

NEW ISSUE

Ratings:

Moody's - Aaa

Standard & Poor's - AAA

In the opinion of Bond Counsel, under existing law interest on the Series 1997 Warrants (i) will be excluded from gross income for federal income tax purposes if the Authority complies with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 1997 Warrants in order that interest thereon be and remain excluded from gross income, and (ii) will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations. Bond Counsel is also of the opinion that under existing law interest on the Series 1997 Warrants will be exempt from State of Alabama income taxation. See "TAX EXEMPTION" herein for further information and certain other federal tax consequences arising with respect to the Series 1997 Warrants.

\$3,460,000

LAWRENCE COUNTY PUBLIC BUILDING AUTHORITY

Revenue Warrants (County Jail Project), Series 1997

Dated: August 1, 1997

Due: August 1, as shown below

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

Payment of interest on the Series 1997 Warrants due on each interest payment date (each February 1 and August 1, beginning February 1, 1998) will be made by check or draft mailed on such interest payment date to the persons who were registered holders of Series 1997 Warrants on the regular record date for such interest payment date. Payment of the principal of (and premium, if any, on) the Series 1997 Warrants and payment of accrued interest due upon redemption on any date other than an interest payment date will be made only upon surrender of the Series 1997 Warrants at the principal corporate trust office of the Trustee, The Chase Manhattan Bank, New York, New York.

The Series 1997 Warrants are subject to redemption at the option of the County as described herein.

The Series 1997 Warrants are special, limited obligations of the Authority, payable solely from, and secured by a pledge of, the revenues and receipts derived by the Authority from the leasing of the Project described herein. The Series 1997 Warrants will not constitute an indebtedness of or give rise to a charge against the credit or taxing powers of the State of Alabama or of Lawrence County. The Authority has pledged no revenues to secure the payment of debt service on the Series 1997 Warrants other than revenues derived from or with respect to the Project.

The Project will be leased to Lawrence County pursuant to a year-to-year lease payable out of the general revenues of the County and containing successive options to renew. In addition, the County will pledge and assign to the payment of rentals under the Lease the proceeds of certain court fees and charges being levied within the County. The County also has covenanted in the Lease not to relocate its county jail to any building that is not part of the Project so long as any of the Series 1997 Warrants are outstanding. Any investment in the Series 1997 Warrants involves certain risks. See "WARRANTHOLDER RISKS".

Payment of the principal of and interest on the Series 1997 Warrants when due will be insured by a municipal bond insurance policy to be issued by AMBAC Indemnity Corporation simultaneously with the delivery of the Series 1997 Warrants.

AMBAC.

MATURITIES, AMOUNTS, RATES & PRICES

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
1998	\$55,000	3.75%	3.85%	2004	\$70,000	4.35%	4.45%
1999	60,000	3.90	4.00	2005	75,000	4.40	4.50
2000	60,000	4.00	4.10	2006	80,000	4.45	4.55
2001	65,000	4.05	4.15	2007	80,000	4.50	4.60
2002	65,000	4.15	4.25	2008	85,000	4.60	4.70
2003	70,000	4.25	4.35	2009	90,000	4.70	4.80

\$885,000 5.00% Term Warrants due August 1, 2017, Price: 96.328

\$1,720,000 5.00% Term Warrants due August 1, 2027, Price: 94.80

The Series 1997 Warrants are offered when, as and if issued, subject to approval of validity by Maynard, Cooper & Gale, P.C., Birmingham, Alabama. It is expected that the Series 1997 Warrants in definitive form will be available for delivery in Birmingham, Alabama on or about August 6, 1997.

GARDNYR MICHAEL CAPITAL, INC.

The date of this Official Statement is July 25, 1997.

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LAWRENCE COUNTY PUBLIC BUILDING AUTHORITY

James H. Plaxco, Jr., Chairman
Steve Oden
Hillman Locklayer

LAWRENCE COUNTY COMMISSION

Jim Corum, Chairman
Dwight Gray
Mose Jones, Jr.
Wayne Anderton
Don Letson

Joan Lang, County Administrator

TRUSTEE

The Chase Manhattan Bank
New York, New York

BOND COUNSEL

Maynard, Cooper & Gale, P.C.
Birmingham, Alabama

UNDERWRITER

Gardnys Michael Capital, Inc.
Birmingham, Alabama

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THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE AUTHORITY AND THE PURCHASERS OR HOLDERS OF ANY OF THE SERIES 1997 WARRANTS.

ALL QUOTATIONS FROM AND SUMMARIES AND EXPLANATIONS OF PROVISIONS OF LAWS AND DOCUMENTS HEREIN DO NOT PURPORT TO BE COMPLETE, AND REFERENCE IS MADE TO SUCH LAWS AND DOCUMENTS FOR FULL AND COMPLETE STATEMENTS OF THEIR PROVISIONS.

THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN OBTAINED FROM SOURCES WHICH ARE CONSIDERED DEPENDABLE AND WHICH ARE CUSTOMARILY RELIED UPON IN THE PREPARATION OF SIMILAR OFFICIAL STATEMENTS, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS.

ALL ESTIMATES AND ASSUMPTIONS CONTAINED HEREIN ARE BELIEVED TO BE RELIABLE, BUT NO REPRESENTATION IS MADE THAT SUCH ESTIMATES OR ASSUMPTIONS ARE CORRECT OR WILL BE REALIZED.

NO PERSON, INCLUDING ANY BROKER, DEALER OR SALESMAN, HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE AUTHORITY.

THE SERIES 1997 WARRANTS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE, AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY FEDERAL, STATE, MUNICIPAL OR OTHER GOVERNMENTAL AGENCY WILL PASS UPON THE ACCURACY, COMPLETENESS OR ADEQUACY OF THIS OFFICIAL STATEMENT.

ANY INFORMATION OR EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE AS TO THE AFFAIRS OF THE AUTHORITY SINCE THE DATE HEREOF.

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OFFICIAL STATEMENT

**Regarding
\$3,460,000
LAWRENCE COUNTY PUBLIC BUILDING AUTHORITY
REVENUE WARRANTS
(COUNTY JAIL PROJECT), SERIES 1997**

INTRODUCTION

This Official Statement is furnished in connection with the issuance of the Series 1997 Warrants referred to above (the "Series 1997 Warrants") by Lawrence County Public Building Authority (the "Authority"), a public corporation organized and existing under the laws of the State of Alabama. The Series 1997 Warrants will be issued pursuant to a Trust Indenture dated August 1, 1997 (the "Indenture") between the Authority and The Chase Manhattan Bank, a New York state banking institution (the "Trustee") in order to finance the acquisition, construction and equipping of a county jail (the "Project") located in Lawrence County, Alabama (the "County").

Contemporaneously with the issuance of the Series 1997 Warrants, the Authority and the County will enter into a Lease Agreement dated August 1, 1997 (the "Lease"), pursuant to which the Authority will agree to acquire, construct and install the Project and to lease it to the County for a term not longer than the current fiscal year of the County; provided, however, that the Lease shall contain a grant to the County of successive options to renew annually until the Series 1997 Warrants are paid. See "THE LEASE - Duration of Term".

Pursuant to the Lease, but only during the term thereof (including any renewed terms), the County will pay rentals sufficient to pay the principal of and interest (and premium, if any) on the Series 1997 Warrants due during the term of the Lease out of the general revenues of the County. In addition, the County will pledge and assign to the payment of rent under the Lease the proceeds of certain court fees and charges (the "Pledged Court Fees Proceeds") levied pursuant to Act No. 95-119, adopted by the Alabama Legislature at its 1995 Regular Session and a resolution adopted by the governing body of the County on June 12, 1995, as amended on July 10, 1995. See "SECURITY AND SOURCE OF PAYMENT".

Under the provisions of the Indenture, the Series 1997 Warrants also will be secured by a non-forecloseable mortgage on the Project, by an assignment of the rights of the Authority under the Lease and by a pledge of revenues and receipts derived by the Authority from the leasing of the Project (the "Pledged Revenues"). See "SECURITY AND SOURCE OF PAYMENT". The County will covenant in the Lease that it will not relocate its county jail facilities to any other building that is not part of the Project so long as any of the Series 1997 Warrants are outstanding.

The Series 1997 Warrants are subject to optional redemption at the times and under the circumstances set forth herein. See "DESCRIPTION OF THE SERIES 1997 WARRANTS-Redemption Prior to Maturity". The Series 1997 Warrants are being offered in the denomination of \$5,000 or any multiple thereof and may be transferred and exchanged subject to certain terms and conditions set forth herein. See "DESCRIPTION OF THE SERIES 1997 WARRANTS".

Payment of the principal and interest on the Series 1997 Warrants due will be insured by a municipal bond insurance policy to be issued by AMBAC Indemnity Corporation ("AMBAC Indemnity") simultaneously with the issuance of the Series 1997 Warrants. See "MUNICIPAL BOND INSURANCE POLICY" herein.

Neither the delivery of this Official Statement nor any sale made hereunder implies that there has been no change in the affairs of the Authority or the County at any time subsequent to the date hereof. The County has covenanted to undertake certain continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE".

This Official Statement speaks only as of its date, and the information contained herein is subject to change. For further information during the initial offering period with respect to the Series 1997 Warrants, contact Joan Lang, Lawrence County Administrator, 750 Main Street, Moulton, Alabama 35650 [telephone (205) 974-0663] or Gardnyr Michael Capital, Inc., 121 Bonita Drive, Birmingham, Alabama 35209 [telephone (205) 879-5879].

DESCRIPTION OF THE SERIES 1997 WARRANTS

General Provisions

The Series 1997 Warrants will be fully registered warrants in the denomination of \$5,000 or any multiple thereof, will be dated August 1, 1997, and will be numbered separately from 1 upward.

The Series 1997 Warrants will mature annually on August 1 in the amounts and years set forth on the cover page hereof. The Series 1997 Warrants will bear interest at the applicable per annum rates set forth on the cover page hereof. All Series 1997 Warrants with the same maturity will bear interest at the same rate. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest on the Series 1997 Warrants will be payable on each February 1 and August 1, beginning February 1, 1998.

Method and Place of Payment

Payment of interest due on each interest payment date will be made by check or draft mailed on such interest payment date to the persons who were registered holders of the Series 1997 Warrants on the regular record date for such interest payment date, which will be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Payment of the principal of (and premium, if any, on) the Series 1997 Warrants and payment of accrued interest due upon redemption on any date other than an interest payment date will be made only upon surrender of the Series 1997 Warrants at the principal office of the Trustee (The Chase Manhattan Bank) in New York, New York.

The holder of Series 1997 Warrants in an aggregate principal amount of \$100,000 or more may, upon the terms and conditions of the Warrant Indenture, request payment of debt service by wire transfer to an account of such holder maintained at a bank in the continental United States or by any other method providing for payment in same-day funds that is acceptable to the Trustee.

Redemption Prior to Maturity

(a) **Optional Redemption.** Series 1997 Warrants maturing in 2008 or thereafter, or any smaller principal amount of such Series 1997 Warrants that is a multiple of the smallest authorized denomination, may be redeemed at the option of the Authority (exercisable upon direction by the County) on August 1, 2007 or any date thereafter at the applicable redemption price (expressed as a percentage of principal amount redeemed) set forth in the table below plus accrued interest to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
August 1, 2007 through July 31, 2008	102%
August 1, 2008 through July 31, 2009	101%
August 1, 2009 and thereafter	100%

(b) **Mandatory Redemption of 2017 Term Warrants.** The Series 1997 Warrants maturing on August 1, 2017 (the "2017 Term Warrants") are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on August 1 in years and principal amounts (after credit as described below) as follows:

<u>Year</u>	<u>Amount</u>
2010	\$95,000
2011	95,000
2012	100,000
2013	105,000
2014	115,000
2015	120,000
2016	125,000

\$130,000 of the 2017 Term Warrants will be
retired at maturity

Not less than 45 or more than 60 days prior to each mandatory redemption date with respect to 2017 Term Warrants, the Trustee shall proceed to select for redemption, by lot, 2017 Term Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such 2017 Term Warrants or portions thereof for redemption on such mandatory redemption date. The Authority may, not less than 60 days prior to any such mandatory redemption date, direct that any or all of the following amounts be credited against the 2017 Term Warrants scheduled for redemption on such date: (i) the principal amount of 2017 Term Warrants delivered by the Authority to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of 2017 Term Warrants previously redeemed pursuant to the optional redemption provisions of the Indenture and not previously claimed as a credit.

