

IN THE UNITED STATES COURT OF APPEALS

FOR THE ELEVENTH CIRCUIT

No. 15-11690

D.C. Docket No. 2:14-cv-00213-SLB,
Bkey No. 11-bkc-05736-TBB9

ANDREW BENNETT, Jefferson County Tax
Assessor, Bessemer Division, RODERICK V. ROYAL,
Former Birmingham City Council President,
MARY MOORE, Alabama State Legislator,
JOHN W. ROGERS, Alabama State Legislator,
WILLIAM R. MUHAMMAD, et al.,
Petitioners - Appellees,
versus

JEFFERSON COUNTY, ALABAMA,
Respondent - Appellant.

Appeal from the United States District Court
for the Northern District of Alabama

**PETITION FOR REHEARING AND REHEARING EN BANC OF
PETITIONERS-APPELLEES**

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(September 6, 2018)

**CERTIFICATE OF INTERESTED PERSONS AND CORPORATE
DISCLOSURE STATEMENT AS DESCRIBED IN FRAP 26.1**

Pursuant to Federal Rule of Appellate Procedure 26.1, counsel for Andrew Bennett, Roderick Royal, Mary Moore, John Rogers, and William Muhammad (“Ratepayers”) certifies that the following persons and entities are interested in the outcome of this case: Acker, Ann E., Adams and Reese LLP, Alabama Department of Environmental Management, All Temps Systems, Inc., Altmann, Steven D., Ambac Assurance Corporation AMCAD AMSOL AMT Medical Staffing, Inc. Andre’ M. Toffel, P.C. Antonio, Michael J., Jr. Appleby, Laura E. Arciniegas, Daniel Ashurst LLP, Assured Guaranty Ltd. (NYSE: AGO) Assured Guaranty Municipal Corp. Assured Guaranty Municipal Holdings, Inc. Attorney General, State of Alabama, Augmentation, Inc., B.A.S. L.L.P., Bailey, James E., III Bailey, James Blake, Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C., Balch & Bingham, LLC, BAC North America Holding Company, Ballesteros, Sydney, Gibbs BANA Holding Corporation Bankruptcy Administrator for the Northern District of Alabama The Bank of New York Mellon The Bank of New York Mellon Corporation (NYSE: BK) The Bank of New York Mellon Trust Company, N.A. (f/k/a The Bank of New York Trust Company of Florida, N.A.) The Bank of Nova Scotia (Toronto: BNS.TO) Barclays Bank, PLC (NYSE: BCS), Bayerische Landesbank Bayern LB BBA Development, LLC Beckett, Amanda M. Beckman Coulter, Inc. Beers Properties, LLC Bender, Jay Bennett, Andrew, Jefferson

County Tax Assessor, Bessemer Division Bennett, The Honorable Thomas B. Bensinger, Bill D. Benton & Centeno, LLP Benton, Lee R. Berkowitz, Adam T. Bernstein Law Firm, P.C. Bishop, Colvin, Johnson & Kent, LLC Black, Dylan C. Blackburn, The Honorable Sharon Lovelace Blackmon, Angelina The Blackstone Group L.P. Blizzard, H. Wallace, BNSF Railway Company Boardman, Carr, Hutcheson & Bennett, P.C. Boardman, Mark S. Bogdanoff, Lee Bowman, George, Jefferson County Commissioner, Bowsher, David K. Bradley Arant Boulton Cummings LLP Bradylyons, Morgan Breece, Charlotte Brice Building Co., LLC Brigade Capital Management, LLC Brown, Sandra Little, Jefferson County Commissioner Buckley, Mike C. Burkley, Kirk B. Bussell, Daniel J. Butler, Snow, O'Mara, Stevens & Cannada, PLLC Campagna, Joseph, Vice-President of Bayern LB Carmody, Richard P. Carrington, David, Jefferson County Commissioner Carroll, Kevin M., Casey, William Caton, Amy Cede & Co. Chapman & Cutler LLP Chastain, R. Aaron Childs, Larry Christian & Small Citigroup Global Markets, Inc. CIVC Partners L.P. City of Birmingham, Alabama City of Center Point, Alabama City of Hoover, Alabama City of Midfield, Alabama Claren Road Asset Management, LLC Claren Road Credit Master Fund, Ltd. Claren Road Credit Opportunities Master Fund, Ltd. Clark, Chris Clark, J.F. "Foster" Clemon, U.W. Cochran, Ryan K. Case: 15-11690 , Cody, Mark A. Colvin, Whit Conner, Joe A. Corbett, J. Thomas, Bankruptcy Administrator for the Northern District of

