.0). This part of the response to the RFP should be limited to a brief narrative highlighting the respondent's proposal. The summary should contain as little technical jargon as possible and should be oriented toward non-technical personnel/issues. The Executive Summary should not include cost quotations.

2-10 COMPANY BACKGROUND (Section 2.0). Respondents must provide the following information about their company so that the County can evaluate the respondent's stability and ability to support the commitments set forth in response to the RFP. The County, at its option, may require a respondent to provide additional support and/or clarify requested information.

The respondent should outline the company's background, including:

- How long the company has been in business.
- A brief description of the company size and organization.
- A brief description (if applicable) of the parent company size and organization.
- The number of public financing issues and size of each completed over the past five years.
- A recap of any current litigation involving any of your operating entities.

2-11 PROPOSED FINANCING STRUCTURE (Section 3.0). The respondent must present, in detail, the proposed financing structure for the funds needed to complete the requested refunding of the current debt in place through the DWSRF program. Included in this should be a schedule of the total loan cash flow over the life of the financing issue.

In addition, proposal should include a schedule comparing and contrasting the findings of the proposed financing structure to the financing structure of the DWSRF currently in place

2-12 SUPPORTING ANALYSIS AND DOCUMENTATION (Section 4.0). Provide, as deemed necessary by the respondent, any supporting analysis and/or documentation the respondent determines applicable to support the findings and conclusions presented in the proposed financing structure.

2-13 COST QUOTATION (Section 5.0). The respondent should explicitly state the total cost of the proposed financing structure. This schedule should be recapped by individual component, by the organization performing that component and the total cost for that component. This cost should also be stated as a cost per \$1,000 bond for comparison purposes.

2-14 PROPOSED TEAM MEMBERS (Section 6.0). This section should include the name of any and all organizations that will be a member of the syndicate that will complete the proposed refinancing program.

2-15 CLIENT REFERENCES (Section 7.0). The respondent must provide, at a minimum, five business references. This should include the name and address of the business, the name of the specific contact within that business, and the telephone number to be used for that contact.

2-16 CONTRACT TERMS AND CONDITIONS (Section 8.0). The respondent should provide any details of specific terms and conditions to be considered should that respondent be awarded the project. Included in this should be specific details of any payment requirements for the costs involved

2-17 OTHER TERMS AND CONDITIONS (Section 9.0).

- Indicate the complete name of firm or person(s) submitting the proposal, the main office address, primary and secondary contact person(s) and their respective telephone numbers (including area codes).
- Identify your firm's professional staff members who will be personally involved in implementing the proposed financing structure including each person's prior experience in providing the services and support each will perform.
- Provide any additional information that you feel would distinguish your firm in its service to the Commission.
- The County may make such investigations it deems necessary to determine the ability of the respondent to perform the work proposed. The vendor shall furnish the County Manager, within five (5) days of request, all such information and data for this purpose as may be required. The Commission or the County Manager reserves the right to reject any proposal if the evidence submitted or investigation of the respondent fails to satisfy the Commission that the respondent is properly qualified to fulfill the obligation of the contract and to complete the work contemplated therein. Conditional proposals will not be accepted. The County reserves the sole right to reject any proposals or components and determine the eligibility or status for all respondents or companies.

2-18 SAMPLE DOCUMENTS (Section 10.0). This section is to be used to provide a copy of any sample documents the respondent would like to propose for this project. The County has no specific documents that must be used however provides this section should the respondent wish to include any in their proposal.

Part III

Evaluation of Proposals

EVALUATION OF PROPOSALS PART III

3-1 EVALUATION METHOD

- The County Manager will evaluate all submittals to determine those that are both responsive, as defined as one which among other qualities determined necessary for performance, is competent, experienced, and financially able to perform the contract, and responsible, as defined as one who submits a proposal that complies with the terms and conditions of the request for proposal.
- The Finance Committee will examine all proposals deemed to be both responsive and responsible by the County Manager. The County Manager will make a recommendation to the Finance Committee of the proposal or proposals that are most favorable. Face-to-face presentations, discussions and negotiations may take place with the vendors to ensure clarification and to obtain a best and final offer. The award will be based upon the proposal that is determined to be the most advantageous to the County.

3-2 SELECTION CRITERIA The intention of the Commission is to select a financing structure that will provide the most innovative debt financing method which provides the greatest flexibility without undue burden on the financial structure of the County. Responses to this request for proposal will be evaluated according to the following criteria:

- **Quality, clarity and responsiveness of the proposal in conformance with instructions, conditions and format contained herein.**
- **The financial stability of the respondent.**
- **Functional/Technical expertise as demonstrated by past participation in similar financing structure plans.**
- **The ability to complete the proposed financing plan in a timely manner.**
- **While not solely guided by issuance costs, such will play a primary role in the selection process. An innovative financing method that can provide reduced costs and favorable flexibility is desired. Respondents are encouraged to submit their most competitive rate or cost per \$1,000 of issuance.**

Part IV

Mandatory Submittals

Request For Proposal
**SHELBY COUNTY WATER SYSTEM
INFRASTRUCTURE FINANCING**

Signature Page

The following document, which is included or referenced in the Proposal, shall be incorporated in the resulting Contract by reference and shall become a part of said Contract.

Submission of the Proposal shall be considered *prima facie* evidence that the Vendor has familiarized himself with and understands the conditions under which the Contract will be awarded, performed and administered.

Name of Vendor must be shown in full if an individual; and if a partnership, full names of all partners must be shown. If Vendor is a corporation, impress corporate seal and furnish name and State where incorporated. If joint venture, all parties must sign.

Vendor represents that his firm does business as (check one) ___an individual, ___a partnership, ___a joint venture, or ___a corporation incorporated in the State of _____. The Vendor hereby agrees that if accepted by the Shelby County Commission, he will well and faithfully perform as specified.

Incorporated in the State of: _____

Accepted this date: _____

Shelby County, Alabama:

Contractor:

County Manager

Name of Vendor (Print or Type)

Street Address/P.O. Box

City, State, Zip Code

Telephone No. / FAX No.

Authorized Signature

Printed/Typed Name and Title

Witness/Attest

**SHELBY COUNTY WATER SYSTEM
INFRASTRUCTURE FINANCING
AFFIDAVIT OF NON-CONVICTION**

I hereby affirm that

I am the _____ and the duly authorized representative
(Title)

Of the firm of _____
(Name of Firm)

whose address is _____ and that I possess the
legal authority to make this affidavit on behalf of myself and the firm for which I am acting.

Except as described in paragraph 3 below, neither I nor the above firm, nor to the best of my knowledge any of its officers, directors, or partners, nor any of its employees directly involved in obtaining Contracts with the State, have been convicted of, or have plead *nolo contendere* to a charge of, or have during the course of an official investigation or other proceeding, admitted in writing or under oath acts or omissions which constitute bribery, attempted bribery, or conspiracy to bribe under the laws of any State of the Federal government (conduct prior to July 1, 1977 is not required to be reported).

State "none" or, as appropriate, list any conviction, plea or admission described in paragraph 2 above, with the date, court, official, or administrative body; the individuals involved and their position with the firm, and the sentence or disposition, if any.

I acknowledge that this affidavit is required to allow the City of Anniston (City) to make a determination. I acknowledge that, if the representations set forth in this affidavit are not true and correct, the City may terminate any Contract awarded and take any other appropriate action.