(c) **Mandatory Redemption of 2027 Term Warrants.** The Series 1997 Warrants maturing on August 1, 2027 (the "2027 Term Warrants") are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to

the redemption date, on August 1 in years and principal amounts (after credit as described below) as follows:

<u>Year</u>	<u>Amount</u>
2018	\$135,000
2019	145,000
2020	150,000
2021	160,000
2022	165,000
2023	175,000
2024	185,000
2025	195,000
2026	200,000

\$210,000 of the 2027 Term Warrants will be
retired at maturity

Not less than 45 or more than 60 days prior to each mandatory redemption date with respect to 2027 Term Warrants, the Trustee shall proceed to select for redemption, by lot, 2027 Term Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such 2027 Term Warrants or portions thereof for redemption on such mandatory redemption date. The Authority may, not less than 60 days prior to any such mandatory redemption date, direct that any or all of the following amounts be credited against the 2027 Term Warrants scheduled for redemption on such date: (i) the principal amount of 2027 Term Warrants delivered by the Authority to the Trustee for cancellation and not previously claimed as a credit; and (ii) the principal amount of 2027 Term Warrants previously redeemed pursuant to the optional redemption provisions of the Indenture and not previously claimed as a credit.

Any redemption will be made upon at least 30 days' notice in the manner and upon the terms and conditions provided in the Indenture.

Except in the case of scheduled mandatory redemption of Term Warrants, if less than all Series 1997 Warrants are to be redeemed, the particular Series 1997 Warrants to be redeemed may be specified by the Authority by written notice to the Trustee, or, in the absence of timely receipt by the Trustee of such notice, shall be selected by the Trustee by random selection or by such other method as the Trustee shall deem fair and appropriate; provided, however, that (i) the principal amount of Series 1997 Warrants of each maturity to be redeemed must be a multiple of the smallest authorized denomination of the Series 1997 Warrants, and (ii) if less than all Series 1997 Warrants with the same stated maturity are to be redeemed, the Series 1997 Warrants of such maturity to be redeemed shall be selected by random selection by the Trustee.

If less than all Series 1997 Warrants outstanding with the same maturity are to be redeemed, the particular Series 1997 Warrants to be redeemed shall be selected not less than 30 nor more than 60 days prior to the redemption date (except as noted below) by the Trustee from the Outstanding Series 1997 Warrants of such maturity which have not previously been called for redemption.

If a trust is established for payment of less than all Series 1997 Warrants of a particular maturity, the Series 1997 Warrants of such maturity to be paid from the trust shall be selected by the Trustee within 7 days after such trust is established and shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The Trustee shall notify holders whose Series 1997 Warrants (or portions thereof) have been selected for payment from such trust and shall direct such holders to surrender their Series 1997 Warrants to the Trustee in exchange for Series 1997 Warrants with the appropriate designation.

Any redemption will be made upon at least 30 days' notice by registered or certified mail to the holders of Series 1997 Warrants to be redeemed. The Authority and the Trustee will, to the extent practicable under the circumstances, comply with the standards set forth in Securities and Exchange Commission's Exchange Act Release No. 23856 dated December 3, 1986, regarding redemption notices, but failure to do so shall not in any manner defeat the effectiveness of a call for redemption if notice by registered or certified mail is given as required by the Indenture.

Upon any partial redemption of a Series 1997 Warrant, such Series 1997 Warrant shall be surrendered to the Trustee in exchange for one or more new Series 1997 Warrants in authorized form for the unredeemed portion of principal.

Any Series 1997 Warrant (or portion thereof) which is to be redeemed must be surrendered to the Trustee for payment of the redemption price. Series 1997 Warrants (or portions thereof) duly called for redemption will cease to bear interest after the redemption date, unless the Authority defaults in payment of the redemption price.

Registration and Exchange

The Series 1997 Warrants are transferable only on the warrant register maintained at the principal office of the Trustee. Upon surrender of a Series 1997 Warrant to be transferred, properly endorsed, a new Series 1997 Warrant will be issued to the designated transferee.

The Series 1997 Warrants will be issued in denominations of \$5,000 or any multiple thereof and, subject to the provisions of the Indenture, may be exchanged for a like aggregate principal amount of Series 1997 Warrants, of any authorized denominations and of the same maturity, as requested by the holder surrendering the same.

No service charge shall be made for any transfer or exchange, but the Authority may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Authority for Issuance

The Series 1997 Warrants are being issued under the authority of the Constitution and laws of the State of Alabama, including particularly Article 1, Chapter 15, Title 11 of the Code of Alabama 1975, Section 11-15-1 et seq. (the "enabling Law").

Section 11-15-9 of the Code of Alabama 1975 authorizes any public building authority in the State of Alabama to issue revenue warrants for the purpose of acquiring, constructing, improving, enlarging, completing and equipping a building or buildings designed for use and occupancy as a county jail,

together with any lands deemed by such authority to be desirable in connection therewith. Such warrants may be issued in such denomination or denominations and may have such maturity or maturities not exceeding 30 years from their date. All such warrants shall be limited obligations of such authority payable solely out of revenues derived from the project with respect to which they are issued. Such warrants shall also be secured by a non-forecloseable mortgage lien on such project.

If there is any default by any such authority in the payment of debt service on its warrants, any holder is authorized to bring a civil action, mandamus or other proceedings enforcing payment thereof and shall be entitled as a matter of right to the appointment of a receiver for the operation and maintenance of the project and the collection and application of rents therefrom.

SECURITY AND SOURCE OF PAYMENT

General

Contemporaneously with the issuance of the Series 1997 Warrants, the Authority and the County will enter into the Lease pursuant to which the Authority will agree to acquire, construct, equip and install the Project and to lease the Project to the County for a term not longer than the current fiscal year of the County; provided, however, that the Lease shall contain a grant to the County of successive options to renew annually until the Series 1997 Warrants are paid.

The Series 1997 Warrants will be special, limited obligations of the Authority and will be payable solely from and governed by a pledge of the revenues and receipts derived from the leasing of the Project to the County (the "Pledged Revenues"). The County will be obligated to make payments under the Lease out of the general revenues of the County. In addition, the County will pledge and assign the Pledged Court Fees Proceeds referred to below as security for the payment of rentals under the Lease. The Series 1997 Warrants will not constitute an obligation of the State of Alabama, the County or any other political subdivision of the State. No holder of a Series 1997 Warrant shall have the right to compel any exercise of the taxing power of the State of Alabama, the County or any other political subdivision to pay the Series 1997 Warrants or any interest thereon.

The Project will be constructed on real property which will be conveyed by the County to the Authority. Pursuant to the Indenture, the Series 1997 Warrants will be secured by a non-foreclosable mortgage lien on the Project, by an assignment of the rights of the Authority under the Lease and by a pledge of revenues and receipts derived by the Authority from the leasing of the Project.

In addition to the Pledged Court Fees Proceeds, the County has other revenues available for payment of rentals under the Lease, including certain ad valorem taxes, revenues from the operation of certain County-owned enterprises and other general revenues of the County. None of such legally available revenues are, however, specially pledged for payment of the County's obligations under the Lease. Information describing certain taxes and other revenues of the County is set forth in this Official Statement under the captions "FINANCIAL SYSTEM - Description of Major Sources of General Fund" and "FINANCIAL SYSTEM - Other Revenues".

Description of Pledged Court Fees Proceeds

Pursuant to Amendment No. 321 of the Constitution of Alabama (1901), the Alabama Legislature may, by general or local laws applicable to Lawrence County, fix, regulate and alter the costs and charges of court. Act No. 95-119, adopted by the Alabama Legislature at its 1995 Regular Session ("Act No. 95-119"), authorizes the Lawrence County Commission to impose by resolution an additional fee of not more than \$35 to be assessed and taxed as costs on each civil case, each criminal case, including traffic cases, but excluding small claim cases, filed in the Circuit Court, District Court, or any municipal court in Lawrence County, as well as an additional fee of not more than \$5 for the service of a pleading or other document in connection with any action or case. Act No. 95-119 further provides that the Pledged Court Fees Proceeds may be used only for the planning, designing, construction financing, furnishing, equipping and operation of a new county jail.

Pursuant to Act No. 95-119, the Lawrence County Commission adopted a resolution on June 12, 1995, which resolution was amended on July 10, 1995 (the "Court Fees Resolution"), imposing a thirty-five dollar (\$35) fee to be assessed and taxed on each civil case and on each criminal case in Lawrence County on or after July 15, 1995. The Court Fees Resolution also provides that an additional five dollar (\$5) fee is to be assessed and taxed for the service by the Lawrence County Sheriff or his deputy of a civil complaint with more than one defendant (\$5 per additional defendant), an amended pleading, subpoena, garnishment, execution, attachment, income withholding order, or post-judgment interrogatories. The fees and charges imposed and levied by the County pursuant to Act No. 95-119 and the Court Fees Resolution are herein collectively referred to as the "Court Fees". The proceeds of the Court Fees pledged by the County to secure the Lease payments are herein referred to as the "Pledged Court Fees Proceeds".

Effective May 17, 1996, the Alabama Legislature adopted Act No. 96-577, which provided for an increase in the maximum speed limit on four-lane highways in Alabama from 55 m.p.h. to 70 m.p.h. In addition, Act No. 96-577 proscribed the enforcement of speed limits by a municipal law enforcement officer outside the corporate limits of the municipality but within the municipality's police jurisdiction. The enactment of Act No. 96-577 is expected to result in a decrease in the amount of Pledged Court Fees Proceeds collected by the County since May 17, 1996.

The following table sets forth the County's monthly collections of Pledged Court Fees Proceeds for the period from August, 1995 through June, 1997:

	<u>Pledged Court Fees Proceeds Collected</u>
August, 1995	\$13,117
September, 1995	19,677
October, 1995	18,014
November, 1995	22,278
December, 1995	11,597
January, 1996	25,398
February, 1996	21,960
March, 1996	18,820
April, 1996	36,601
May, 1996	20,520
June, 1996	23,157
July, 1996	25,701
August, 1996	6,160
September, 1996	19,576
October, 1996	17,166
November, 1996	17,404
December, 1996	13,684
January, 1997	15,025
February, 1997	15,474
March, 1997	14,069
April, 1997	14,646
May, 1997	15,533
June, 1997	15,837

As of July 1, 1997, the amount of Pledged Court Fees Proceeds on deposit in the County's Jail Fund was \$422,500.

Provisions for Payment

The Series 1997 Warrants shall, prior to the maturity or redemption date thereof, be deemed to have been paid if there shall have been deposited with the Trustee cash and/or Federal Securities which (assuming due and punctual payment of the principal of and interest on such Federal Securities) will provide money sufficient to pay when due the debt service due and to become due on such Series 1997 Warrants on and prior to the redemption date or maturity date thereof, as the case may be. At such time as the Series 1997 Warrants shall be deemed paid as aforesaid, they shall no longer be secured by or entitled to the benefits of the Indenture, except for the purpose of any payment from such cash and/or Federal Securities deposited with the Trustee and the purpose of transfer and exchange as provided in the Indenture.