Alabama (Birmingham) Crane, James R. Cronin, Michael T. CSX Transportation, Inc. (NYSE: CSXT) Culpepper, Carlyn R. Cunningham Firm, LLC Cunningham, Russell M., IV The Cypress Group L.L.C. Dabney, H. Slayton, Jr. Dabney, PLLC Dall'Asta, Robert A. Danella, Nicholas A. Daniels, Elan Darby, J. Patrick Dattner, Ian Davidson, Paul S. Davidson, Scott Davis, Rickey, Jr. deLa Cruz, Sheila Denaburg, Charles L. Depfa Bank PLC The Depository Trust & Clearing Corporation The Depository Trust Company Deutsche Bank Securities Inc. Doyle, Francis X. Drexel Hamilton, LLC Eades, David L. Elbaum, Lawrence S. Elevator Maintenance and Repair, Inc. Emden, Christopher J., Civil Division, U.S. Department of Justice Emerald Eagle Holdings, LLC Emerald Eagle Holdings South, LLC Engel, Hairston, & Johanson, P.C. Environmental Protection Agency Felder, Debra L. Ferber, Amy Edgy, Ferretti, Daniel J. FGIC (Australia) Pty Limited FGIC Credit Products LLC FGIC Credit Products II LLC FGIC UK Services, Limited FGIC UK Limited FGIC Corporation Fiekers, Mark J., Financial Guaranty Insurance Company, Finley, Aubrey, Sheriff First Commercial Bank, First Tuskegee Capital Markets, Fite, Heath Fitzpatrick, Raymond P. Fletcher, Gregory Fliegel, Michael M. FMS Wertmanagement AoR Forshaw, Mary Beth Franklin, Marvin E. Fraternal Order of Police Lodge, Frost, Delores W. Fuhrman, Steven M. Fundamental Advisors LP Fundamental Partners GP LLC Fundamental Partners II GP LLC Fundamental Partners LP Fundamental Partners II LP

