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EXECUTION VERSION

Ambac Financial Services, L.P.
One State Street Plaza
New York, New York 10004

January 11, 2002

The Public Building Authority of
Sevier County, Tennessee
Mill Corner Place, Suite 7
248 Bruce Street
Sevierville, TN 37864
Attn: Chairman

Ladies and Gentlemen:

The purpose of this letter agreement is to confirm the terms and conditions of the transaction entered into between us on the Trade Date specified below (the "*Transaction*"). This letter agreement constitutes a "Confirmation" as referred to in the Master Agreement specified below.

The definitions and provisions contained in the 1992 ISDA Municipal Counterparty Definitions (as published by the International Swap Dealers Association, Inc.) and the Schedule to the Agreement specified below are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of January 11, 2002, as amended and supplemented from time to time (the "*Agreement*"), between Ambac Financial Services, L.P. ("*AFSLP*") and The Public Building Authority of Sevier County, Tennessee (the "*Authority*"), relating to Transactions in which the obligations of the Authority are payable from amounts paid by Blount County, Tennessee under the Loan Agreement dated as of March 1, 2000 between the Authority and Blount County, Tennessee relating to the Authority's Local Government Public Improvement Bonds, Series IV-C-1. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

2. The terms of the particular Transaction to which this Confirmation relates — which is an interest rate swap — are as follows:

Calculation Amount: \$39,000,000.00, subject to reduction on the dates as set forth on Schedule I hereto subject to the Modified Following Business Day Convention. For each date set forth on 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, 2023, subject to the Modified Following Business Day Convention

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: 4.27% 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:

AmSouth Bank Trust Dept.; Birmingham, AL
ABA# 062000019; For Account # 00063835
For further credit to:
TN LOAN IVC1 INT; Account#: 810336032
Attn: Brenda Landers, 615-748-2026

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 the purposes of this Transaction, the following definitions shall apply:

"Bond Security Agreement" means the Indenture of Trust dated as of November 1, 1999 between the Authority and AmSouth Bank as successor in trust to First American National Bank, as Trustee, as supplemented by the Series IV-C-1 Supplemental Indenture of Trust dated as of March 1, 2000 between such parties, as the same may be amended in accordance with the terms thereof and hereof.

"Bonds" means the Authority's \$39,000,000 Local Government Improvement Bonds, Adjustable Rate Series IV-C-1 issued March 16, 2000.

"Loan Agreement" means the Loan Agreement dated as of March 1, 2000 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 

Name: KEVIN T. McCALLUM

Title: FIRST VICE PRESIDENT

By 

Name:

Title:

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

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

By _____

Name: Jack Delozier

Title: Chairman

By _____

Name: Robert Montgomery

Title: Secretary

Terms of this Confirmation and Agreement referred to
in Section 1 of this Confirmation approved.

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
SEVIER COUNTY, TENNESSEE**

By *Jack Delozier, Sr.*
Name: Jack Delozier
Title: Chairman

By *Robert Montgomery*
Name: Robert Montgomery
Title: Secretary

Terms of this Confirmation and Agreement referred to
in Section 1 of this Confirmation approved.

Blount County, Tennessee

By *William A. Crisp*
Name: William A. Crisp
Title: County Executive

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

SCHEDULE I

<u>Date</u>	<u>Calculation Amount</u>
Effective Date	USD\$39,000,000
June 1, 2017	37,485,000.00
June 1, 2018	34,015,000.00
June 1, 2019	30,355,000.00
June 1, 2020	23,365,000.00
June 1, 2021	15,990,000.00
June 1, 2022	8,210,000.00
June 1, 2023	0.00