Issuance of Additional Warrants

In the Indenture, the Authority will reserve the right to issue additional warrants ("Additional Warrants") for the purpose of acquiring or constructing additions, improvements or modifications to the Project and refunding or reducing all or any portion of the Series 1997 Warrants, without limit as to aggregate principal amount, secured by an additional pledge of the Pledged Revenues on a parity of lien with the pledge thereof in favor of the Series 1997 Warrants, provided that the County and the Authority enter into a supplemental lease agreement in connection with the issuance of such Additional Warrants which, among other things, (i) provides for the payment of Additional Rental Payments sufficient to enable the Authority to pay debt service on such Additional Warrants and (ii) the County's obligation to pay such Additional Rental Payments is a general obligation of the County secured by the County's full faith and credit.

Remedies

If there is any default by the Authority in the payment of the Series 1997 Warrants, any holder or the Trustee may, either by civil action, mandamus or other proceedings, enforce payment thereof and compel performance of all duties of the directors and officers of the Authority and shall be entitled as a matter of right to the appointment of a receiver with all the powers of such receiver for the operation and maintenance of the Project and the collection and application of rents therefrom; provided, however, that the mortgage lien on the Project is not subject to foreclosure and shall not be construed so as to compel the sale of the Project in satisfaction of the Series 1997 Warrants.

Rights of the holders of the Series 1997 Warrants and the enforceability thereof may also be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

The United States Bankruptcy Code

The United States Bankruptcy Code permits political subdivisions and public agencies or instrumentalities that are insolvent or unable to meet their debts to file petitions for relief in the Federal bankruptcy courts if authorized by State law. Prospective purchasers of the Series 1997 Warrants should assume that existing Alabama statutes presently authorize the Authority and other incorporated municipalities in Alabama to file such petitions for relief.

A petition under Chapter 9 of the Bankruptcy Code, however, does not operate as a stay of application of pledged special revenues to payment of debt secured by such revenues. Thus, an automatic stay under Chapter 9 would not be effective to prevent payment of principal and interest on the Series 1997 Warrants from the Pledged Revenues.

MUNICIPAL BOND INSURANCE POLICY

AMBAC Indemnity Corporation

AMBAC Indemnity Corporation ("AMBAC Indemnity") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately \$2,642,000,000 (unaudited) and

statutory capital of approximately \$1,509,000,000 (unaudited) as of March 31, 1997. Statutory capital consists of AMBAC Indemnity's policyholders' surplus and statutory contingency reserve. AMBAC Indemnity is a wholly-owned subsidiary of AMBAC Inc., a 100% publicly-held company. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service and Fitch Investors Service, L.P. have each assigned a triple-A claims-paying ability rating to AMBAC Indemnity.

AMBAC Indemnity has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by AMBAC Indemnity will not affect the treatment for federal income tax purposes of interest on such obligations and that insurance proceeds representing maturing interest paid by AMBAC Indemnity under policy provisions substantially identical to those contained in the Municipal Bond Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer of the Series 1997 Warrants.

AMBAC Indemnity makes no representation regarding the Series 1997 Warrants or the advisability of investing in the Series 1997 Warrants and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by AMBAC Indemnity and presented under the heading "THE MUNICIPAL BOND INSURANCE POLICY".

Available Information. The parent company of AMBAC Indemnity, AMBAC, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange, Inc. (the "NYSE") at 20 Broad Street, New York, New York 10005. The Company's Common Stock is listed on the NYSE.

Copies of AMBAC Indemnity's financial statements prepared in accordance with statutory accounting standards are available from AMBAC Indemnity. The address of AMBAC Indemnity's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference. The following documents filed by the Company with the Commission (File No. 1-10777) are incorporated by reference in this Official Statement.

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 and filed on March 31, 1997;

(2) The Company's Current Report on Form 8-K dated March 12, 1997 and filed on March 12, 1997;

(3) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 1997 and filed on May 15, 1997.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information".

Payment Pursuant to Municipal Bond Insurance Policy

AMBAC Indemnity has made a commitment to issue a municipal bond insurance policy (the "Municipal Bond Insurance Policy") relating to the Series 1997 Warrants effective as of the date of issuance of the Series 1997 Warrants. Under the terms of the Municipal Bond Insurance Policy, AMBAC Indemnity will pay to the United States Trust Company of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Series 1997 Warrants which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Municipal Bond Insurance Policy). AMBAC Indemnity will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which AMBAC Indemnity shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Series 1997 Warrants and, once issued, cannot be cancelled by AMBAC Indemnity.

The Municipal Bond Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 1997 Warrants become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 1997 Warrants, AMBAC Indemnity will remain obligated to pay principal of and interest on outstanding Series 1997 Warrants on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 1997 Warrants, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on a Series 1997 Warrant which has become Due for Payment and which is made to a Series 1997 Warrantholder by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available.

The Municipal Bond Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Municipal Bond Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;
2. payment of any redemption, prepayment or acceleration premium;
3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any.

If it becomes necessary to call upon the Municipal Bond Insurance Policy, payment of principal requires surrender of Series 1997 Warrants to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 1997 Warrants to be registered in the name of AMBAC Indemnity to the extent of the payment under the Municipal Bond Insurance Policy. Payment of interest pursuant to the Municipal Bond Insurance Policy requires proof of Series 1997 Warrantholder entitlement to interest payments and an appropriate assignment of the Warrantholder's right to payment to AMBAC Indemnity.

Upon payment of the insurance benefits, AMBAC Indemnity will become the owner of the Series 1997 Warrant, appurtenant coupon, if any, or right to payment of principal or interest on such Series 1997 Warrant and will be fully subrogated to the surrendering Series 1997 Warrantholder's rights to payment.

THE AUTHORITY

The Authority is a public corporation and instrumentality of the State of Alabama incorporated in 1996. The Authority has all the powers and duties prescribed pursuant to the Enabling Law including (i) the power to construct, enlarge, equip, improve, maintain and operate a county jail and (ii) the power to issue and sell its interest-bearing revenue warrants and to secure the same by pledge and mortgage as provided in the Enabling Law.

All powers of the Authority are vested in a Board of Directors, consisting of three members elected by the governing body of Lawrence County, Alabama for staggered terms. No officer of the State, the County or any incorporated municipality is eligible to serve on the Board of Directors. Each member must be a duly qualified resident of the County and serve without compensation. The following are the current directors of the Authority and their respective occupations and the dates of expiration of their respective terms of office:

<u>Name</u>	<u>Occupation</u>	<u>Term Expires</u>
James H. Plaxco, Jr., Chairman	Chiropractor; owner-Plaxco Chiropractic Clinic	February 12, 2000
Steve Oden, Vice-Chairman	Administrative Assistant - Joe Wheeler Electric Membership Cooperative	February 12, 2002
Hillman Locklayer, Secretary	Employee, Champion International Corp.	February 12, 1998

THE PROJECT

The Project will consist of (i) a parcel of land approximately seven (7) acres in size (the "Project Site"), located on Parker Road in Moulton, Alabama, and (ii) a jail facility containing approximately 21,000 square feet suitable for use a jail and related space for the County Sheriff's Department. Pursuant to the Lease, the Authority will cause the jail to be constructed in accordance with plans and specifications furnished by the County. The County has hired PHJ Architects, Inc., Montgomery, Alabama, to be the architect for the Project and Fite Construction Co., Decatur, Alabama, as general contractor. Construction is expected to commence by September, 1997, and is expected to be completed by November, 1998.

The Indenture will require the net proceeds from the sale of the Series 1997 Warrants to be paid to the Trustee. The portion of the proceeds representing accrued interest will be deposited in the Debt Service Fund established under the Indenture. The remaining proceeds will be deposited into the Construction Fund established under the Indenture. Proceeds held in the Construction Fund will be disbursed by the Trustee, pursuant to requisitions submitted by the Authority for the purpose of paying Project Costs, including the reimbursement to the Authority of all such costs theretofore directly paid by it and all advances which it has made to the Authority for the payment of such costs.

APPLICATION OF PROCEEDS

Sources and Uses of Funds

The expected sources and uses of funds for the Series 1997 Warrants are as follows (rounded to the nearest whole dollar):

Sources of Funds

Principal amount of Series 1997 Warrants ⁽¹⁾	\$3,460,000
(Less: original issue discount)	(126,842)
Funds contributed by County ⁽²⁾	<u>422,500</u>
 Total	 \$3,755,658

Uses of Funds

Construction Costs	3,583,611
Bond insurance premium	46,860
Expenses of issuance (including underwriter's discount, legal, accounting and other issuance expenses)	<u>125,187</u>
 Total	 \$3,755,658

(1) Accrued interest received by the Authority upon the sale of the Series 1997 Warrants will be deposited in the Debt Service Fund established under the Indenture and applied to the payment of interest on the Series 1997 Warrants due February 1, 1998.

(2) The funds to be contributed by the County will consist of all Pledged Court Fees Proceeds collected and retained by the County since the effective date of the Court Fees Resolution. See "Description of Pledged Court Fees Proceeds".

DEBT SERVICE REQUIREMENTS

The following table present the debt service requirements and the Series 1997 Warrants:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$55,000	\$167,002	\$222,002
1999	60,000	164,940	224,940
2000	60,000	162,600	222,600
2001	65,000	160,200	225,200
2002	65,000	157,568	222,568
2003	70,000	154,870	224,870
2004	70,000	151,895	221,895
2005	75,000	148,850	223,850
2006	80,000	145,550	225,550
2007	80,000	141,990	221,990
2008	85,000	138,390	223,390
2009	90,000	134,480	224,480
2010	95,000	130,250	225,250
2011	95,000	125,500	220,500
2012	100,000	120,750	220,750
2013	105,000	115,750	220,750
2014	115,000	110,500	225,500
2015	120,000	104,750	224,750
2016	125,000	98,750	223,750
2017	130,000	92,500	222,500
2018	135,000	86,000	221,000
2019	145,000	79,250	224,250
2020	150,000	72,000	222,000
2021	160,000	64,500	224,500
2022	165,000	56,500	221,500
2023	175,000	48,250	223,250
2024	185,000	39,500	224,500
2025	195,000	30,250	225,250
2026	200,000	20,500	220,500
2027	210,000	10,500	220,500

THE COUNTY

Governance and Administration

The County is governed by the Lawrence County Commission, consisting of five part-time commissioners, each of whom is elected for a term of four years. The Lawrence County Commission is responsible for the financial affairs of the County, the direction, control and maintenance of the property of the County, for setting policies of the County, including the preparation of the budget, the appropriation and expenditure of Authority funds and the settlement of claims against the County, the levy

of certain taxes as provided by law, and the creation and investment of accounts for the payment of long-term indebtedness. Effective January, 1987, the Chairman of the Lawrence County Commission became entitled to vote on matters coming before the County Commission. In addition, the Commission members now rotate as Chairman every nine months.

The current members of the Lawrence County Commission and the expiration of their current term of office are as follows:

<u>Name of Member</u>	<u>Date of Expiration of Current Term</u>
Jim Corum, Chairman	November 13, 1998
Dwight Gray	November 13, 1998
Wayne Anderton	November 13, 1998
Mose Jones, Jr.	November 13, 1998
Don Letson	November 13, 1998

Personnel

The County employs approximately 130 people in its various departments. No employees of the County are represented by labor unions or similar employee organizations, and the Authority does not bargain collectively with any labor unions or employee organizations. The County Administrator is Joan Lang, who has held such position since 1987. Before assuming the position of County Administrator, Ms. Lang was employed as County Clerk for 12 years.