I do solemnly declare and affirm under the penalties of perjury that the contents of this affidavit are true and correct.

Signed: _____ Date: _____

Printed Name: _____

Title: _____

**Request For Proposal
SHELBY COUNTY WATER SYSTEM
INFRASTRUCTURE FINANCING**

Reference List

The following is a list of at least five (5) references that most closely reflect similar consulting projects to the Shelby County scope of work within the past three (3) years. These references should be clients at which the debt financing has been fully completed.

1. Name of Firm, City, County or Agency _____

Address: _____

Telephone: _____

Contact: _____/Title: _____

Service Date: _____ Bid No. (if applicable): _____

Summary of Project: _____

Project Cost: \$ _____ Population of Government Entity (if applicable): _____

Project Manager: _____

2. Name of Firm, City, County or Agency _____

Address: _____

Telephone: _____

Contact: _____/Title: _____

Service Date: _____ Bid No. (if applicable): _____

Summary of Project: _____

Project Cost: \$ _____ Population of Government Entity (if applicable): _____

Project Manager: _____

3. Name of Firm, City, County or Agency _____

Address: _____

Telephone: _____

Contact: _____ / Title: _____

Service Date: _____ Bid No. (if applicable): _____

Summary of Project: _____

Project Cost: \$ _____ Population of Government Entity (if applicable): _____

Project Manager: _____

4. Name of Firm, City, County or Agency _____

Address: _____

Telephone: _____

Contact: _____ / Title: _____

Service Date: _____ Bid No. (if applicable): _____

Summary of Project: _____

Project Cost: \$ _____ Population of Government Entity (if applicable): _____

Project Manager: _____

5. Name of Firm, City, County or Agency _____

Address: _____

Telephone: _____

Contact: _____/Title: _____

Service Date: _____ Bid No. (if applicable): _____

Summary of Project: _____

Project Cost: \$ _____ Population of Government Entity (if applicable): _____

Project Manager: _____

ATTACHMENT A

Series 2004-DWSRF-BL Detail

SPECIAL AUTHORITY LOAN CONDITIONS AGREEMENT
(Drinking Water Series 2004 Bond Loan)

among

SHELBY COUNTY, ALABAMA

and

**ALABAMA DRINKING WATER
FINANCE AUTHORITY**

and

**ALABAMA DEPARTMENT OF
ENVIRONMENTAL MANAGEMENT**

Dated as of December 1, 2004

SPECIAL AUTHORITY LOAN CONDITIONS AGREEMENT among **ALABAMA DRINKING WATER FINANCE AUTHORITY**, a public corporation under the laws of the State of Alabama (the "Authority"), **ALABAMA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT**, an agency of the State of Alabama created pursuant to Chapter 22A of Title 22 of the Code of Alabama 1975, as amended ("ADEM"), and **SHELBY COUNTY, ALABAMA** (the "Loan Recipient").

RECITALS:

The parties hereto make the following recitals and representations as the basis for the undertakings herein contained:

(1) The State of Alabama has, pursuant to the provisions of Title 22, Chapter 23B of the Code of Alabama 1975, as amended (the "State Revolving Fund Loan Act"), made provision for the creation of a Revolving Fund (the "State Revolving Fund") for the purpose of making loans to local governmental units in the State.

(2) The State Revolving Fund is to be administered jointly by the Authority and ADEM. Contemporaneously with the execution and delivery of this Agreement, the Authority will make a loan to the Loan Recipient and in evidence of its obligation to repay the loan, the Loan Recipient will, contemporaneously with the execution and delivery hereof, issue its \$21,225,000 General Obligation Warrant, Series 2004-DWSRF-BL. The Loan Recipient has requested the loan in order to enable it to pay costs of planning, designing, acquiring, constructing and equipping certain drinking water and related facilities (the "Project") of the Loan Recipient.

(3) The Authority is, pursuant to guidelines adopted by the Environmental Protection Agency of the United States of America ("EPA") and regulations adopted by ADEM, and pursuant to the provisions of the Safe Drinking Water Act, required to obtain from each Loan Recipient certain assurances with respect to the operation and construction of the Project.

(4) The costs of the Project are to be paid out of proceeds of the Authority's \$ _____ aggregate principal amount of Revolving Fund

APPENDIX A

Loan Recipient: Shelby County Commission Post Office
Box 10 Columbiana, Alabama 35051

Name and telephone # of contact: Mr. Charles M. Lay, Jr., PE, Utilities Manager (205) 669-3869

SRF Project #: FS010091-01

SRF Trustee#: 800-0047-0

Date of Commencement of Principal Amortization : August 15, 2008
(THIS DATE WILL NOT BE EXTENDED OR CHANGED FOR ANY REASON)

Project Name: Shelby County South Water Treatment Plant

Estimated Completion: August 14, 2007

a. Project Fund:	\$20,001,940.64
b. Capitalized Interest:	\$1,223,059.36
c. Loan Recipient Share of Finance Expenses	\$0.00
d. Local Loan Expense	\$0.00
Total Loan Amount:	\$21,225,000.00

Appendix C
Shelby County South Water Treatment Plant
Borrowers Total Loan Cash Flow (Note: Borrowers Capitalized Interest
applied from December 1, 2004 until exhausted)

Date	Principal	Interest	Payment
2/15/2008	\$0.00	\$323,681.25	\$323,681.25
8/15/2008	\$45,000.00	\$323,681.25	\$368,681.25
2/15/2009	\$0.00	\$322,995.00	\$322,995.00
8/15/2009	\$100,000.00	\$322,995.00	\$422,995.00
2/15/2010	\$0.00	\$321,470.00	\$321,470.00
8/15/2010	\$165,000.00	\$321,470.00	\$486,470.00
2/15/2011	\$0.00	\$318,953.75	\$318,953.75
8/15/2011	\$230,000.00	\$318,953.75	\$548,953.75
2/15/2012	\$0.00	\$315,446.25	\$315,446.25
8/15/2012	\$310,000.00	\$315,446.25	\$625,446.25
2/15/2013	\$0.00	\$310,718.75	\$310,718.75
8/15/2013	\$395,000.00	\$310,718.75	\$705,718.75
2/15/2014	\$0.00	\$304,695.00	\$304,695.00
8/15/2014	\$490,000.00	\$304,695.00	\$794,695.00
2/15/2015	\$0.00	\$297,222.50	\$297,222.50
8/15/2015	\$590,000.00	\$297,222.50	\$887,222.50
2/15/2016	\$0.00	\$288,225.00	\$288,225.00
8/15/2016	\$705,000.00	\$288,225.00	\$993,225.00
2/15/2017	\$0.00	\$277,473.75	\$277,473.75
8/15/2017	\$830,000.00	\$277,473.75	\$1,107,473.75
2/15/2018	\$0.00	\$264,816.25	\$264,816.25
8/15/2018	\$965,000.00	\$264,816.25	\$1,229,816.25
2/15/2019	\$0.00	\$250,100.00	\$250,100.00
8/15/2019	\$1,115,000.00	\$250,100.00	\$1,365,100.00
2/15/2020	\$0.00	\$233,096.25	\$233,096.25
8/15/2020	\$1,275,000.00	\$233,096.25	\$1,508,096.25
2/15/2021	\$0.00	\$213,652.50	\$213,652.50
8/15/2021	\$1,455,000.00	\$213,652.50	\$1,668,652.50
2/15/2022	\$0.00	\$191,463.75	\$191,463.75
8/15/2022	\$1,650,000.00	\$191,463.75	\$1,841,463.75
2/15/2023	\$0.00	\$166,301.25	\$166,301.25
8/15/2023	\$1,865,000.00	\$166,301.25	\$2,031,301.25
2/15/2024	\$0.00	\$137,860.00	\$137,860.00
8/15/2024	\$2,095,000.00	\$137,860.00	\$2,232,860.00
2/15/2025	\$0.00	\$105,911.25	\$105,911.25
8/15/2025	\$2,350,000.00	\$105,911.25	\$2,455,911.25
2/15/2026	\$0.00	\$70,073.75	\$70,073.75
8/15/2026	\$2,625,000.00	\$70,073.75	\$2,695,073.75
2/15/2027	\$0.00	\$30,042.50	\$30,042.50
8/15/2027	\$1,970,000.00	\$30,042.50	\$2,000,042.50
Totals:	\$21,225,000.00	\$9,488,397.50	\$30,713,397.50