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Gene J. Gorman, Joyce T. Graff, Elisha David Grainger, Brent Grand Central
Assurance Corp., Green, Wilson F. Greystone Legal Clinic,, Guin, Jay F. Hahn, W.
Patton Hale, Bryan G. Hale, Mike, in his official capacity as Sheriff of Jefferson
County, Alabama Hall, Brian P. Hammerman, Ira D. Hammond, Clark R. Hand
Arendall LLC Hart, Anna L. Hawes, Vekesha Hawkins, Christopher L. Hawkins
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Partners LP Monarch Cayman Fund Limited Monarch Debt Recovery Master Fund
Ltd Monarch Opportunities Master Fund, Monarch Research Alpha Master Fund
Ltd Monticello, LLC Moore, Mary Moore, Oil Company Morgan Stanley & Co.
LLC Morgan Stanley Smith Barney LLC Morris & Dickson Co. L.L.C. Morris,
Brenton K. Moseley, Max A. Mosteller, Clifton C. Muhammad, William R.
Murphree, J. Leland Murrill, Jay NB Holdings Corporation Najjar Denaburg, P.C.
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(f/k/a MBIA Insurance Corp.) Nelson, Carol Sue Nix, Jess R. Nobles, Cherie
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Owens & Minor, Inc. Owens, Sharon P Monarch Recovery Ltd. Parnell & Crum,
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LLP RBC Capital Markets Red Mountain Holdings, LLC Reed Smith LLP
Regions Bank Regions Financial Corp, The Resha Firm, Resha, Salem, Jr. Rice,
Sharon Rice, Thomas C. Richie, J. Thomas Riley & Jackson, P.C. Riley, Robert R.
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Office of the Governor, State Street Bank and Trust Company State Street
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Lion Portfolio L.P. Strange, Luther Strohhahn, Xochitl Sullivan, David A.
Swanson, David Swindle, Lara Syncora Guarantee Inc. Syncora Holdings US Inc.
Syncora Holdings, Ltd. (SYCRF.PK) Tanabe, Kesha L. Tanner Guin & Crowell,
LLC Teklinks Inc. Thompson, Robert Threadgill, Reginald ,Tidmore, Emily J.
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as Paying Agent U.S. Pipe and Foundry Company, LLC U.S. Securities and Exchange Commission, Office of Reorganization UAB Health System UBS Financial Services Inc. UMB Bank, N.A. Unisys Corporation University Hospital Services, Inc. University of Alabama Health Services Foundation, P.C. Utley, Elizabeth E. Venable LLP, counsel for Bayern LB Vos, John A. W.C. Rice Oil Company, Inc. Walding, Brian R. , Walding, LLC Walker Law Firm Walker, Adrienne K. Walker, Henry J. Waller Lansden Dortch & Davis, LLP Walsh, Mark Weathers Law Firm, LLC Weathers, Matthew Webb Law Firm Webb, A. Wilson Webber, Rachel L. Weissman, Jeffrey, D.D.S. Wells Fargo Bank, National Association as Indenture Trustee Westermann, Robert S. White, Arnold & Dowd P.C. White, James H., IV Whitmore, Clark T. Wiggins, Childs, Quinn & Pantazis, LLC Wilkinson Law Firm, PC Wilkinson, Cynthia Forman , Williams, Justin G. Williams, Mark P. Wilson, Jamie A. Winston & Strawn LLP Wright, Donald Young, John S., Jr., Kenneth N. Klee Kenneth N. Klee , Avron, Paul A. Berger, Mitchell W. Berger Singerman LLP, Halligan, Caitlin J., Gibson, Dunn & Crutcher LLP, Hausfeld, LLP, Jois, Goutam U., Kuykendall, III, Frederick, Securities Industry and Financial Markets Association.

Executed this 6th day of September 2018,

/s/ Calvin B. Grigsby, Counsel for Petitioners

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“such charges or rentals shall be a personal obligation of the occupant of the property the sewerage from which is disposed of by such sewers or treated in such plants and *shall also be a lien upon such property, enforceable by a sale thereof.* 9

Before issuing any warrants or levying or collecting any such sewer service charges or rentals, the proposal shall *first be submitted to and approved by a majority of the voters of the county* voting at an election to be called by the governing body thereof. *** (emphasis supplied) 9

NOT ONLY THEIR MERIT BUT WHY THEY ARE CONTENTED TO BE WORTHY OF EN BANC CONSIDERATION;]..... 10

Whether the Ratepayers’ appeal of the bankruptcy court’s Confirmation Order is moot (constitutionally, statutorily, or equitably) given significant consummation of the terms of the Confirmation Order and the Ratepayers’ failure to obtain a stay pending appeal. (XXII, App. 226)..... 10

The first question of exceptional importance worthy of En Banc consideration is the Panel’s use of Judge made law to deny an appeal of constitutional Claims involving debt issuance and sewer fee rate making when there is an express statute 11 USC §364 that legislates the result and procedures on that issue. 11

