



Schedule I hereto, the Calculation Amount set forth opposite such date is to be effective for the period from and including such date to but excluding the next subsequent date.

Trade Date: January 11, 2002  
Effective Date: January 17, 2002  
Termination Date: June 1, 2031, subject to the Modified Following Business Day Convention  
Business Days: New York and London

**AFSLP Floating Amounts:**

Floating Rate Payer: AFSLP  
Payment Dates: The first day of each March, June, September and December commencing March 1, 2002, to and including the Termination Date, subject to the Modified Following Business Day Convention  
Period-End Dates: The first day of each March, June, September and December. No adjustment.  
Floating Rate Option: USD-LIBOR-BBA multiplied by 0.70  
Designated Maturity: Three (3) months  
Floating Rate Day Count Fraction: Actual/360  
Reset Dates: The first day of each Calculation Period  
Floating Rate Determination Date: Two (2) London Banking Days prior to each Reset Date  
Compounding: Inapplicable

**Authority Fixed Amounts:**

Fixed Rate Payer: The Authority

Payment Dates: Same as Payment Dates for AFSLP Floating Amounts  
Period-End Dates: Same as Period-End Dates for AFSLP Floating Amounts  
Fixed Rate: 4.313% per annum  
Fixed Rate Day Count Fraction: 30/360

3. Account Details

Account for Payments to AFSLP:

The Bank of New York, ABA #021000018, Beneficiary: IOC 565 (Account of Ambac Financial Services, L.P., Account Number 111569 AFP)

Account for Payments to the Authority:

Regions Bank; Birmingham, AL  
ABA# 062005690  
Credit Trust Dept.  
Account #: 0300000701  
For further credit to:  
TN LOAN AIA INT; Account #: 819074030  
Attn: Brenda Landers, 615-687-4528

4. Offices

The Office of AFSLP for the Transaction is its office at the address specified for notices to it in the Schedule to the Agreement. The Office of the Authority for the Transaction is its office at the address specified for notices to it in the Schedule to the Agreement.

5. The Authority and the party approving this Transaction below (the "**Approving Party**") each represent to, and agree with, AFSLP as follows:

(a) Neither the Authority nor the Approving Party is relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of AFSLP or the AFSLP Credit Enhancer other than the representations expressly set forth in the Agreement and in this Confirmation.

(b) Each of the Authority and the Approving Party has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary, and it has made its own investment, hedging and trading decisions (including decisions regarding the suitability of this Transaction) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by AFSLP or the AFSLP Credit Enhancer.

(c) Each of the Authority and the Approving Party has a full understanding of all the terms, conditions and risks (economic and otherwise) of this Transaction and is capable of assuming and willing to assume (financially and otherwise) those risks, including the basis risk in connection with this Transaction as a result of the fact that the interest rate on the Bonds is determined on a basis that is different from the Floating Rate Option hereunder.

(d) It is understood and agreed that for all purposes of this Transaction (i) AFSLP has acted solely as an independent contractor and (ii) neither AFSLP nor the AFSLP Credit Enhancer has acted as a financial, investment or commodity trading advisor, fiduciary or agent to the Authority or the Approving Party for any purpose, it being understood that AFSLP has provided indicative swap quotations with respect to this Transaction. AFSLP has not rendered any advice or counsel to the Authority or the Approving Party, whether directly or indirectly through any other person, including, without limitation, any financial advisor to the Authority or the Approving Party or any underwriter of the Bonds, as to this Transaction or the advisability of entering into this Transaction.

(e) This Transaction will be, entered into by each of the Authority and the Approving Party for the purpose of managing its borrowings by hedging interest rate risk and not for the purpose of speculation.

(f) Each of the Authority and the Approving Party is an "eligible contract participant" within the meaning of Section 1(a)(12) of the Commodity Exchange Act (7 U.S.C. 1a), as amended by the Commodity Futures Modernization Act of 2000.

6. For purposes of this Transaction, the following definitions shall apply:

**"Bond Security Agreement"** means the Indenture of Trust dated as of May 1, 2001 between the Authority and Regions Bank, as Trustee, as the same may be amended in accordance with the terms thereof and hereof.

**"Bonds"** means the Authority's \$20,000,000 Local Government Public Improvement Bonds, Adjustable Rate Series A-1-A issued May 17, 2001.

**"Loan Agreement"** means the Loan Agreement dated as of May 1, 2001 between the Authority and Blount County, Tennessee, as the same may be amended in accordance with the terms hereof and thereof.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a letter or telex substantially similar to this letter, which letter or telex sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

Yours sincerely,

**AMBAC FINANCIAL SERVICES, L.P.**

By *Kevin T. Kneauer*  
Name: *KEVIN T. KNEAUER*  
Title: *FIRST VICE PRESIDENT*

By *Paul Brinkley*  
Name:  
Title:

Confirmed as of the date first above written on January 11, 2002:

**THE PUBLIC BUILDING AUTHORITY OF BLOUNT COUNTY, TENNESSEE**

By \_\_\_\_\_  
Name:  
Title:

By \_\_\_\_\_  
Name:  
Title:

Terms of this Confirmation and Agreement referred to in Section 1 of this Confirmation approved. It is hereby acknowledged that a risk of this Transaction is the basis risk described in paragraph 5(c) and, due to such risk, payments owed by the undersigned under the Loan Agreement may be greater than they would have been but for such basis risk.

**BLOUNT COUNTY, TENNESSEE**

By \_\_\_\_\_  
Name:  
Title:

By \_\_\_\_\_  
Name:  
Title:

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a letter or telex substantially similar to this letter, which letter or telex sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

Yours sincerely,


**AMBAC FINANCIAL SERVICES, L.P.**

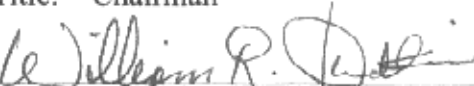
By \_\_\_\_\_  
Name:  
Title:

By \_\_\_\_\_  
Name:  
Title:

Confirmed as of the date first  
above written on January 11, 2002:


**THE PUBLIC BUILDING AUTHORITY OF  
BLOUNT COUNTY, TENNESSEE**


By   
Name: Harry H. Kidwell  
Title: Chairman

By   
Name: William R. Judkins  
Title: Secretary

Terms of this Confirmation and Agreement referred to in Section 1 of this Confirmation approved. It is hereby acknowledged that a risk of this Transaction is the basis risk described in paragraph 5(c) and, due to such risk, payments owed by the undersigned under the Loan Agreement may be greater than they would have been but for such basis risk.

**BLOUNT COUNTY, TENNESSEE**

By   
Name: William A. Crisp  
Title: County Executive

By   
Name: Roy Crawford, Jr.  
Title: County Clerk

## SCHEDULE I

<u>Date</u>	<u>Calculation Amount</u>
Effective Date	USD \$20,000,000.00
6/01/2030	12,585,000.00
6/01/2031	0.00