ATTACHMENT B

Series 2005-DWSRF-BL Detail

SPECIAL AUTHORITY LOAN CONDITIONS AGREEMENT
(Drinking Water Series 2005 Bond Loan)

among

SHELBY COUNTY, ALABAMA

and

**ALABAMA DRINKING WATER
FINANCE AUTHORITY**

and

**ALABAMA DEPARTMENT OF
ENVIRONMENTAL MANAGEMENT**

Dated as of October 1, 2005

SPECIAL AUTHORITY LOAN CONDITIONS AGREEMENT among **ALABAMA DRINKING WATER FINANCE AUTHORITY**, a public corporation under the laws of the State of Alabama (the "Authority"), **ALABAMA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT**, an agency of the State of Alabama created pursuant to Chapter 22A of Title 22 of the Code of Alabama 1975, as amended ("ADEM"), and **SHELBY COUNTY, ALABAMA** (the "Loan Recipient").

RECITALS:

The parties hereto make the following recitals and representations as the basis for the undertakings herein contained:

(1) The State of Alabama has, pursuant to the provisions of Title 22, Chapter 23B of the Code of Alabama 1975, as amended (the "State Revolving Fund Loan Act"), made provision for the creation of a Revolving Fund (the "State Revolving Fund") for the purpose of making loans to local governmental units in the State.

(2) The State Revolving Fund is to be administered jointly by the Authority and ADEM. Contemporaneously with the execution and delivery of this Agreement, the Authority will make a loan to the Loan Recipient and in evidence of its obligation to repay the loan, the Loan Recipient will, contemporaneously with the execution and delivery hereof, issue its \$25,325,000 General Obligation Warrant, Series 2005-DWSRF-BL. The Loan Recipient has requested the loan in order to enable it to pay costs of planning, designing, acquiring, constructing and equipping certain drinking water and related facilities (the "Project") of the Loan Recipient.

(3) The Authority is, pursuant to guidelines adopted by the Environmental Protection Agency of the United States of America ("EPA") and regulations adopted by ADEM, and pursuant to the provisions of the Safe Drinking Water Act, required to obtain from each Loan Recipient certain assurances with respect to the operation and construction of the Project.

(4) The costs of the Project are to be paid out of proceeds of the Authority's \$42,580,000 aggregate principal amount of Revolving Fund Loan

Bonds, Series 2005, dated October 1, 2005 (the "Authority Bonds"). Proceeds of the Authority Bonds are to be held and distributed by J.P. Morgan Trust Company, National Association, in its capacity as trustee (the "Authority Trustee") under the Trust Indenture (the "Authority Indenture") between the Authority and the Authority Trustee, dated as of October 1, 2005 pursuant to which the Authority Bonds were issued.

(5) The parties hereto deem it necessary and desirable that this Agreement be entered into for the purpose of obtaining certain agreements from the Loan Recipient required to be obtained by EPA and ADEM with the respect to the ownership and operation of the Project.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, it is hereby agreed among the parties hereto as follows:

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Section 1.1 Definitions. The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations as used herein:

"ADEM" means Alabama Department of Environmental Management, an agency of the State of Alabama created pursuant to Chapter 22A of the Title 22 of the Code of Alabama, 1975.

"Allowable Costs" means costs that are eligible to be paid with proceeds of the Authority Loan, as such costs are defined in the ADEM regulations.

"Authority" means Alabama Drinking Water Finance Authority, a public corporation under the laws of the State of Alabama.

"Authority Bonds" means the Series 2005 Bonds issued under the Authority Indenture as described in paragraph (4) of the Recitals to this Agreement

Loan Recipient: Shelby County Commission
Post Office Box 10
Columbiana, Alabama 35051

Name and telephone # of contact: Mr. Charles M. Lay, Jr., PE, Utilities Manager
(205) 669-3869

SRF Project #: FS010091-01

SRF Trustee#: S00-0059-0

Date of Commencement of Loan Payment: August 15, 2009
(THIS DATE WILL NOT BE EXTENDED OR CHANGED FOR ANY REASON)

Project Name:	Shelby County South Water Treatment Plant (Supplemental)
Estimated Completion:	September 1, 2008
a. Project Fund:	\$23,002,568.31
b. Capitalized Interest:	\$2,322,431.69
c. Loan Recipient Share of Finance Expenses*	\$0.00
d. Local Loan Expense*:	\$0.00
Total Loan Amount:	\$25,325,000.00

*Note: The Loan Recipient Share of Finance Expenses and/or the Local Loan Expense have been adjusted to deduct any applicable loan commitment fees paid by the borrower.

2008Bo

APPENDIX D

Loan Payments

Shelby County South Water Treatment Plant (Supplemental) Borrowers Total Loan Cash Flow