FINANCIAL SYSTEM

Examination

The financial transactions of the County are audited by the State of Alabama Department of Examiners of Public Accounts (the "Public Examiners").

Budget and Accounting System

General. The County is required to maintain a financial reporting system for the purpose of providing timely and accurate reports of receipts and disbursements. The accounting policies of the County are required to conform to generally accepted accounting principles applicable to local government units. Financial activities of the County are monitored internally and are required to be audited at least biennially by the Public Examiners.

Budget Systems. Prior to the commencement of each fiscal year, the Commission, in conjunction with the County's administrative staff, prepares an annual operating budget for adoption by the Commission. The budget represents a complete financial plan for the County and reflects the projection of all receipts and disbursements from all sources.

Accounting System. The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures (or expense) as appropriate. The County's resources are allocated to and accounted for on an individual fund basis by the purpose for which such resources are to be spent; monitoring of these funds is the means by which spending activities are controlled. All government funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The various funds are grouped, for accounting and reporting purposes, into five generic fund types and three broad fund categories as described below.

Governmental Fund Types

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds. Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest and related costs.

Capital Project Funds. The Capital Project Funds are used to account for the purchase or construction of major capital facilities which are not financed by the Proprietary, Special Assessment or Trust Funds.

Comparative Statement of General Fund Revenues and Expenditures

The table on the following page sets forth revenues, expenditures and changes in fund balance for the County's General Fund for the fiscal years ended September 30, 1992 through 1996. Each category of revenues and expenditures is rounded to the nearest whole dollar. This information was extracted from the audited financial statements of the County prepared by the Public Examiners for fiscal years 1992 through 1994. Audited financial statements for prior fiscal years may be obtained from the County Administrator upon request. Copies of the County's unaudited financial statements for fiscal years 1995 and 1996 are also available from the County Administrator upon request.

Comparative Statement of General Fund
Revenues and Expenditures and
Changes in Fund Balance

	Fiscal Year (Ended 9/30)				
	1992 (audited)	1993 (audited)	1994 (audited)	1995 (unaudited)	1996 (unaudited)
REVENUES:					
Taxes	\$1,194,000	1,305,926	\$1,375,012	\$1,472,445	\$1,957,526
Licenses and Permits	19,737	19,659	22,433	21,470	21,826
Intergovernmental	931,222	990,985	1,174,382	1,075,276	1,227,811
Charges for Services	523,830	537,668	533,505	481,783	501,247
Miscellaneous revenues	<u>451,102</u>	<u>395,069</u>	<u>378,005</u>	<u>520,666</u>	<u>436,024</u>
Total General Fund Revenues	<u>3,119,891</u>	<u>3,249,306</u>	<u>3,483,338</u>	<u>3,571,639</u>	<u>4,144,433</u>
EXPENDITURES:					
General government	1,510,535	1,601,871	1,517,291	1,654,237	1,902,476
Public safety	922,127	968,154	1,122,658	1,198,849	1,317,197
Highways and Roads	---	---	37,794	---	---
Sanitation	52,672	60,402	---	300	---
Health	54,590	53,045	54,447	53,469	60,285
Welfare	241,794	277,642	330,577	342,452	317,915
Culture and Recreation	58,585	39,537	46,325	105,522	140,489
Education	36,682	46,293	47,007	40,928	38,418
Capital Outlay	61,304	257,227	128,993	143,236	164,156
Debt Service:					
Principal Retirement	15,770	1,122	---	1,500	---
Interest and Fiscal Charges	<u>4,340</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total General Fund Expenditures	<u>2,958,399</u>	<u>3,305,292</u>	<u>3,285,091</u>	<u>3,539,993</u>	<u>3,940,936</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>161,492</u>	<u>(55,985)</u>	<u>198,247</u>	<u>31,646</u>	<u>203,497</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in:	73,782	---	---	746	100,000
Operating transfers out:	<u>---</u>	<u>(40,884)</u>	<u>---</u>	<u>(227,503)</u>	<u>(210,169)</u>
Total Other Financing Sources (Uses)	<u>73,782</u>	<u>(40,884)</u>	<u>---</u>	<u>(226,757)</u>	<u>(110,169)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	<u>235,274</u>	<u>(96,869)</u>	<u>198,247</u>	<u>(195,111)</u>	<u>93,328</u>
BEGINNING FUND BALANCE	<u>641,637</u>	<u>876,911</u>	<u>808,717</u>	<u>1,017,674</u>	<u>822,563</u>
RESTATEMENTS	---	28,675	10,710	---	---
FUND BALANCE AT END OF YEAR	<u>\$876,911</u>	<u>\$808,717</u>	<u>\$1,017,674</u>	<u>\$822,563</u>	<u>\$915,891</u>

Limited Taxing Authority

Governing bodies of counties in the State of Alabama generally have no authority to raise taxes without first having a bill passed by the state legislature authorizing the levy of a new tax or the increase in an existing tax. Additionally, with respect to ad valorem taxes, no increase may be authorized even with the approval of the state legislature unless the qualified voters in the county also approve the levy of the proposed ad valorem tax.

Description of Major Sources of General Fund Revenues

Other than ad valorem taxes, there is no single source of revenues that represents more than 15% of the County's General Fund revenues.

Ad Valorem Taxes. Property or ad valorem taxes are levied under various provisions of the constitution and statutes of Alabama and may be used only for the purpose or purposes for which they are levied. The County levies a 7.0-mill tax for general purposes, proceeds of which are deposited in the General Fund. Under present law, the rates at which local ad valorem taxes are levied may be increased only after approval by the legislature and a majority vote of the qualified electors of the affected jurisdiction. See "AD VALOREM TAXATION".

Sales Taxes. The County presently levies a sales and use tax at the general rate of one percent pursuant to Act No. 80-122 ("Act No. 80-122") adopted by the Alabama Legislature at its 1980 Regular Session. Act No. 80-122 provides that fifty percent (50%) of the proceeds of such sales and use taxes shall be paid over to the Lawrence County Board of Education and fifty percent (50%) of such proceeds shall be paid to the County's general fund.

T.V.A. Payments in Lieu of Taxes. Under federal law, the Tennessee Valley Authority is required to make payments in lieu of taxes to all states in which T.V.A. carries on power operations and has acquired property previously subject to state and local taxation. The aggregate amount of such payments equals 5% of T.V.A.'s gross proceeds derived from its sale of power for the preceding fiscal year. One-half of such payment is apportioned among states based on the percentage of power sales within each state and one-half is apportioned based on the percentage of the book value of T.V.A.'s property located in the state.

The State of Alabama is required by Alabama law to distribute 75% of the payments it receives from T.V.A. to counties served by T.V.A. according to a formula that takes into account power sales revenue generated in each T.V.A.-served county and the book value of T.V.A. property located in each such county.

Personnel and Retirement System

The County employed approximately 130 full-time personnel in its several departments as of January 1, 1997. The benefits and compensation for all employees of the County's several departments are established by the County Commission and are paid from the County's general fund. No employees of the County are represented by labor unions or similar employee organizations, and the County does not bargain collectively with any labor unions or employee organizations.

The employees of the County participate in a retirement system established by the Legislature of Alabama and known as the Employees' Retirement System of Alabama (the "Retirement System"). Contributions to the Retirement System are made by both the employees and the Authority. The respective amounts of such contributions are established by the Legislature of Alabama. Under current law, each employee contributes an amount equal to five percent (5%) of his regular compensation to the Retirement System, while the contribution of the County is in an amount equal to 93% of the employee's contribution. At this time, the County has no unfunded liability with respect to the Retirement System.

DEBT MANAGEMENT OF THE COUNTY

General

The principal forms of indebtedness that the County is authorized to incur include general obligation bonds, general obligation warrants, general obligation bond anticipation notes, revenue anticipation notes, gasoline tax anticipation bonds, and various revenue anticipation bonds and warrants relating to enterprises. In addition, the County has the power to enter into certain leases which constitute a charge upon the general credit of the County and to guarantee obligations of certain public corporations affiliated with the County.

In general, the issuance of general obligation bonds requires voter approval. The following types of obligations may be issued or incurred without voter approval: (1) general obligation warrants; (2) general obligation refunding bonds; (3) certain revenue anticipation bonds, warrants and notes; (4) general and special obligation bonds financing street, sidewalk and sewer improvements supported, in whole or in part, by assessments; and (5) capitalized lease obligations that are funded on a "year-to-year basis".

The County has never defaulted in the payment of debt service on its bonds, warrants or other funded indebtedness, nor has the Authority ever refunded any funded indebtedness for the purpose of preventing or avoiding such a default.

Outstanding General Obligation Indebtedness

The County's only outstanding general obligation indebtedness consists of its \$3,290,000 General Obligation Warrants, Series 1996-A, which are outstanding in the aggregate principal amount of \$3,140,000. The debt service requirements on the Series 1996-A Warrants is as follows:

<u>Fiscal Year Ending September 30</u>	<u>Series 1996-A Warrant Debt Service</u>
1998	\$334,133
1999	331,933
2000	334,260
2001	330,860
2002	331,860
2003	331,980
2004	331,180
2005	329,630
2006	332,200
2007	333,698
2008	334,563
2009	334,325
2010	332,525
2011	334,530

Limited Obligation Indebtedness

The County has issued its Revenue Warrants (Department of Human Resources Project), Series 1994, which are outstanding in the aggregate principal amount of \$1,260,000. The Series 1994 Warrants are payable solely from and secured by lease payments made by the State of Alabama to the County.

Other Outstanding Indebtedness

The County has certain capitalized year-to-year leases totalling not more than \$399,690, which indebtedness is payable solely out of state gasoline taxes. In addition, the County has incurred certain mortgage debt which is outstanding in the principal amount of \$537,571.

Anticipated Indebtedness

The County has no authorized but unissued general obligation debt outstanding. The County does not anticipate issuing any additional indebtedness in the near future.

Constitutional Debt Limit

The County's present constitutional debt limit is an amount equal to 5% of the assessed value of the taxable property located therein. The lease/purchase obligations (including its obligations under the Lease) are not included in the calculation of debt margin because such payments are made solely out of current revenues during each fiscal year. In addition, a county's revenue securities, issued for the purpose of extending, enlarging or improving a water, sewer, gas or electric system then owned by such county are not included in the calculation of debt margin if such securities are not made a charge on the general credit or tax revenues of the issuing county and are made payable solely out of revenues derived from the operation of such system.

**COUNTY'S
PRO FORMA DIRECT AND
OVERLAPPING INDEBTEDNESS**
(including Lease payments to Public Building Authority)

	<u>Principal Balance</u>	<u>Percentage Debt Allocable to County</u>	<u>County's Allocable Share of Debt</u>
<u>Direct Debt</u>			
General obligation bonds or warrants	\$3,140,000	100%	\$3,140,000
Lease payments to Public Building Authority	3,460,000	100%	3,460,000
Mortgage Debt	537,571	100%	537,571
Capitalized lease obligations	399,690	100%	399,690
Subtotal	7,537,261		7,537,261
<u>Overlapping Debt</u>			
Lawrence County Health Care Authority	1,490,000	100%	1,490,000
Lawrence County Board of Education	<u>785,000</u>	100%	<u>785,000</u>
Subtotal	2,275,000		2,275,000
Total Direct and Overlapping Debt	<u>\$9,812,261</u>		<u>\$9,812,261</u>

AD VALOREM TAXATION

General

The levy and collection of ad valorem taxes in Alabama are subject to the Alabama Constitution, which, among other things, fixes the percentage of market value at which property can be assessed for taxation, limits the tax rates that can be levied against property and places a ceiling on the aggregate ad valorem taxes that can be levied by all taxing authorities on any property in any tax year. The amount of an ad valorem tax in Alabama is computed by multiplying the applicable tax rate by the assessed value of the taxable property. The assessed value of taxable property is a specified percentage (the "assessment ratio") of its fair and reasonable market value or, in certain circumstances, its current use value. Ad valorem tax rates are stated in terms of mills per dollar of assessed value. Each mill represents a tax equal to one-tenth of one percent of the assessed value of such property.