They are non-core proceedings. Under the rules, 157(b), a non-core proceeding on a

state law issue has to have findings of fact, and there's no jurisdiction under Article III for a bankruptcy court to make a final ruling on a non-core proceeding. Thank you. And that's why there's no right for them to file a partial motion for summary judgment against our adversary case. XXIII App. 30 14

The second issue to be considered of exceptional importance is whether the Constitution allows a Federal Bankruptcy Judge to orchestrate a Plan Confirmation by claiming it is too complex to be looked at by an Article III Judge so as to make his actions as a legislative judge non-reviewable by the Judicial Branch, especially where the public interest of legally outmatched citizens and taxpayers who have to pay the resulting utility bills is involved. 15

..... 16

on March 27, 2003, the Commission approved "the issue of about one billion dollars' worth of sewer revenue refunding warrants to pay off old sewer debt." An agreement between JPMorgan Chase Bank and the County regarding the deal is dated March 28, 2003. It was signed by Langford on behalf of the County and purported to list the "fees" paid to various entities as a result of the transaction. Notably, Blount-Parrish was not listed as one of those entities. Instead, a separate letter was sent to Langford alone disclosing that Goldman Sachs -- another participant in the transaction -- "intends to pay [an unspecified amount of] consulting fees in connection with [the] swap to Blount Parrish." 17

On February 25, 2003, Langford and the County commission approved a resolution authorizing the \$1.1 billion 2003-B bond offering. J.P. Morgan Securities would serve as lead underwriter, and its affiliated commercial bank would serve as swap provider for the corresponding \$1.1 billion swap agreement. The swap agreement was executed on March 28,..... 17

2003, with an effective date of May 1, 2003 to coincide with the bond offering. *** J.P. Morgan Securities ultimately negotiated a separate swap agreement between its affiliated bank and Goldman Sachs as a mechanism to make the \$3 million payment. 17

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Third, the en banc review exceptionally important to reconsider the ruling that in looking at the applicability of prudential mootness the District Court's standard of review is de novo rather than abuse of discretion which is against the weight of Circuit authority 17

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STATEMENT REQUIRED BY 11TH CIR. R. 35-5(c)

I express a belief, based on a reasoned and studied professional judgment, that the panel decision is contrary to the following decision(s) of the Supreme Court of the United States or the precedents of this circuit and that consideration by the full court is necessary to secure and maintain uniformity of decisions in this court:

Supreme Court:

1. *Law v. Siegel*, 134 S. Ct. 1188, 1194, 188 L. Ed. 2d 146 (2014).
2. *Czyzewski v. Jevic Holding Corp.*, 137 S. Ct. 973, 986-987, 197 L. Ed. 2d 398, 413-414 (2017).
3. *Stern v. Marshall*, 131 S.Ct. 2594, 180 L. Ed. 2d 475 (2011).
4. *Northern Pipeline v. Marathon Pipe Line*, 458 U.S. 50 (1982).
5. *Wellness Int'l Network, Ltd. v. Sharif*, 135 S. Ct. 1932 (2015).
6. *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1387-1388, 572 U.S. 118, 128, 188 L. Ed. 2d 392, 403-404(2014)

Eleventh Circuit:

1. *Alabama Dep't of Econ. & Cmty. Affairs v. Ball Healthcare-Dallas, LLC* (In re Lett), 632 F.3d 1216 (11th Cir 2011)
2. *Russo v. Seidler (In re Seidler)*, 44 F.3d 945 (11th Cir
3. *United States v. Walcott*, 972 F.2d 323, 325 (11th Cir. 1992)

I express a belief, based on a reasoned and studied professional judgment, that this appeal involves one or more questions of exceptional importance:

1. Whether equitable estoppel can bar an appeal where the court finds on the same facts (1) no constitutional estoppel because some meaningful relief may be

fashioned to remedy ongoing violations of the U.S. Constitution, and (2) no statutory estoppel because the party seeking dismissal of the appeal did not comply with specific Bankruptcy Code statutes governing the issue on which the equitable estoppel argument is based.