Date	Principal	Interest	Payment
8/15/2008	\$0.00	\$33,879.22	\$33,879.22
2/15/2009	\$0.00	\$435,590.00	\$435,590.00
8/15/2009	\$95,000.00	\$435,590.00	\$530,590.00
2/15/2010	\$0.00	\$433,956.00	\$433,956.00
8/15/2010	\$165,000.00	\$433,956.00	\$598,956.00
2/15/2011	\$0.00	\$431,118.00	\$431,118.00
8/15/2011	\$250,000.00	\$431,118.00	\$681,118.00
2/15/2012	\$0.00	\$426,818.00	\$426,818.00
8/15/2012	\$340,000.00	\$426,818.00	\$766,818.00
2/15/2013	\$0.00	\$420,970.00	\$420,970.00
8/15/2013	\$435,000.00	\$420,970.00	\$855,970.00
2/15/2014	\$0.00	\$413,488.00	\$413,488.00
8/15/2014	\$550,000.00	\$413,488.00	\$963,488.00
2/15/2015	\$0.00	\$404,028.00	\$404,028.00
8/15/2015	\$670,000.00	\$404,028.00	\$1,074,028.00
2/15/2016	\$0.00	\$392,504.00	\$392,504.00
8/15/2016	\$800,000.00	\$392,504.00	\$1,192,504.00
2/15/2017	\$0.00	\$378,744.00	\$378,744.00
8/15/2017	\$945,000.00	\$378,744.00	\$1,323,744.00
2/15/2018	\$0.00	\$362,490.00	\$362,490.00
8/15/2018	\$1,110,000.00	\$362,490.00	\$1,472,490.00
2/15/2019	\$0.00	\$343,398.00	\$343,398.00
8/15/2019	\$1,280,000.00	\$343,398.00	\$1,623,398.00
2/15/2020	\$0.00	\$321,382.00	\$321,382.00
8/15/2020	\$1,475,000.00	\$321,382.00	\$1,796,382.00
2/15/2021	\$0.00	\$296,012.00	\$296,012.00
8/15/2021	\$1,690,000.00	\$296,012.00	\$1,986,012.00
2/15/2022	\$0.00	\$266,944.00	\$266,944.00
8/15/2022	\$1,915,000.00	\$266,944.00	\$2,181,944.00
2/15/2023	\$0.00	\$234,006.00	\$234,006.00
8/15/2023	\$2,170,000.00	\$234,006.00	\$2,404,006.00
2/15/2024	\$0.00	\$196,682.00	\$196,682.00
8/15/2024	\$2,440,000.00	\$196,682.00	\$2,636,682.00
2/15/2025	\$0.00	\$154,714.00	\$154,714.00
8/15/2025	\$2,750,000.00	\$154,714.00	\$2,904,714.00
2/15/2026	\$0.00	\$107,414.00	\$107,414.00
8/15/2026	\$3,070,000.00	\$107,414.00	\$3,177,414.00
2/15/2027	\$0.00	\$54,610.00	\$54,610.00
8/15/2027	\$3,175,000.00	\$54,610.00	\$3,229,610.00
Totals:	\$25,325,000.00	\$12,183,615.22	\$37,508,615.22

2005B2

ATTACHMENT C

Series 2007-DWSRF-DL Detail

SPECIAL AUTHORITY LOAN CONDITIONS AGREEMENT
(Series 2007 DWSRF-DL)

among

SHELBY COUNTY, ALABAMA

and

**ALABAMA DRINKING WATER
FINANCE AUTHORITY**

and

**ALABAMA DEPARTMENT OF
ENVIRONMENTAL MANAGEMENT**

Dated as of October 28, 2007

SPECIAL AUTHORITY LOAN CONDITIONS AGREEMENT among **ALABAMA DRINKING WATER FINANCE AUTHORITY**, a public corporation under the laws of the State of Alabama (the "Authority"), **ALABAMA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT**, an agency of the State of Alabama created pursuant to Chapter 22A of Title 22 of the Code of Alabama 1975, as amended ("ADEM"), and **SHELBY COUNTY, ALABAMA** (the "Loan Recipient").

RECITALS:

The parties hereto make the following recitals and representations as the basis for the undertakings herein contained:

(1) The State of Alabama has, pursuant to the provisions of Act No. 87-226 adopted at the 1987 Regular Session of the Legislature of Alabama (now codified as Title 22, Chapter 23B of the Code of Alabama 1975, as amended) (the "State Revolving Fund Loan Act"), made provision for the creation of a Revolving Fund (the "State Revolving Fund") for the purpose of making loans to local governmental units in the State.

(2) The State Revolving Fund is to be administered jointly by the Authority and ADEM. Contemporaneously with the execution and delivery of this Agreement, the Authority will make a loan to the Loan Recipient and in evidence of its obligation to repay the loan, the Loan Recipient will, contemporaneously with the execution and delivery hereof, issue its \$16,370,000 General Obligation Warrant, Series 2007-DWSRF-DL. The Loan Recipient has requested the loan in order to enable it to pay costs of planning, designing, acquiring, constructing and equipping certain drinking water and related facilities (the "Project") of the Loan Recipient.

(3) The Authority is, pursuant to guidelines adopted by the Environmental Protection Agency of the United States of America ("EPA") and regulations adopted by ADEM, and pursuant to the provisions of the Safe Drinking Water Act, required to obtain from each Loan Recipient certain assurances with respect to the operation and construction of the Project.

(4) The parties hereto deem it necessary and desirable that this Agreement be entered into for the purpose of obtaining certain agreements from the Loan Recipient required to be obtained by EPA and ADEM with the respect to the ownership and operation of the Project.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, it is hereby agreed among the parties hereto as follows:

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Section 1.1 Definitions. The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations as used herein:

"ADEM" means Alabama Department of Environmental Management, an agency of the State of Alabama created pursuant to Chapter 22A of the Title 22 of the Code of Alabama, 1975.

"Allowable Costs" means costs that are eligible to be paid with proceeds of the Authority Loan, as such costs are defined in the ADEM regulations.

"Application" shall have the meaning given to such term in Section 3.1 hereof.

"Authority" means Alabama Drinking Water Finance Authority, a public corporation under the laws of the State of Alabama.

"Authority Indenture" means the Master Authority Trust Indenture between the Authority and the Authority Trustee, dated as of January 1, 2004, from the Authority to the Authority Trustee.

"Authority Loan" means the loan made by the Authority to the Loan Recipient.

"Authority Trustee" means The Bank of New York Trust Company, N.A., as successor trustee to J.P. Morgan Trust Company, National Association, under the Authority Indenture.

Loan Recipient: Shelby County Commission
Post Office Box 10
Columbianna, Alabama 35051

Name and telephone # of contact: Charles M. Lay, Jr., P.E.
(205) 669-3869

SRF Project #: FS010091-02

SRF Trustee#: 800-0069-0

Date of Commencement of Loan Payment: February 15, 2009
(THIS DATE WILL NOT BE EXTENDED OR CHANGED FOR ANY REASON)

Project Name:	Shelby County South Water Treatment Plant
Estimated Completion:	September 30, 2008
a. Project Fund:	\$16,003,069.89
b. Capitalized Interest:	\$366,930.11
c. Loan Recipient Share of Finance Expenses*	\$0.00
d. Local Loan Expense*:	\$0.00
Total Loan Amount:	\$16,370,000.00

*Note: The Loan Recipient Share of Finance Expenses and/or the Local Loan Expense have been adjusted to deduct any applicable loan commitment fees paid by the borrower.