Classification of Taxable Property

Amendment No. 373 to the Alabama Constitution divides all taxable property into the following four classes valued for taxation according to the assessment ratios shown below:

Class I	All property owned by utilities	30%
Class II	All property not otherwise classified	20%
Class III	All agricultural, forest and single-family, owner-occupied residential property and historic buildings and sites	10%
Class IV	Private passenger automobiles and pickup trucks owned and operated by an individual for personal or private use	15%

Amendment No. 373 permits the owner of Class III property to elect to have such property appraised at its "current use value" rather than its "fair and reasonable market value". "Current use value" has been defined statutorily as the value of such property based on the use being made of it on October 1 of the preceding year, without taking into consideration the prospective value such property might have if it were put to some other possible use.

Assessment Ratio Adjustment

The Alabama Legislature has no power to adjust assessment ratios pertaining to local (as distinguished from state) taxes but does have the power to approve or disapprove an adjustment proposed by a local taxing authority. The governing body of any county, municipality or other local taxing authority may increase or decrease the assessment ratio with respect to any class of property subject to the following conditions: (i) the governing body of such county, municipality or other taxing authority must hold a public hearing on the proposed adjustment before authorizing the adjustment, (ii) the Legislature must adopt an act approving the adjustment and (iii) a majority of the electors of such county, municipality or other taxing authority must approve the adjustment in a special election. In addition, the Legislature has placed the following restrictions on the adjustment of assessment ratios:

(1) If the total assessed value of all property of a single class located within a taxing authority's jurisdiction exceeds 50% of the total assessed value of all taxable property located within the jurisdiction of such authority, then the assessment ratio with respect to that class of property may be decreased by no more than 5% from the ratio otherwise prescribed for such class;

(2) If the total assessed value of all properties of a single class located within the jurisdiction of a local taxing authority is less than 20% of the total assessed value of all taxable property located within such jurisdictions then the assessment ratio with respect to that class of

property may be increased by no more than 5% from the ratio otherwise prescribed for such class; and

(3) If the total assessed value of all property of a single class located within the jurisdiction of a local taxing authority exceeds 75% of the total assessed value of all taxable property located within such jurisdiction, then (i) the assessment ratio with respect to that class of property may be decreased by no more than 5% from the ratio otherwise prescribed for such class and (ii) the prospective assessment ratio for all other classes of property may be increased by no more than 5% from the ratio otherwise prescribed for such classes.

The Lawrence County Commission has not sought to adjust the assessment ratio applicable to any class of taxable property.

Rate Adjustments

Amendment No. 373 authorizes any county, municipality or other local taxing authority to decrease any ad valorem tax rate at any time, provided that such decrease does not jeopardize the payment of any bonded indebtedness secured by such tax. Amendment No. 373 also permits a county, municipality or other local taxing authority to increase the rate at which any ad valorem tax is levied, but only if (i) the governing body of such county, municipality or other taxing authority holds a public hearing on the proposed increase before authorizing the increase, (ii) the Legislature adopts an act approving the increase and (iii) a majority of the electors of such county, municipality or other taxing authority subsequently approves the increase in a special election.

Ceiling on Ad Valorem Taxes

Amendment No. 373 also limits the total amount of state, county, municipal and other ad valorem taxes that may be imposed on any class of property in any one tax year. This limitation is expressed in terms of a specified percentage of the fair and reasonable market value of such property. The applicable percentages to the four classes of property are as follows:

Class I	2%
Class II	1-1/2%
Class III	1%
Class IV	1-1/4%

If the total amount of tax otherwise payable with respect to a class of property would exceed the maximum tax limit, the millage rate of each separate tax to which such property is subject must be reduced in the same proportion that the millage levied by or for the benefit of each taxing authority bears to the total millage levied by or for the benefit of all applicable taxing authorities. This provision becomes operative as to the several classes of property only if the total tax rate exceeds the following:

Class I	66-2/3 mills
Class II	75 mills
Class III	100 mills
Class IV	83-1/3 mills

Ad valorem taxes on property in the County are currently levied at the following rates:

State of Alabama	6.5 mills
Lawrence County	
General Fund	7.0
Road and Bridge	2.5
Hospital	4.0
County-wide School	6.0
Special District School	<u>3.0</u>
	<u>22.5</u> mills
Total	29.0 mills

Municipalities in the County also levy additional ad valorem taxes on property within their corporate limits. All five municipalities within the County levy 7.0 mills each.

Assessed Valuation of Taxable Property

The following table contains assessed value of taxable property in the County for the last five fiscal years:

<u>Fiscal Year</u>	<u>Assessed Value of Taxable Property</u>
1996	\$142,238,160 ^{1/}
1995	119,138,061 ^{2/}
1994	115,560,220 ^{2/}
1993	104,041,286 ^{2/}
1992	103,168,433 ^{2/}

^{1/} Includes motor vehicles.

^{2/} Excludes motor vehicles.

Largest Ad Valorem Taxpayers

Listed below are the ten largest ad valorem taxpayers in the County and the total amount of ad valorem taxes paid by each during the tax year ended September 30, 1996 (the most recent year for which definitive information is available). The amounts shown under the heading "Total Ad Valorem Taxes Paid" represent the collections during the tax year ended September 30, 1996 from the total state, county, municipal and school county-wide and school district taxes in the County's jurisdiction.

	<u>Name of Taxpayer</u>	<u>Total Ad Valorem Taxes Paid</u>
1.	Champion International Corp.*	\$586,873
2.	Joe Wheeler EMC	182,075
3.	Bell South	126,485
4.	Southern Railway	35,887
5.	Servico Gin Co.	28,679
6.	Tennessee River Intra. Gas	24,552
7.	Tommy Joiner	17,999
8.	Wheeler Plantation	17,339
9.	Lockheed Missiles	10,494
10.	MCI Telecommunications	9,368

* The payments made by Champion International are voluntary payments in lieu of taxes and may be terminated at any time at the sole discretion of Champion International.

Source: Lawrence County Tax Assessor.

LITIGATION

There is no litigation pending or, to the knowledge of the Authority or the County, threatened questioning the validity of the Series 1997 Warrants, the proceedings under which they are to be issued, the security for the Series 1997 Warrants provided by the Indenture, the consummation of the transactions contemplated by the Indenture, the organization of the Authority, or the election or qualification of the Authority's officers.

Recent court decisions have substantially eroded the immunity from tort liability formerly enjoyed by local governmental units in Alabama; however, Chapter 93 of Title 11 of the Code of Alabama 1975 now prescribes certain limits on the liability of local governmental units for bodily injury or death and for damage or loss of property. The limits are presently \$100,000 in the case of bodily injury or death of one person in any single occurrence, \$300,000 in the aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence, and \$100,000 for damage or loss of property arising out of any single occurrence. The Alabama Supreme Court has held that the limitations prescribed by Chapter 93 are constitutional.

The County is a defendant in several suits and has been notified of various claims against it arising from matters relating to normal operations of a county. The County believes that any liability resulting from these suits and claims will be covered by the County's liability insurance, which has no deductible, or by other funds of the County which will be available to discharge such liability without impairing its ability to perform any of its other obligations.

Local governmental units throughout the country increasingly have been subjected to lawsuits - many of which claim damages in large amounts - for alleged denials of civil rights under the provisions

of Section 1983 of Title 42 of the United States Code. While the question is not free from doubt, it should be assumed that existing Alabama statutory limitations on liability for personal injury would not serve to limit liability under Section 1983.

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

Lawrence County was created and established by the Legislature of the State of Alabama as a political subdivision of the State. The County is located in the northwestern portion of the State of Alabama. The County shares in the common boundary with Lauderdale and Limestone Counties to the north, Morgan County to the east, Winston County to the south, Franklin County to the west and Colbert County on the northwest. The principal municipality of the County is Moulton, which serves as the County seat.

The major manufactured products in the County are printing and writing papers.

Population

The following table sets forth historical population statistics for the County and the State of Alabama for the years indicated:

<u>Year</u>	<u>Population of Lawrence County</u>	<u>Population of State of Alabama</u>
1970	27,281	3,444,354
1980	30,170	3,894,025
1990	31,513	4,040,587
1994	32,440	4,220,178
1995	32,803	4,252,982

Source: U.S. Department of Commerce, Bureau of the Census.

Per Capita Income

Estimated per capita income in the County and the State in recent years is presented below:

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Lawrence County	\$12,984	\$13,887	\$14,141	\$14,804	NA
State of Alabama	15,526	16,522	17,129	18,256	19,181

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The percentage of families in the County and in the State of Alabama with incomes below the poverty level has been as follows for the periods indicated:

	<u>1970</u>	<u>1980</u>	<u>1990</u>
Lawrence County	27.3%	19.4%	16.5%
State of Alabama	20.7%	14.8%	14.3%

Source: U.S. Department of Commerce, Bureau of the Census.

Employment

The following table presents comparative annual average labor force statistics for the County, the State of Alabama and the United States for 1992, 1993, 1994, 1995 and as of November, 1996:

	<u>November 1996*</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>
Lawrence County					
Employed	15,030	14,300	13,940	13,820	13,580
Unemployed	960	1,220	13,940	1,530	1,470
Unemployment Rate (%)	6.0%	7.9%	7.7%	9.9%	9.8%
State of Alabama					
Employed	2,010,200	1,932,800	1,906,800	1,840,000	1,808,000
Unemployed	105,400	129,500	121,800	149,000	143,000
Unemployment Rate (%)	5.0%	6.3%	6.0%	7.5%	7.3%
United States					
Employed	127,855,000	124,900,000	123,060,000	119,306,000	117,598,000
Unemployed	7,167,000	7,404,000	7,996,000	8,734,000	9,384,000
Unemployment Rate (%)	5.3%	5.6%	6.1%	6.8%	7.4%

*Estimated; unemployment rate computed using unrounded data.

Source: State of Alabama Department of Industrial Relations.

Ten Largest Employers in the County. The following table presents the ten largest employers in the County:

<u>Employer</u>	<u>Product or Activity</u>	<u>Approximate Number of Employees</u>
Champion International Corp.	Paper products	2,000
Lawrence County Board of Education	Education	750
Lawrence County Hospital	Health care	210
Lawrence County	Government	125
Lawrence Corporation	Apparel manufacturing	118
Champion International Timberland Division	Paper products	87
Givens Industries	Apparel manufacturing	73
Branshaw	Industrial maintenance	55
Bergen-Patterson Pipe	Pipe hangers	54
Slaton Press	Publisher	50

Source: Industrial Development Board of Lawrence County.

Retail Sales

The following sets forth the total taxable retail sales for the years indicated:

<u>Year</u>	<u>Taxable Retail Sales</u> (in thousands)
1995	\$108,312
1994	100,471
1993	94,304
1992	89,554
1991	75,838
1990	72,988
1989	72,043
1988	68,188
1987	65,221

Source: Center for Business and Economic Research, The University of Alabama.

Housing Characteristics

The following table presents general housing characteristics for the County and the State of Alabama in 1990, which are the latest such data available:

	<u>Total Housing Units 1990</u>	<u>Total Occupied Housing</u>	<u>Owner Occupied</u>
Lawrence County	12,212	11,410	9,222
State of Alabama	1,670,379	1,506,790	1,061,897

Source: U.S. Department of Commerce, Bureau of the Census, 1990 Census of Population and Housing.