2. Whether the standard of review for an appeal equitable estoppel should be based on deference to the District Court as the fact finder attempting to balance the equities, rather than *de novo*?

3. Where Federal Rule of Bankruptcy Procedure 7001 provides that certain bankruptcy matters—including, Ratepayers claims here—must be resolved through adversary proceedings which approximate civil actions and provide similar procedural protections as the Federal Rules of Civil Procedure, whether an appeal asserting a denial of these protections can be dismissed as equitably moot?

/s/ Calvin B. Grigsby

ATTORNEY OF RECORD FOR ANDREW BENNETT, RODERICK V.
ROYAL, MARY MOORE, JOHN W. ROGERS, WILLIAM R. MUHAMMAD,

September 6, 2018

**STATEMENT OF THE ISSUE(S) ASSERTED TO MERIT EN BANC
CONSIDERATION REQUIRED 11TH CIR. R. 35-5(e)**

See Issues Stated in the Section Above

**STATEMENT OF THE COURSE OF PROCEEDINGS AND DISPOSITION
OF THE CASE**

The course of proceeding from our principal brief of 9/30/2015 is incorporated herein. Further, Pre-petition, on June 27, 2011 (See, AP 16. Doc 134-1) Ratepayers sought intervention in State court receiver's case for "equitable declaratory relief stopping the proposed rate increase." DC Case No. 213, Doc. 14, p. Page 11 of 315. On June 4, 2012, Ratepayers filed its §101(5)(B) claim in bankruptcy to get an injunction against future collection of sewer fees equal to about half the System Revenues being split between the County and the Trustee. On July 12, 2012, Ratepayers filed a complaint in intervention in AP 16 to "pre-empt" a ruling [that the trustee could collect System Revenues] that would have a preclusive effect on Ratepayer Intervenors' §101(5)(B) claims that about half the System Revenues were charged unconstitutionally. (Id. p. 12-13). On September 6, 2012, Ratepayers brought their AP 120 Class Action Complaint for an injunction to cancel System Revenue collections that violated their constitutional rights. (Id. p. 13). On September 29, 2012, Ratepayers brought their Amended AP 120 Complaint to enjoin any Plan of Adjustment with pledges of System Revenues collected from Ratepayers to amortize "the Series 2002C, 2003B and 2003C sewer refunding warrants with associated interest rate swaps" because they were void and

unenforceable, inter alia, under the Alabama Constitution (Id. p.13-14). On April 4, 2013 following hearings on a half dozen motions to dismiss the amended and final complaint in AP 120 seeking to enjoin the proposed Plan of Adjustment rather than grant the County's motions to dismiss that were subject to appeal under Rule 7001 had been fully briefed, the Bankruptcy stayed Ratepayers' request to enjoin further collection of sewer revenues containing allegedly unconstitutional markups and then dismiss our AP cases in the Plan of Confirmation. The oppositions we filed to the Plan and the AP cases were way more notice of our desire to appeal any Plan than a request for a stay could ever be.

STATEMENT OF ANY FACTS NECESSARY TO ARGUMENT OF THE ISSUES

The Ratepayers are individuals, and purported class representatives (collectively the "Ratepayers") of special taxpayers whose homes, apartments, commercial buildings and other real properties are subject to a mortgage imposed under the Alabama Constitution to repay Jefferson County sewer warrants. Alabama Constitutional Amendment 73 liens enforceable by sale of the property—therefore a "Mortgage" in common parlance-- to secure sewer payments as follows:

“such charges or rentals shall be a personal obligation of the occupant of the property the sewerage from which is disposed of by such sewers or treated in such plants and shall also be a lien upon such property, enforceable by a sale thereof.