DL:EPA

Shelby County South Water Treatment Plant
Borrowers Total Loan Cash Flow

Date	Principal	Interest	Payment
2/15/2009	\$0.00	\$214,856.26	\$214,856.26
8/15/2009	\$575,000.00	\$286,475.00	\$861,475.00
2/15/2010	\$0.00	\$276,412.50	\$276,412.50
8/15/2010	\$595,000.00	\$276,412.50	\$871,412.50
2/15/2011	\$0.00	\$266,000.00	\$266,000.00
8/15/2011	\$615,000.00	\$266,000.00	\$881,000.00
2/15/2012	\$0.00	\$255,237.50	\$255,237.50
8/15/2012	\$640,000.00	\$255,237.50	\$895,237.50
2/15/2013	\$0.00	\$244,037.50	\$244,037.50
8/15/2013	\$660,000.00	\$244,037.50	\$904,037.50
2/15/2014	\$0.00	\$232,487.50	\$232,487.50
8/15/2014	\$685,000.00	\$232,487.50	\$917,487.50
2/15/2015	\$0.00	\$220,500.00	\$220,500.00
8/15/2015	\$710,000.00	\$220,500.00	\$930,500.00
2/15/2016	\$0.00	\$208,075.00	\$208,075.00
8/15/2016	\$735,000.00	\$208,075.00	\$943,075.00
2/15/2017	\$0.00	\$195,212.50	\$195,212.50
8/15/2017	\$760,000.00	\$195,212.50	\$955,212.50
2/15/2018	\$0.00	\$181,912.50	\$181,912.50
8/15/2018	\$790,000.00	\$181,912.50	\$971,912.50
2/15/2019	\$0.00	\$168,087.50	\$168,087.50
8/15/2019	\$815,000.00	\$168,087.50	\$983,087.50
2/15/2020	\$0.00	\$153,825.00	\$153,825.00
8/15/2020	\$845,000.00	\$153,825.00	\$998,825.00
2/15/2021	\$0.00	\$139,037.50	\$139,037.50
8/15/2021	\$875,000.00	\$139,037.50	\$1,014,037.50
2/15/2022	\$0.00	\$123,725.00	\$123,725.00
8/15/2022	\$905,000.00	\$123,725.00	\$1,028,725.00
2/15/2023	\$0.00	\$107,887.50	\$107,887.50
8/15/2023	\$940,000.00	\$107,887.50	\$1,047,887.50
2/15/2024	\$0.00	\$91,437.50	\$91,437.50
8/15/2024	\$975,000.00	\$91,437.50	\$1,066,437.50
2/15/2025	\$0.00	\$74,375.00	\$74,375.00
8/15/2025	\$1,005,000.00	\$74,375.00	\$1,079,375.00
2/15/2026	\$0.00	\$56,787.50	\$56,787.50
8/15/2026	\$1,045,000.00	\$56,787.50	\$1,101,787.50
2/15/2027	\$0.00	\$38,500.00	\$38,500.00
8/15/2027	\$1,080,000.00	\$38,500.00	\$1,118,500.00
2/15/2028	\$0.00	\$19,600.00	\$19,600.00
8/15/2028	\$1,120,000.00	\$19,600.00	\$1,139,600.00
Totals:	\$16,370,000.00	\$6,607,606.26	\$22,977,606.26

DL:EPA

ATTACHMENT D

Selected Shelby County Financial Information

Shelby County, Alabama
General Fund Revenues, Expenditures and
Changes in Fund Balances for the Fiscal
Years Ending September 30, 2005-2009

Fiscal Year Ending September 30

	2005	2006	2007	2008	2009
REVENUES					
Taxes	\$ 37,069,319.95	\$ 40,150,440.29	\$ 42,833,194.83	\$ 44,685,724.83	\$ 43,846,015.41
License and Permits	\$ 1,706,589.23	\$ 2,137,067.24	\$ 1,662,708.26	\$ 1,244,344.12	\$ 738,600.76
Intergovernmental	\$ 10,762,886.20	\$ 11,922,831.54	\$ 9,085,958.62	\$ 8,742,112.66	\$ 8,684,662.34
Charges for Services	\$ 11,359,399.29	\$ 11,966,012.90	\$ 12,018,577.97	\$ 13,620,563.41	\$ 12,787,282.39
Miscellaneous	\$ 1,160,098.22	\$ 2,188,741.47	\$ 3,654,117.90	\$ 3,064,283.21	\$ 2,088,980.64
TOTAL REVENUES	\$ 62,058,292.89	\$ 68,365,093.44	\$ 69,254,557.58	\$ 71,357,028.23	\$ 68,175,541.54
EXPENDITURES					
Current:					
General Government	\$ 12,998,056.78	\$ 15,614,618.67	\$ 18,053,101.42	\$ 19,365,773.36	\$ 18,569,807.69
Public Safety	\$ 21,585,133.37	\$ 22,000,720.30	\$ 23,604,865.19	\$ 26,765,656.14	\$ 28,192,406.28
Highway and Roads	\$ 10,390,793.10	\$ 11,584,790.01	\$ 12,916,388.75	\$ 13,161,179.30	\$ 11,939,611.62
Health	\$ 485,664.26	\$ 504,261.79	\$ 480,609.05	\$ 560,974.70	\$ 560,236.63
Welfare	\$ 1,155,057.32	\$ 810,431.91	\$ 978,718.11	\$ 950,603.83	\$ 668,541.11
Culture and Recreation	\$ 1,026,543.71	\$ 1,229,041.22	\$ 1,215,030.66	\$ 1,489,155.09	\$ 1,404,154.66
Education	\$ 130,000.00	\$ 125,000.00	\$ 125,000.00	\$ 125,000.00	\$ 145,833.37
Capital Outlay	\$ 10,049,131.74	\$ 8,354,034.37	\$ 8,555,220.69	\$ 6,447,930.40	\$ 8,055,320.31
Debt Service:					
Principle Retirement	\$ 307,340.51	\$ 278,883.96	\$ 268,856.97	\$ 152,211.64	\$ 353,088.80
Interest and Fiscal Charges	\$ 78,991.92	\$ 111,813.51	\$ 102,208.05	\$ 70,676.00	\$ 32,935.43
TOTAL EXPENDITURES	\$ 58,206,712.71	\$ 60,613,595.74	\$ 66,299,998.89	\$ 69,089,160.46	\$ 69,921,935.90
Excess (Deficiency) of Revenues over Expenditures	\$ 3,851,580.18	\$ 7,751,497.70	\$ 2,954,558.69	\$ 2,267,867.77	\$ (1,746,394.36)
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 9,315,438.96	\$ 13,854,157.30	\$ 10,103,095.84	\$ 10,215,687.94	\$ 11,504,944.34
Proceeds for Capital Lease	\$ 750,024.00	\$ 2,462,237.62	\$ 205,417.00	\$ 13,654.32	\$ 1,460,606.78
Transfers Out	\$ (9,315,438.96)	\$ (13,854,157.30)	\$ (10,103,095.84)	\$ (10,215,687.94)	\$ (11,504,944.34)
Total Other Financing Sources (Uses)	\$ 750,024.00	\$ 2,462,237.62	\$ 205,417.00	\$ 13,654.32	\$ 1,460,606.78
Net Change in Fund Balances	\$ 4,601,604.18	\$ 10,213,735.32	\$ 3,159,975.69	\$ 2,281,522.09	\$ (285,787.58)
Fund Balances - Begin of Year(as restated)	\$ 19,468,582.92	\$ 24,070,187.10	\$ 34,283,922.42	\$ 35,253,232.04	\$ 37,204,213.71
Fund Balances - End of Year	\$ 24,070,187.10	\$ 34,283,922.42	\$ 37,443,898.11	\$ 37,534,754.13	\$ 36,918,426.13

Source: Audited Financial Statements

Shelby County, Alabama
Water System Fund Revenues, Expenditures and
Changes in Fund Balances for the Fiscal
Years Ending September 30, 2005-2009