Education

The following table sets forth certain information regarding levels of educational achievement for persons over the age of 25 years in the County for 1990, which are the latest such data available:

	<u>Total Persons</u>	<u>% High School Graduates</u>	<u>% College Graduates</u>
Lawrence County	19,498	55.6	6.2
State of Alabama	2,545,969	66.9	15.7

Source: U.S. Department of Commerce, Bureau of the Census 1990 Census of Population and Housing.

Health Care

The Lawrence County Hospital, a 98-bed facility, is located in the City of Moulton. The hospital employs 9 active staff medical doctors and approximately 200 total personnel. Directly behind the hospital is the Moulton Health Care Center. Also located in the City of Moulton is the Lawrence County Health Department which too provides clinical services to citizens of the County.

Transportation

The County is served by several state highways including 24, 33, 36 and 157. No interstate highway bisect the County. Rail service is provided to the County by Southern Railway which runs through its northern tip. The County falls within a 40-mile radius of two state-licensed airports, one in Muscle Shoals and the other in Huntsville. There are no navigable waterways in the County.

Utilities

Water and sanitary sewer services are provided to County residents by various municipalities and public corporations which own and operate waterworks and distribution systems and sanitary sewer systems within the County.

Electric power is provided to residents of the County by Joe Wheeler Electric.

Natural gas is provided by Alabama-Tennessee Gas Company to the residents of the County through the City of Moulton Gas Department and Lawrence Colbert Gas.

SPECIAL CONSIDERATIONS

The ability of the Authority to make debt service payments on the Series 1997 Warrants is dependent upon the Authority receiving rental payments under the Lease. Prospective purchasers of the Series 1997 Warrants should be aware that there is no assurance that the County will exercise its options to renew the Lease annually and thereby continue to be obligated to make rental payments to the Authority.

LEGAL MATTERS

The legality and validity of the Series 1997 Warrants will be approved by Maynard, Cooper & Gale, P.C., Birmingham, Alabama, Bond Counsel. Bond Counsel has been employed primarily for the purpose of preparing certain legal documents and supporting certificates, reviewing the transcript of proceedings by which the Series 1997 Warrants have been authorized to be issued, and rendering an opinion in conventional form as to the validity and legality of the Series 1997 Warrants and the exemption of interest thereon from Federal and State of Alabama income taxes. Although Bond Counsel assisted in the preparation of certain portions of this Official Statement and is of the opinion that the statements made therein under the captions "DESCRIPTION OF THE SERIES 1997 WARRANTS", "LEGAL MATTERS" and "TAX EXEMPTION" fairly summarize the matters therein referred to, Bond Counsel has not been requested to check or verify, has not checked or verified, and will express no opinion with respect to the adequacy, accuracy, completeness or fairness of any other information contained in this Official Statement.

It is anticipated that Bond Counsel will render an opinion substantially in the form attached hereto as Appendix A.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing law, interest on the Series 1997 Warrants will be excluded from gross income for federal income tax purposes if the County complies with all requirements of the Internal Revenue Code of 1986 (the "Internal Revenue Code") that must be satisfied subsequent to the issuance of the Series 1997 Warrants in order that interest thereon be and remain excluded from gross income. Failure to comply with certain of such requirements could cause the interest on the Series

1997 Warrants to be included in gross income, retroactive to the date of issuance of the Series 1997 Warrants. The County has covenanted to comply with all such requirements.

Bond Counsel is also of the opinion that under existing law interest on the Series 1997 Warrants will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

In the opinion of Bond Counsel, under existing law, any original issue discount in the selling price of Series 1997 Warrants, to the extent properly allocable to each holder of such Series 1997 Warrant, is excluded from gross income for federal income tax purposes with respect to such holder. The original issue discount is the excess of the stated redemption price at maturity of such Series 1997 Warrant over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Series 1997 Warrants were sold.

Bond Counsel is also of the opinion that the Series 1997 Warrants are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code, and, in the case of financial institutions (as defined in Section 265(b)(5) of the Internal Revenue Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Series 1997 Warrants.

Bond Counsel will express no opinion regarding federal tax consequences arising with regard to the Series 1997 Warrants other than the opinions expressed in the three preceding paragraphs. The form of Bond Counsel's opinion is expected to be substantially as set forth in Appendix A to this Official Statement.

Prospective purchasers of the Series 1997 Warrants should be aware that (i) Section 265 of the Internal Revenue Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 1997 Warrants or, in the case of a financial institution, 20% of that portion of such financial institution's interest expense allocated to interest on the Series 1997 Warrants, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Internal Revenue Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 1997 Warrants, (iii) interest on the Series 1997 Warrants earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Internal Revenue Code, (iv) interest on the Series 1997 Warrants earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Internal Revenue Code, (v) passive investment income, including interest on the Series 1997 Warrants, may be subject to federal income taxation under Section 1375 of the Internal Revenue Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, and (vi) Section 86 of the Internal Revenue Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Series 1997 Warrants. Any purchaser of the Series 1997 Warrants who might be affected by any of these provisions of the Internal Revenue Code should consult his own tax advisor about the effect of such provisions as applied to the purchaser.

Bond Counsel is also of the opinion that under existing law interest on the Series 1997 Warrants will be exempt from State of Alabama income taxation.

UNDERWRITING

The Series 1997 Warrants are being purchased from the County by Gardnyr Michael Capital, Inc., Birmingham, Alabama (the "Underwriter"). The Underwriter has agreed to purchase the Series 1997 Warrants for an aggregate purchase price of \$3,248,387.80 plus accrued interest (\$3,460,000.00 aggregate principal amount less original issue discount of \$126,842.20 and underwriter's discount of \$84,770.00). The initial public offering price set forth on the cover page may be changed by the Underwriter, and the Underwriter may offer and sell the Series 1997 Warrants to certain dealers (including dealers depositing the Series 1997 Warrants into investment trusts) and others at prices lower than the offering price set forth on the cover page. The Underwriter will purchase all the Series 1997 Warrants if any are purchased.

RATINGS

Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc., and Moody's Investors Service, Inc., have assigned their municipal bond ratings of "AAA" and "Aaa", respectively, to the Series 1997 Warrants with the understanding that upon delivery of the Series 1997 Warrants, a policy insuring the payment when due of the principal of and interest on the Series 1997 Warrants will be issued by AMBAC Indemnity Corporation. Each rating reflects only the respective views of Standard & Poor's and Moody's.

An explanation of the significance of each rating may be obtained from the rating agency furnishing the same at the following addresses: Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 25 Broadway, New York, New York 10004; and Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007.

There is no assurance that such ratings or either of them will continue for any given period of time or that they or either of them will not be revised or withdrawn entirely by either or both of such rating agencies if, in the judgment of either or both rating agencies, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Series 1997 Warrants.

LIMITED CONTINUING DISCLOSURE

The County has covenanted for the benefit of the holders and beneficial owners of the Series 1997 Warrants to provide upon request or at least annually to any Alabama state information repository (a "State Repository") updated financial information concerning the County (including audited financial statements, if any), as and when such information becomes available to the County, substantially in the form presented under the headings "Description of Pledged Court Fees Proceeds", "Comparative Statement of General Fund Revenues and Expenditures" and "COUNTY'S PRO FORMA DIRECT AND OVERLAPPING INDEBTEDNESS". Such information may be obtained by contacting Ms. Joan Lang, County Administrator, 14330 Court Street, Moulton, Alabama 35650.

In addition, the County has covenanted to provide timely notices ("Material Event Notices") of the occurrence of certain events, if it deems them to be material, to each Nationally Recognized Municipal Securities Information Repository and any State Repository or the Municipal Securities Rulemaking Board and any State Repository.

In the event of a failure of the County to comply with such covenant, any holder or beneficial owner of the Series 1997 Warrants may seek mandamus or specific performance by court order, to cause the County to comply with its obligations thereunder. The County shall never be subject to money damages for its failure to comply with its obligations to provide the required information. The failure by the County to provide the required information shall not be an event of default with respect to either series of Series 1997 Warrants under the Indenture.

No person other than the County shall have any liability or responsibility for compliance by the County with its obligations to provide information. The Trustee has not undertaken any responsibility with respect to any required reports, notices or disclosures.

The County retains the right to modify its obligations described above as long as such modification is done in a manner consistent with Rule 15c2-12 of the Securities and Exchange Commission.

MISCELLANEOUS

Insofar as any statements are made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement should not be construed as a contract with holders of any of the Series 1997 Warrants.

For further information during the initial offering period with respect to the Series 1997 Warrants, contact Joan Lang, County Administrator, Lawrence County, 750 Main Street, Moulton, Alabama 35650, telephone number (205) 974-0663.

This Official Statement has been approved by the governing body of the Authority.

**LAWRENCE COUNTY PUBLIC BUILDING
AUTHORITY**

By s/ James H. Paxco, Jr.
Chairman

LAWRENCE COUNTY COMMISSION

By s/ Jim Corum
Chairman

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APPENDIX A

Summary of Documents

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APPENDIX A

Summary of Documents

The following portion of this Official Statement contains summaries of certain provisions of the Lease Agreement and the Indenture. Such summaries do not purport to be complete descriptions and contain only brief outlines of the terms and provisions of such documents. The summaries are qualified in their entirety by reference to such documents, all of which will be available for inspection at the offices of the Trustee and the offices of the County.

THE INDENTURE

The following, in addition to the information herein contained under the headings "INTRODUCTION", "THE PROJECT", "THE SERIES 1997 WARRANTS" and "THE LEASE AGREEMENT" summarizes certain provisions of the Indenture.

Definition of Certain Terms

The following definitions of certain terms used in the foregoing Official Statement and this summary supplement the terms elsewhere defined in the Official Statement:

Act No. 95-119 shall mean Act No. 95-119, adopted by the Alabama Legislature at its 1995 Regular Session.

Additional Rental Payments shall mean additional payments to be made by the County to the Authority pursuant to a supplemental lease agreement entered into pursuant to the Indenture.

Authority shall mean Lawrence County Public Building Authority.

Basic Rental Payments shall mean the basic rental payments payable by the County to the Trustee pursuant to the Lease Agreement.

Construction Fund shall mean the fund by that name established pursuant to the Indenture.

County shall mean Lawrence County, Alabama.

Court Fees shall mean the fees and charges imposed and levied by the County pursuant to Act No. 95-119 and the Court Fees Resolution.

Court Fees Resolution shall mean the resolution and order adopted by the governing body of the County on June 12, 1995, as amended on July 10, 1995, authorizing the assessment and collection of the Court Fees.

Debt Service shall mean the principal, premium (if any) and interest payable on the Series 1997 Warrants.

Debt Service Fund shall mean the fund by that name established pursuant to the Indenture.

Federal Securities shall mean direct obligations of, or obligations the payment of which is guaranteed by, the United States of America.

Improvements shall mean the buildings, structures and improvements to be constructed on the Project Site pursuant to the Lease Agreement.

Lease Default shall mean an event of default under the Lease Agreement.

Pledged Court Fees Proceeds shall mean the proceeds of the Court Fees pledged by the County to secure the County's obligations under the Lease Agreement.

Pledged Revenues shall mean all Basic Rental Payments and all other revenues, rentals and receipts derived by the Authority from the leasing or sale of the Project.

Project shall mean (i) the Project Site and (ii) the Improvements and all other buildings, structures and improvements now or hereafter located on the Project Site.

Project Costs shall mean all costs of acquiring, constructing and improving the Project, including without limitation

(i) the purchase price and related costs for the acquisition of real property or any interest therein,

(ii) the cost of labor, materials and supplies furnished or used in the construction, installation, renovation or rehabilitation of buildings, structures and improvements,

(iii) acquisition, transportation and installation costs for personal property and fixtures,

(iv) fees for architectural, engineering and supervisory services,

(v) the expenses incurred in the enforcement of any remedy against any contractor, subcontractor, materialman, vendor, supplier or surety,

(vi) expenses incurred by the Authority and the County in connection with the financing of the Project, including legal, consulting and accounting fees, and

(vii) reimbursement to the County for any such costs, fees and expenses paid by it with its own funds.