Fiscal Year Ending September 30

	2005	2006	2007	2008	2009
REVENUES					
Charges for Services	\$ 3,996,551.17	\$ 5,346,587.83	\$ 5,747,200.00	\$ 6,848,018.40	\$ 6,266,722.60
Intergovernmental	\$ 408,488.52	\$ 450,983.54	\$ 149,046.02	\$ -	\$ -
Miscellaneous	\$ 279,227.60	\$ 370,467.20	\$ 440,556.73	\$ 21,404.48	\$ 9,597.00
Equity Interest in Joint Venture Operating	\$ -	\$ 271,210.36	\$ 518,982.02	\$ -	\$ -
Total Operating Revenues	\$ 4,684,267.29	\$ 6,439,248.93	\$ 6,855,784.77	\$ 6,869,422.88	\$ 6,276,319.60
EXPENDITURES					
Operations and Maintenance	\$ 141,709.05	\$ 823,713.34	\$ 152,763.74	\$ 626,878.80	\$ 1,365,483.56
Personnel Services	\$ 774,459.14	\$ 1,439,581.93	\$ 1,425,383.87	\$ 1,639,956.54	\$ 1,630,520.45
Professional Services	\$ 321,333.31	\$ 325,344.34	\$ 432,665.99	\$ 280,287.14	\$ 298,737.57
Material and Supplies	\$ 160,863.50	\$ 208,403.48	\$ 198,442.01	\$ 353,579.86	\$ 217,708.11
Repairs and Maintenance	\$ 19,260.47	\$ 112,127.70	\$ 73,610.58	\$ 212,821.54	\$ 106,646.63
Rentals	\$ 3,736.89	\$ 8,781.19	\$ 10,539.71	\$ 26,050.59	\$ 26,132.57
Utilities	\$ 138,771.92	\$ 202,232.43	\$ 227,923.66	\$ 272,802.91	\$ 336,298.17
Depreciation	\$ 718,239.00	\$ 811,082.12	\$ 862,707.82	\$ 1,725,979.71	\$ 3,472,347.77
Amortization	\$ -	\$ -	\$ -	\$ 178,254.80	\$ -
Purchase of Water	\$ 1,384,394.29	\$ 1,898,313.82	\$ 1,907,661.34	\$ 1,656,466.20	\$ 1,468,045.89
Equity Interest in Joint Venture Operating	\$ 106,189.84	\$ -	\$ -	\$ 182,316.89	\$ 186,486.01
Total Operating Expenses	\$ 3,768,957.41	\$ 5,829,580.35	\$ 5,291,698.72	\$ 7,155,394.98	\$ 9,108,406.73
Operating Income (Loss)	\$ 915,309.88	\$ 609,668.58	\$ 1,564,086.05	\$ (285,972.10)	\$ (2,832,087.13)
NONOPERATING REVENUES (EXPENSES)					
Interest Revenue	\$ 25,768.19	\$ 562,045.93	\$ 1,436,683.29	\$ 726,968.31	\$ 120,024.69
Interest and Fiscal Charges	\$ (575,696.86)	\$ (1,663,024.19)	\$ (871,180.00)	\$ (741,124.00)	\$ (2,528,967.66)
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ 879,088.63
Gain (Loss) on Disposition of Assets	\$ -	\$ 7,348.45	\$ (672.47)	\$ (5,837.20)	\$ 2,135.83
Total Nonoperating Revenues (Expense)	\$ (549,928.67)	\$ (1,093,629.81)	\$ 564,830.82	\$ (19,992.89)	\$ (1,527,718.51)
Income (Loss) Before Contributions	\$ 365,381.21	\$ (483,961.23)	\$ 2,128,916.87	\$ (305,964.99)	\$ (4,359,805.64)
OPERATING TRANSFERS					
Net Operating Transfers	\$ -	\$ 23,492,506.98	\$ -	\$ -	\$ -
CAPITAL CONTRIBUTIONS					
Capital Contributions	\$ 733,764.70	\$ 722,498.65	\$ 990,855.60	\$ 2,988,826.34	\$ 146,272.00
SPECIAL ITEM					
Merger with Westover Water Authority	\$ -	\$ -	\$ -	\$ 12,680,404.70	\$ -
Changes in Net Assets	\$ 1,099,145.91	\$ 23,731,044.40	\$ 3,119,772.47	\$ 15,363,266.05	\$ (4,213,533.64)
Total Net Assets - Begin of Year(As Restated)	\$ 24,613,156.64	\$ 25,712,302.55	\$ 49,443,346.95	\$ 55,673,022.74	\$ 71,237,220.04
Total Net Assets - End of Year	\$ 25,712,302.55	\$ 49,443,346.95	\$ 52,563,119.42	\$ 71,036,288.79	\$ 67,023,686.40

Source: Audited Financial Statements

Shelby County, Alabama
General Fund Revenues, Expenditures and
Changes in Fund Balances for the Fiscal
Year Ending September 30, 2010

Fiscal Year Ending
September 30, 2010

REVENUES

Taxes	\$ 42,314,763.27
License and Permits	\$ 896,795.86
Intergovernmental	\$ 10,400,931.97
Charges for Services	\$ 12,802,966.02
Miscellaneous	\$ 5,081,106.04
TOTAL REVENUES	\$ 71,496,563.16

EXPENDITURES

Current:	
General Government	\$ 25,221,822.18
Public Safety	\$ 27,221,647.12
Highway and Roads	\$ 10,583,980.60
Health	\$ 610,452.09
Welfare	\$ 1,245,192.25
Culture and Recreation	\$ 2,557,993.76
Education	\$ 150,000.00
Debt Service Fees	\$ 6,875.00
Capital Outlay	\$ 9,005,250.65
Debt Service:	
Principle Retirement	\$ 73,643.93
Interest and Fiscal Charges	\$ 20,821.88
TOTAL EXPENDITURES	\$ 76,697,679.46

Excess (Deficiency) of Revenues over
Expenditures \$ (5,201,116.30)

OTHER FINANCING SOURCES (USES)

Transfers In	\$ 13,082,706.83
Proceeds for Capital Lease	\$ (13,082,706.83)
Transfers Out	
Total Other Financing Sources (Uses)	\$ -

Net Change in Fund Balances \$ (5,201,116.30)

Fund Balances - Beg in of Year(as restated) \$ 36,918,426.13

Fund Balances - End of Year \$ 31,717,309.83

Source: Unaudited Financial Statements of Shelby County

Shelby County, Alabama
Water System Fund Revenues, Expenditures and
Changes In Fund Balances for the Fiscal
Years Ending September 30, 2005-2009

Fiscal Year Ending
September 30, 2010

REVENUES

Charges for Services	\$ 6,906,728.32
Integovernmental	\$ 2,174,154.62
Miscellaneous	\$ -
Equity Interest In Joint Venture Operating	\$ -
Total Operating Revenues	\$ 9,080,882.94

EXPENDITURES

Operations and Maintenance	\$ 663,427.95
Personnel Services	\$ 1,686,423.36
Professional Services	\$ 40,214.79
Material and Supplies	\$ 698,858.13
Repairs and Maintenance	\$ 22,058.04
Rentals	\$ 18,542.56
Utilities	\$ 328,138.96
Depreciation	\$ 3,503,107.65
Amortization	\$ -
Purchase of Water	\$ 3,653,414.87
Equity Interest In Joint Venture Operating	\$ -
Total Operating Expenses	\$ 10,614,186.31

Operating Income (Loss) \$ (1,533,303.37)

NONOPERATING REVENUES (EXPENSES)

Interest Revenue	\$ 9,637.61
Interest and Fiscal Charges	\$ (2,259,298.04)
Miscellaneous	\$ 60,707.90
Gain (Loss) on Disposition of Assets	\$ -
Total Nonoperating Revenues (Expense)	\$ (2,188,952.53)

Income (Loss) Before Contributions \$ (3,722,255.90)

OPERATING TRANSFERS

Net Operating Transfers \$ -

CAPITAL CONTRIBUTIONS

Capital Contributions \$ 96,244.14

SPECIAL ITEM

Merger with Westover Water Authority \$ -

Changes in Net Assets \$ (3,626,011.76)

Total Net Assets - Begin of Year(As Restated) \$ 68,757,009.57

Total Net Assets - End of Year \$ 65,130,997.81

Source: Unaudited Financial Statements of Shelby County

ATTACHMENT E

Standard & Poor's Rating Information

Summary:

Shelby County, Alabama; General Obligation

Primary Credit Analyst:

Russell Bryce, Dallas (t) 214-871-1419; russell_bryce@standardandpoors.com

Secondary Credit Analyst:

Edward R McGlade, New York (t) 212-438-2061; edward_mcglade@standardandpoors.com

Table Of Contents

Rationale

Outlook

Related Criteria And Research

Shelby County, AL's Strong Finances Elevate Issuer Credit Rating Two Notches To 'AA+'

Primary Credit Analyst:

Russell Bryce, Dallas (1) 214-871-1419; russell_bryce@standardandpoors.com

Secondary Credit Analyst:

Edward R McGlade, New York (1) 212-438-2061; edward_mcglade@standardandpoors.com

DALLAS (Standard & Poor's) March 19, 2010--Standard & Poor's Ratings Services raised its issuer credit rating (ICR) on Shelby County, Ala. two notches to 'AA+' from 'AA-' based on the county's strong financial position, evidenced by its very strong reserves and low direct debt burden. The outlook is stable.

In Standard & Poor's view, the ICR also reflects the county's:

- Large and rapidly growing population and role as a bedroom community for Birmingham, Ala.;
- Strong income levels; and
- Good financial management policies and practices.

In Standard & Poor's opinion, these strengths are somewhat offset, in part, by the county's:

- Ongoing growth-related capital pressures; and
- Limited revenue flexibility, caused by limitations on increasing tax rates that are common to all Alabama counties.

The stable outlook reflects Standard & Poor's expectation that the county should continue to demonstrate balanced operations and a sound general fund position while executing its capital plan and managing population growth. Standard & Poor's also expects capital expenditures associated with the water treatment facility and distribution system should not have a material effect on the general fund.

Shelby County's financial position is strong. Following annual general fund surpluses equal to at least \$1.0 million since fiscal 2005, the county's unreserved fund balance increased to \$20.3 million in fiscal 2008, or a very

Shelby County, AL's Strong Finances Elevate Issuer Credit Rating Two Notches To 'AA+'

strong 39% of expenditures. County officials attribute the county's strong financial performance to continued property tax base expansion. In fiscal 2009, county officials delayed several capital projects after sales tax revenues came in 8.5% below expectations. Officials expect to end fiscal 2009 with \$17.5 million in reserves; and they intend to maintain \$15.5 million, or a still-strong 30% of expenditures, in fiscal 2010.

Ongoing commercial and residential development has driven significant property tax base growth. Assessed valuation increased by a cumulative 32% over the past four years to \$3.09 billion for fiscal 2009. Estimated full market value totaled \$15.4 billion, or a very strong \$82,859 per capita.

Scott Sagen contributed to this article.

RELATED CRITERIA AND RESEARCH

USPF Criteria: GO Debt, Oct. 12, 2006

Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

Summary:

Shelby County, Alabama; General Obligation

Credit Profile

Shelby Cnty ICR

Long Term Rating

AA+/Stable

Upgraded

Rationale

Standard & Poor's Ratings Services raised its issuer credit rating (ICR) on Shelby County, Ala. two notches to 'AA+' from 'AA-' based on the county's strong financial position, evidenced by its very strong reserves and low direct debt burden. The outlook is stable.

In our view, the ICR also reflects the county's:

- Large and rapidly growing population and role as a bedroom community for Birmingham, Ala.;
- Strong income levels; and
- Good financial management policies and practices.

In our opinion, these strengths are somewhat offset, in part, by the county's:

- Ongoing growth-related capital pressures; and
- Limited revenue flexibility, caused by limitations on increasing tax rates that are common to all Alabama counties.

Shelby County is Alabama's fastest-growing county and one of the Southeast's fastest-growing counties. The roughly 800-square-mile county includes a small segment of the southern portion of Birmingham and about half of Hoover, Ala., as well as 16 other incorporated municipalities. The 2008 population estimate of 187,030 represented a 12% increase from the 2005 estimate and a 30% increase from the 2000 U.S. Census. Officials estimate the county's population will grow by 5% annually. Ongoing commercial and residential development has driven significant property tax-base growth. Assessed valuation (AV) increased by a cumulative 32% over the past four years to \$3.09 billion for fiscal 2009. Estimated full market value totaled \$15.4 billion, or a very strong \$82,859 per capita. Taxpayer concentration is very diverse with the 10 leading taxpayers accounting for 11% of total AV. Alabama Power Co., which accounted for 4.1% of AV and 24.0% of total property tax revenues collected in fiscal 2008, is the leading taxpayer.

County unemployment has been significantly better than state and national rates since the mid-1980s. In December 2009, county unemployment increased to 7.6% from its low 3.3% average in 2008. County income levels are strong: Median household effective buying income measured 156% and 131% of state and national averages, respectively, in calendar 2008.

Shelby County's financial position is strong. Following annual general fund surpluses equal to at least \$1.0 million since fiscal 2005, the county's unreserved fund balance increased to \$20.3 million in fiscal 2008, or a very strong 39% of expenditures, from \$12.0 million in fiscal 2005. County officials attribute the county's strong financial performance to continued property tax base expansion. In fiscal 2009, county officials delayed several capital

projects after sales tax revenues came in 8.5% below expectations. Officials expect to end fiscal 2009 with \$17.5 million in reserves; and they intend to maintain \$15.5 million, or a still-strong 30% of expenditures, in fiscal 2010.

Since 1990, the county has funded more than \$42 million of projects through pay-as-you-go financing: The largest such expenditure was \$17 million for a new jail complex in fiscal 2002. Property tax revenues and sales tax collections are the county's leading general fund revenue sources: They accounted for 44% and 23%, respectively, of fiscal 2008 revenues. The county cannot increase its sales or property tax rates without the approval of the local electorate and the Alabama Legislature.

Standard & Poor's considers Shelby County's management practices "good" under its Financial Management Assessment (FMA) methodology, indicating financial practices exist in most areas but that governance officials might not formalize or regularly monitor all of them.

Highlights include management's:

- Five-year general fund budget,
- 10-year capital improvement plan that elected officials formally revise every four to five years and review annually, and
- Written fund balance policy of 20% of previous-year expenditures.

The finance department's budgeting practices are mostly conservative, including twice monthly budget reviews with the commission.