Project Site shall mean the real property and interests on which the Project will be constructed, together with all easements, permits, licenses, rights of way, contracts, leases, tenements, hereditaments, appurtenances, rights, privileges and immunities pertaining or applicable to such real property and interest therein.

Qualified Investments shall mean

- (i) Federal Securities,
- (ii) an interest in any trust or fund that invests solely in Federal Securities or repurchase agreements, properly secured, with respect to Federal Securities,
- (iii) a certificate of deposit or time deposit issued by any bank organized under the laws of the United States of America or any state thereof with capital, surplus and undivided profits of not less than \$50,000,000,
- (iv) a certificate of deposit or time deposit issued by any bank organized under the laws of the United States of America or any state thereof, provided that such deposit is collaterally secured by the issuing bank by pledging Federal Securities having a market value (exclusive of accrued interest) not less than the face amount of such certificate less the amount of such deposit insured by the Federal Deposit Insurance Corporation, and
- (v) a repurchase agreement with respect to Federal Securities, provided that the Federal Securities subject to such repurchase agreement are held by or under the control of the Trustee free and clear and third-party liens.

Special Funds shall mean the Debt Service Fund and the Construction Fund.

Warrant Payment Date shall mean each date (including any date fixed for redemption of Series 1997 Warrants) on which Debt Service is payable on the Series 1997 Warrants.

Construction Fund

The Indenture will establish a special trust fund (the "Construction Fund") to be used for paying all Project Costs, including the costs of acquiring and constructing the Project and paying all issuance expenses. The Indenture will require the Authority to pay into the Construction Fund the proceeds from the sale of the Series 1997 Warrants (excluding accrued interest). The Trustee will be the depository and disbursing agent for the Construction Fund and will disburse moneys therefrom for the payment of Project Costs upon receipt of requisitions prepared and submitted by the County and approved by an authorized representative of the County.

The County will be required to make certain representations and certifications in connection with each requisition authorizing disbursements from the Construction Fund. The Trustee will be completely protected in relying upon all representations and certifications made by the Authority in connection with any such requisition.

The Indenture will provide that any balance remaining in the Construction Fund upon completion of the Project shall be deposited in the Debt Service Fund and applied to the payment of Debt Service on the Series 1997 Warrants on the next ensuing Warrant Payment Date.

Debt Service Fund

The Indenture will establish a special trust fund (the "Debt Service Fund") to be used for paying Debt Service on the Series 1997 Warrants as the same shall become due and payable. The Trustee will be the depository, custodian and disbursing agent for the Debt Service Fund. There shall be deposited into the Debt Service Fund, as and when received:

- (i) all premium, (if any) and accrued interest from the sale of the Series 1997 Warrants;
- (ii) all Basic Rental Payments under the Lease Agreement;
- (iii) all other money required to be deposited in the Debt Service Fund pursuant to the Lease Agreement or the Indenture; and
- (iv) all other money received by the Trustee when accompanied by directions that such money is to be deposited in the Debt Service Fund.

Investment of Special Funds

Any money held as part of a Special Fund must be invested or reinvested in Qualified Investments by the Trustee in accordance with the instructions of the Authority if no Lease Default exists, to the extent that such investment is, in the opinion of the Trustee, feasible and consistent with the purposes for which such Fund was created. Any investments made with money on deposit in the Special Fund must be held by or under control of the Trustee and are deemed at all times a part of the Special Fund where such money was on deposit, and the interest and profits realized from such investments must be credited to such Fund and any loss resulting from such investment must be charged to such Fund.

Events of Default and Remedies

An event of default results under the Indenture from (i) default in the payment of any interest due upon any Series 1997 Warrant when such interest becomes due and payable; (ii) default in the payment of the principal of (or premium, if any, on) any Series 1997 Warrant when such principal (or premium, if any) becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for redemption or otherwise; (iii) default in the performance, or breach of, any covenant or warranty of the Authority in the Indenture (other than default in connection with the payment of Debt Service), and continuation of such default or breach for a period of 30 days after there has been given, by registered or certified mail, to the Authority and the County by the Trustee, or to the Authority, the County and the Trustee by the holders of at least 10% in principal amount of outstanding Series 1997 Warrants, a written notice specifying such default or breach and requiring it to be remedied; or (iv) the occurrence of an event of default under the Indenture or the Lease Agreement and the expiration of the applicable gross period, if any, specified therein.

The Indenture provides that the Trustee is empowered, upon the occurrence of an event of default, to accelerate the maturity of all the Series 1997 Warrants then outstanding; to institute legal and equitable proceedings to enforce and protect the rights of the Series 1997 Warrantholders; and to have a receiver appointed for the Authority.

The holders of a majority in principal amount of outstanding Series 1997 Warrants shall have the right, during the continuance of an event of default (i) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Series 1997 Warrants and (ii) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee.

The mortgage lien on the Project granted by the Indenture shall not be subject to foreclosure and shall not be construed so as to compel the sale of the Project or any part thereof.

The Trustee shall have the right, in its own name or on behalf of the Authority, to declare any default and exercise any remedies under the Lease Agreement.

Amendment of the Indenture

The Indenture permits the Trustee and the Authority, without the consent of the holders of the Series 1997 Warrants, to enter into supplemental indentures in order, among other things, to add further covenants and agreements on the part of the Authority, to cure ambiguities, technical defects or inconsistent provisions, or to subject additional security or property to the lien of the Indenture. The Indenture also permits the Authority and the Trustee, with the consent of the holders of not less than a majority in principal amount of the Series 1997 Warrants then outstanding, to amend or modify the Indenture, except that, without the consent of the holder of each Series 1997 Warrant affected, the Authority and the Trustee may not, among other things, (i) change the stated maturity of the principal of, or any installment of interest on, any Series 1997 Warrant, or reduce the principal amount thereof or the interest thereon, or change any place of payment where Debt Service on the Series 1997 Warrant is payable, (ii) reduce the percentage of Series 1997 Warrantholders whose consent is required for any waiver or the execution of any supplemental indenture or (iii) permit the creation of any lien on the Trust Estate prior to, or on a parity with, the Indenture.

Amendment to Lease Agreement

The Indenture permits the Trustee to consent to the execution and delivery by the Authority and the County of an amendment to the Lease Agreement to cure ambiguities, technical defects or inconsistent provisions, or to subject to the demise of the Lease Agreement additional property. The Indenture also permits the Authority and the County, with the consent of the holders of not less than a majority in principal amount of the Series 1997 Warrants then outstanding, to add any provisions or change in any manner or eliminate any of the provisions of the Lease Agreement or to modify in any manner the rights of the Authority, the Trustee or the holders of the Series 1997 Warrants under the Lease Agreement; provided, however, that without the consent of the holders of all outstanding Series 1997 Warrants, no such amendment shall relieve the County from the obligation to make Basic Rental Payments at times and in amounts sufficient to pay Debt Service on the Series 1997 Warrants when due.

Concerning the Trustee

The Indenture provides that the Trustee shall not be liable thereunder except for its willful misconduct or its negligence. The Trustee may consult with counsel, who may or may not be counsel to the Trustee, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith. The Trustee

is not required to expend its own funds or otherwise incur any financial liability in the performance of its duties under the Indenture without reasonable assurance of repayment or indemnity.

The Trustee may, but is not required to, make advances to effect the performance by the Authority of its covenants and agreements. All sums so expended by the Trustee, together with interest at the rate prescribed in the Indenture, shall be secured by the Indenture and shall be entitled to priority of payment over any of the Series 1997 Warrants.

The Trustee may resign and be discharged from the trusts of the Indenture upon written notice to the Authority. The Trustee may be removed by written instrument signed by the holders of a majority in principal amount of the Series 1997 Warrants then outstanding under the Indenture. If the Trustee resigns, is removed or becomes otherwise incapable of serving, a successor may be appointed by written instrument signed by the holders of a majority in principal amount of the Series 1997 Warrants then outstanding under the Indenture.

Defeasance; Satisfaction of Indenture

Whenever the entire indebtedness secured by the Indenture shall have been fully paid, the Trustee shall cancel and discharge the lien of the Indenture. For purposes of the Indenture, any Series 1997 Warrant shall be deemed to have been paid when the Trustee shall have received the entire amount (principal, interest and premium, if any) payable on such Series 1997 Warrant until and at maturity or redemption thereof, or a trust for such payment, consisting of any combination of cash and/or Federal Securities, has been established with the Trustee. The anticipated income from such Federal Securities may be included in the calculation of the required deposit to such trust. If a trust is established for such purpose as aforesaid, the Authority shall simultaneously furnish the Trustee with a certificate executed by an independent certified public accountant establishing that the principal and interest from the investments in such trust will be sufficient to pay the debt service requirements of the Series 1997 Warrants until and including their respective maturity or redemption dates.

THE LEASE AGREEMENT

The following, in addition to information herein contained under the headings "INTRODUCTION", "SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 1997 WARRANTS", and "THE SERIES 1997 WARRANTS", summarizes certain provisions of the Lease Agreement.

Term of Lease Agreement

The initial term of the Lease Agreement will begin on the date of delivery of the Lease Agreement and, subject to the County's renewal option described below, shall continue until midnight of September 30, 1997.

Renewal Option

The Lease Agreement provides that the County shall have the option to renew the Lease Agreement for a term of 12 months beginning on October 1, 1997, and continuing until and including September 30, 1998, and shall have the further option from year to year thereafter to renew the Lease

Agreement for successive terms of 12 months each, each such renewal term to coincide with the fiscal year of the County; provided, however, that if the Lease Agreement is not renewed for any renewal term, no renewal may thereafter be made for any subsequent renewal term.

The option to renew shall be deemed to have been exercised upon the occurrence of any of the following events:

(a) if the County continues to occupy the Project on the first day of such renewal term; and

(b) if on or prior to 30 days prior to such renewal term, the County shall have failed to notify the Authority, in writing, that the option to renew will not be exercised.

Construction of Project

The Lease Agreement further provides that the Improvements to be constructed on the Project Site will substantially conform to plans and specifications reviewed and approved by the County. The County shall be solely responsible for the planning and design of the Improvements, the preparation of contracts and purchase orders for the Improvements and the supervision of the work on the Improvements. The County is permitted to make withdrawals from the Construction Fund for the payment of the costs of the Project (including reimbursement to the County for such costs), provided that the County must deliver to the Trustee a duly completed requisition for each such withdrawal.

Rental Provisions

The County is required to make "Basic Rental Payments" to the Trustee for the account of the Authority, in installments as follows:

(a) on or before the third business day prior to each Warrant Payment Date, an amount equal to debt service payable on the Series 1997 Warrants due on such Warrant Payment Date; provided that any amount already on deposit in the Debt Service Fund on the due date of such Basic Rental Payment shall be credited against the amount of such Basic Rental Payment; and

(b) on each Warrant Payment Date, the amount by which debt service payable on such Warrant Payment Date exceeds the amount on deposit in the Debt Service Fund and available therefore, it being intended that the Basic Rental Payments shall be in amounts sufficient to pay debt service on the Series 1997 Warrants when due.

If any Basic Rental Payment is due on a day which is not a business day, such payment shall be made on the first succeeding day which is a business day.

Pledge of Pledged Court Fees Proceeds

(a) So long as the Lease Agreement is in effect, the County has irrevocably pledged and assigned the Pledged Court Fees Proceeds to the payment of the Basic Rental Payments. The pledge and assignment of the Pledged Court Fees Proceeds will be prior and superior to any and all pledges,

assignments and other agreements respecting the Pledged Court Fees Proceeds hereafter made by the County.