Currently, Shelby County does not have any general obligation (GO) debt outstanding. The county, however, has \$63 million of state revolving fund loans and water revenue debt outstanding to finance the construction of a water treatment plant and distribution system. Estimates have the total cost of these projects at \$80 million. The county plans to meet debt service on the water-related debt through water revenues. Management expects to finance the project and any up-front operating costs through the already issued loans, water and landfill fund reserves, and profits from the sale of the county's wastewater treatment plant. Management indicates the county could issue \$10 million-\$15 million of additional state revolving fund loans, depending on the actual cost of the projects. The county does not have additional GO debt issuance plans.

Outlook

The stable outlook reflects Standard & Poor's expectation that the county should continue to demonstrate balanced operations and a sound general fund position while executing its capital plan and managing population growth. Standard & Poor's also expects capital expenditures associated with the water treatment facility and distribution system should not have a material effect on the general fund.

Scott Sagen contributed to this article.

Related Criteria And Research

USPF Criteria: GO Debt, Oct. 12, 2006

Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at

Summary: Shelby County, Alabama; General Obligation

www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright (c) 2010 by Standard & Poor's Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

The McGraw-Hill Companies

ATTACHMENT F

Moody's Rating Information

BUTCH BURBAGE

From: GID - Moody's Investors Service [epi@moodys.com]
Sent: Wednesday, February 03, 2010 2:20 PM
To: BUTCH BURBAGE
Subject: Shelby (County of) AL

MOODY'S AFFIRMS THE Aa1 ISSUER RATING ON SHELBY COUNTY (AL)

NO DEBT IS ASSOCIATED WITH THE CURRENT RATING

Shelby (County of) AL
County
Alabama

NEW YORK, February 3, 2010 -- Moody's Investors Service has affirmed the Aa1 Issuer Rating for Shelby County (AL). The Issuer Rating reflects Moody's assessment of the county's implied unlimited general obligation pledge; no debt is currently outstanding with this security. The Aa1 Issuer Rating reflects a trend of positive financial operations marked by healthy reserve levels, a wealthy tax base, and a minimal debt profile.

HEALTHY FINANCIAL POSTION DESPITE RECENT DRAW DOWN IN RESERVES

Moody's expects the county to maintain a stable financial position given prudent fiscal management and stable reserve levels. General Fund balances have remained above 30% since fiscal 2004, topping out at 44% at the end of fiscal 2008. Additionally, unreserved fund balances have increased from a healthy 15.8% in 2004 to a solid 37.2% of revenues in 2008. According to unaudited results, fiscal 2009 ended with an \$800,000 General Fund draw down, reducing reserves to \$23.3 million or 42.2% of projected revenues. The draw down in General Fund balance in fiscal 2009 was the result of revenues, specifically sales tax (\$1.4 million under budget), ending the fiscal year under budget. It is important to note that pay-as-you-go capital projects have been included in many of the county's annual budgets, a practice which is expected to continue going forward. The county's water system, which the majority of General Obligation debt is paid out of, finished 2009 with an operating loss of approximately \$289,000. However, while the Water Fund operated at a loss, when non-cash items such as depreciation and amortization are added back, the fund had a debt service coverage ratio of 1.7 times.

Additionally, the water systems debt is currently financed through a state revolving loan program. Management notes that long term contracts that had been entered into by previous management have expired and the county is entering into new and appropriately structured contracts. Additionally, on October 1, 2007, the county accepted the conveyance of all assets and liabilities of the Westover Water Authority, which county officials are currently integrating into their existing water system. The county expects that the Water Fund will operate at a surplus in fiscal 2010.

Property tax and sales tax accounted for 66.1% of operating revenues in 2008, while charges for services accounted for 24.4%. Economically sensitive revenues, such as sales tax, have declined from a high \$12.6 million in fiscal 2008 to \$11.5 million in fiscal 2009. In response to the decline in sales tax revenues, management has conservatively budgeted \$11.2 million for fiscal 2010.

WEALTHY TAX BASE LOCATED IN CENTRAL ALABAMA

Located in central Alabama (G.O. rated Aa2, Stable Outlook), Moody's expects the county's moderately sized \$19.4 billion tax base to remain stable over the near term. The county's growth is attributed to its centralized location near the City of Birmingham (G.O. rated Aa3) and the City of Montgomery (G.O. rated Aa2) which provides residents with diverse employment opportunities.

Unemployment numbers have risen in the county (7.3% as of November 2009), however they remain well below state (10.3%) and national averages (9.4%), due in large part to the county's location. The increase in unemployment can be attributed to the overall downturn in the national economy. While the county's tax base does not include many auto manufacturers many of the residents commute to nearby auto manufacturing plants. The county does have a company that specialize in manufacturing automobile parts, such as windshields and interiors, for companies like Hyundai. County officials report that these companies, while running with fewer shifts, are stable. The county also reports that their top ten tax payers (11% of the total assessed value) are stable.

Due to overall economic conditions residential development continues to increase but at a decreasing rate, evidenced by the 27.1% in population growth from 2000 to 2007 (population growth from 1989-1999 was 44.2%). County officials note that the county is well positioned for additional growth due to it's proximity to employment areas. Ample retail is available to county residents with several mall complexes opening within the past three to five years. Housing prices within the county have not changed dramatically, however time on the market has increased modestly. The county is also the wealthiest in the State of Alabama and compares favorably to national averages. Per capita income of \$27,176 in 1999 represented 150% of the state average and 126% of the national median. Median family income for 1999 of \$64,105 accounted for 154% of the state average and 128% of the national median. Full value per capita, an indicator for wealth, is a strong \$106,371.

FAVORABLE DEBT BURDEN

Moody's expects the county's below average debt burden (0.0% of full valuation) to remain manageable despite additional future borrowing. Notably, \$63 million in General Obligation Water Warrants have been backed out of the County's debt statement as the Water system is self-supporting with a coverage ratio of 1.7x. The county expects the issuance of additional debt for the water system within the next two years. The county has no variable rate debt and is not party to any swap agreements. Debt service expenditures were a minimal 0.1% of fiscal 2009 General Fund expenditures.

KEY STATISTICS:

2000 census population (2007 estimated): 143,293 (182,113)

2009 full valuation: \$19.4 billion

2009 full value per capita: \$106,371

1999 per capita income: \$27,176 (149.4% of State and 125.9% of US)

1999 median family income: \$64,105 (153.9% of State and 128.1% of US)

Direct Debt burden: 0.0% of full value

Payout of principal: 35.3% retired with 10 years

2008 General Fund balance: \$24 million (44% of General Fund revenue)

Current Debt Outstanding: \$64.7 million

RATING METHODOLOGY USED AND LAST RATING ACTION TAKEN

The principal methodology used in rating Shelby County, AL was "General Obligation Bonds Issued by U.S. Local Governments," published in October 2009 which can be found at www.moodys.com in the Rating Methodologies subdirectory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

The last rating action was on July 19, 2004 when Shelby County (AL) was assigned a Aa1 long-term issuer rating.

ANALYSTS:

Robert Weber, Analyst, Public Finance Group, Moody's Investors Service
Christopher Coviello, Backup Analyst, Public Finance Group, Moody's Investors Service

CONTACTS:

Journalists: (212) 553-0376

Research Clients: (212) 553-1653

Copyright 2010 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT.

CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable.

Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained

herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities.

Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

Moody's Investors Service Pty Ltd holds a limited AFSL (number 336969) which does not authorize it to provide advice to retail investors. This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.