(b) The County has covenanted to use the Pledged Court Fees Proceeds to make the Basic Rental Payments; provided, however, that after all Basic Rental Payments due on a Warrant Payment Date have been made, the County may use the remaining Pledged Court Fees Proceeds for any purpose permitted by Act No. 95-119 and the Court Fees Resolution.

(c) The County has covenanted that, so long as the Lease Agreement is in effect, the County will continue to impose, assess and collect the Pledged Court Fees Proceeds to the maximum extent permitted by law. The County will not reduce any rate or rates at which the Court Fees are imposed and assessed, or create any exception therefrom, or otherwise amend or change the Court Fees Resolution, if as a result of such amendment or change, the amount of Pledged Court Fees Proceeds received by the County during the then current or any subsequent fiscal year shall be reduced below the amount of Pledged Court Fees Proceeds collected by the County during the last fiscal year preceding the effective date of such amendment or change.

Covenant Not to Relocate

The County has covenanted in the Lease Agreement not to relocate the Lawrence County Jail to any building that is not part of the Project so long as any of the Series 1997 Warrants are outstanding.

Maintenance of the Project

The Lease Agreement will require the County, at its own expense, to keep the Project in good repair, including, but not limited to, lighting, heating, air conditioning, access, ingress, egress, sanitary facilities, water facilities and other services incidental to the Project. The Lease Agreement will permit the County, at its own expense, to make any additions, alterations, improvements or modifications to the Project that it may deem desirable for its purposes and that do not significantly impair the value or utility of the Project. All such additions, alterations, improvements and modifications made by the County will, under the terms of the Lease Agreement, become a part of the Project.

Insurance

The Lease Agreement will require the County to keep the Project insured at all times in amounts customarily carried, and against loss or damage from such causes as are customarily insured against, for similar facilities.

Damage To or Destruction of Project

If the Project is damaged or destroyed by fire or other casualty, the County is obligated under the Lease Agreement to repair, rebuild, restore or replace the property damaged or destroyed. If the amount of loss proceeds of insurance on the Project available to pay the costs of such work is not sufficient for such purpose, the County must complete such work at its own expense.

Events of Default and Remedies

Any one or more of the following events will constitute an "Event of Default" by the County under the Lease Agreement:

- (a) failure by the County to make any Basic Rental Payment on the date such Basic Rental Payment shall become due and payable;
- (b) default in the performance, or breach, of any covenant or warranty of the County in the Lease Agreement and the continuance of such default or breach for a period of 30 days after there has been given, by registered or certified mail, to the County by the Authority or by the Trustee a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "notice of default" under the Lease Agreement; or
- (c) any representation or warranty made by the County in any document, instrument or certificate furnished to the Authority, the Trustee or any Series 1997 Warrantholder in connection with the issuance of the Series 1997 Warrants shall at any time prove to have been false or incorrect in any material respect as of the time made.

Whenever any Event of Default shall have occurred and be continuing, the Authority and the Trustee (or the Trustee on behalf of the Authority) may take any one or more of the following remedial actions: (i) declare all installments of Basic Rental Payments for the remainder of the term of the Lease Agreement to be immediately due and payable, plus the redemption premium (if any) payable with respect thereto, plus the interest accrued thereon to the date of such declaration and (ii) take whatever other actions at law or in equity may appear necessary or desirable to collect the rent due or to enforce any obligation, covenant or agreement of the County under the Lease Agreement.

Amendment of the Lease Agreement

Any amendment of the Lease Agreement must comply with the applicable provisions of the Indenture. See "Amendment of the Lease Agreement" under "SUMMARY OF THE INDENTURE".

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APPENDIX B

Proposed Opinion of Bond Counsel

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MAYNARD, COOPER & GALE, P.C.

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August 6, 1997

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STEPHEN C. JACKSON
JAMES M. POOL

Holders of the Series 1997 Warrants referred
to below

**Re: \$3,460,000 Revenue Warrants (County Jail Project), Series 1997 dated August 1,
1997, issued by Lawrence County Public Building Authority**

We have acted as bond counsel in connection with the issuance of the above-referenced warrants (the "Series 1997 Warrants") by Lawrence County Public Building Authority, a public corporation organized under the laws of the State of Alabama, including particularly Article 1, Chapter 15, Title 11, Section 11-15-1, et seq. of the Code of Alabama (1975) (the "Enabling Law"). The Authority has duly authorized the issuance of its warrants (the "Series 1997 Warrants") pursuant to that certain Trust Indenture dated August 1, 1997 (the "Indenture") between the Authority and The Chase Manhattan Bank, a New York state banking institution (the "Trustee"). Capitalized terms not otherwise defined in this opinion shall have the meaning assigned in the Indenture.

The Series 1997 Warrants have been issued pursuant to the Indenture for the purpose of acquiring, constructing, equipping and installing county jail facilities (such facilities and the real property on which they are located being herein together called the "Project") for lease to Lawrence County, Alabama (the "County") pursuant to a Lease Agreement dated August 1, 1997 (the "Lease Agreement") between the Authority and the County.

Pursuant to the Lease Agreement, the Authority has leased the Project to the County and the County has agreed to pay rentals at times and in amounts sufficient to pay when due the principal of, premium (if any) and interest (the "Debt Service") on the Series 1997 Warrants. Pursuant to the Indenture, the Authority has (i) assigned and pledged to the Trustee all the Authority's rights under the Lease Agreement and (ii) granted a non-foreclosable mortgage on and security interest in the Project and certain other collateral (the "Trust Estate") to secure the payment of Debt Service on the Series 1997 Warrants.

The Series 1997 Warrants are limited obligations of the Authority payable solely from the following sources (herein collectively referred to as the "Pledged Revenues"): (i) the Basic Rental Payments payable by the County to the Authority pursuant to the Lease Agreement, (ii) any other revenues, rentals or receipts derived by the Authority from the leasing or sale of the Project and (iii) the proceeds of the Trust Estate.

We have examined executed counterparts of the Indenture, the Lease Agreement and that certain Warrant Purchase Agreement dated July 25, 1997 (the "Warrant Purchase Agreement") between the Authority and Gardnyr Michael Capital, Inc. (herein collectively referred to as the "Financing Documents"), and such other certificates, proceedings, proofs and documents as we have deemed necessary in connection with the opinions hereinafter set forth.

As to various questions of fact material to our opinion, we have relied upon the representations made in the documents described above and upon certificates of certain public officials and officers of the Authority, the County and the Trustee (including without limitation certificates by the Authority as to the use of the proceeds of the Series 1997 Warrants which are material to our opinion in paragraphs 5, 6 and 7 below), without undertaking to verify the same by independent investigation. Based upon the foregoing and upon such investigation as we have deemed necessary, we are of the opinion that:

1. The Authority has been duly organized as a public corporation under the provisions of the Enabling Law.

2. The Authority has corporate power and authority to enter into and perform its obligations under each of the Financing Documents to which it is a party and to issue and deliver the Series 1997 Warrants. The execution, delivery and performance of its obligations under each of the Financing Documents to which it is a party and the issuance and delivery of the Series 1997 Warrants by the Authority have been duly authorized by all requisite corporate action, and such Financing Documents and the Series 1997 Warrants have been duly executed and delivered by the Authority.

3. The Series 1997 Warrants constitute legal, valid and binding limited obligations of the Authority, payable as to principal, premium (if any) and interest solely out of the Pledged Revenues and the proceeds of the Trust Estate.

4. The Indenture, the Lease Agreement and the Warrant Purchase Agreement constitute legal, valid and binding obligations of the Authority and are enforceable against the Authority in accordance with the terms of such instruments. The Indenture creates a valid lien on the Trust Estate and the rights of the Authority under the Lease Agreement on a parity with other bonds (if any) to be issued under the Indenture.

5. Under existing law, interest on the Series 1997 Warrants will be excluded from gross income of the holders thereof for purposes of federal income taxation, except that the Authority, by failing to comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 1997 Warrants, may cause interest on the Series 1997 Warrants to be included in gross income of the holders thereof, retroactive to the date of issuance. The Authority has covenanted that it will comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 1997 Warrants in order that interest thereon be and remain excluded from gross income.

6. Under existing law, interest on the Series 1997 Warrants will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

7. The Series 1997 Warrants are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code and, in the case of a financial institution (as defined in Section 265(b)(5) of the Internal Revenue Code, a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Series 1997 Warrants. For purposes of the opinion expressed in this paragraph, we have relied upon certifications by officers of the Authority with respect to the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, within the meaning of Section 265 of the Internal Revenue Code) to be issued by the Authority and its subordinate entities during the 1997 calendar year.

8. Under existing law, interest on the Series 1997 Warrants is exempt from Alabama income taxation.

We express no opinion regarding federal tax consequences arising with respect to the Series 1997 Warrants, other than the opinions expressed in paragraphs 5, 6 and 7 above.

The rights of the holders of the Series 1997 Warrants and the enforceability of the Series 1997 Warrants and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and general principles of equity, including the exercise of judicial discretion in appropriate cases.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 1997 Warrants (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Faithfully yours,

MAYNARD, COOPER & GALE, P.C.

By: _____

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APPENDIX C

Form of Municipal Bond Insurance Policy



Municipal Bond Insurance Policy

AMBAC Indemnity Corporation
c/o CT Corporation Systems
44 East Mifflin St., Madison, Wisconsin 53703
Administrative Office:
One State Street Plaza, New York, NY 10004
Telephone: (212) 668-0340

Issuer:

Policy Number:

Bonds:

Premium:

AMBAC Indemnity Corporation (AMBAC) A Wisconsin Stock Insurance Company

in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to the United States Trust Company of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of Bondholders, that portion of the principal of and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AMBAC will make such payments to the Insurance Trustee within one (1) business day following notification to AMBAC of Nonpayment. Upon a Bondholder's presentation and surrender to the Insurance Trustee of such unpaid Bonds or appurtenant coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, AMBAC shall become the owner of the surrendered Bonds and coupons and shall be fully subrogated to all of the Bondholders' rights to payment.

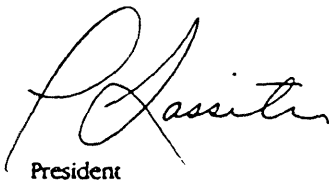
In cases where the Bonds are issuable only in a form whereby principal is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse principal to a Bondholder as aforesaid only upon presentation and surrender to the Insurance Trustee of the unpaid Bond, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the Bondholder or such Bondholder's duly authorized representative, so as to permit ownership of such Bond to be registered in the name of AMBAC or its nominee. In cases where the Bonds are issuable only in a form whereby interest is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse interest to a Bondholder as aforesaid only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Bond and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the claimant Bondholder or such Bondholder's duly authorized representative, transferring to AMBAC all rights under such Bond to receive the interest in respect of which the insurance disbursement was made. AMBAC shall be subrogated to all the Bondholders' rights to payment on registered Bonds to the extent of the insurance disbursements so made.

In the event the trustee or paying agent for the Bonds has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer of the Bonds has been deemed a preferential transfer and therefore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from AMBAC to the extent of such recovery if sufficient funds are not otherwise available.


As used herein, the term "Bondholder" means any person other than the Issuer who, at the time of Nonpayment, is the owner of a Bond or of a coupon appertaining to a Bond. As used herein, "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal of and interest on the Bonds which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Bonds prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of AMBAC, nor against any risk other than Nonpayment.

In witness whereof, AMBAC has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon AMBAC by virtue of the counter-signature of its duly authorized representative.


President




Secretary

Effective Date:

Authorized Representative

UNITED STATES TRUST COMPANY OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.


Authorized Officer