Before issuing any warrants or levying or collecting any such sewer service charges or rentals, the proposal shall first be submitted to and approved by a majority of the voters of the county voting at an election to be called by the governing body thereof. *** (emphasis supplied)

The refinanced warrants were sold to investors and the County gave the underwriters a verbal award on November 19, 2013, (X, App pp. 40-41) three days before the Plan of Confirmation was approved and filed on November 22, 2013 (XXIX App) based on a verbal award. The County and the underwriters signed a warrant purchase and sale agreement whereby sale was finalized except for routine legal opinions and other documents to be delivered at closing on November 20 two days before the plan approving the sale was finalized. In fact, the Bankruptcy was having the final hearings on approving the sale of the refunding \$1.68 billion in warrants on November 20 and 21, after the warrant sale had been finalized. (X, App., p. 35). The Bankruptcy Court did not waive the 14 days automatic stay of the confirmation until November 22, 2013 two days after the stay could have been effective. So, when the waiver of the automatic stay was approved it was already moot and of no legal effect. The Ratepayers filed their appeal (no a notice but and actual appeal) 2 days before the Warrants were delivered on December 3, 2013. The County and new bond purchases had actual

notice of the appeal before they did a final closing. By the Time of the waiver of the 14-day automatic Stay on November 22, 2013 there was no debt sale to stay. The cow was out of the barn on December 20. The first portion of the warrant purchase agreement from Appendix X is attached as Exhibit A for the convenience of the Panel and other Circuit Judges.

ARGUMENT AND AUTHORITIES.

NOT ONLY THEIR MERIT BUT WHY THEY ARE CONTENTED TO BE WORTHY OF EN BANC CONSIDERATION;]

The District Court certified for interlocutory review the following issue from its denial of the County's Motion for Partial Summary Judgment:

Whether the Ratepayers' appeal of the bankruptcy court's Confirmation Order is moot (constitutionally, statutorily, or equitably) given significant consummation of the terms of the Confirmation Order and the Ratepayers' failure to obtain a stay pending appeal. (XXII, App. 226)¹
Pursuant to Federal Rule of Appellate Procedure 35(b), Plaintiffs-Appellants

¹ Citations to the Appendix are __[Vol. No.] App. ___[page number]; Citations to the district court's electronic case docket (No. 2:14-cv-00213-SLB) are formatted "Dist.Doc.[entry number]:[page/paragraph]," and citations to the bankruptcy court's electronic case docket (No. 11-05736-TBB9) are formatted "Bankr.Doc.[entry number]:[page/paragraph]." Citations to bankruptcy court transcripts are formatted as "Bankr.Tr.[month].[day].[year]:[page]." To the extent a document's electronic CM/ECF pagination ("Page X of Y") differs from the document's internal pagination, citation is to the CM/ECF pagination.

The first question of exceptional importance worthy of En Banc consideration is the Panel's use of Judge made law to deny an appeal of constitutional Claims involving debt issuance and sewer fee rate making when there is an express statute 11 USC §364 that legislates the result and procedures on that issue.

This Petition for Rehearing and Suggestion for Rehearing En Banc of the panel's August 16, 2018 Opinion in this case, which should be granted for the following reasons:

First, in upholding the District Court's opinion that there is no right to stop the appeal because of "statutory mootness," the panel recognized that Section 364(e) of the Code--which provides that unless an order authorizing the obtaining of credit or the incurring of debt is stayed pending appeal, the sale of property to a good faith purchaser or a good faith extension of credit, with or without any priority or lien, shall not be affected by the reversal or modification of such order on appeal, whether or not the purchaser or creditor knows of the pendency of the appeal--governs the appeal of the issuance of the \$1.78 billion of "refunding" sewer revenue warrants which retired claims against the "refunded" sewer warrants which Ratepayer's Adversary Complaint addresses. Where there is a specific bankruptcy law provision which governs, the District Court is not allowed any wiggle room to use Judge made "prudential estoppel" law to resolve the issue. See, *Law v. Siegel*, 134 S. Ct. 1188, 1194, 188 L. Ed. 2d 146 (2014) ("We have long held that whatever powers remain in the bankruptcy courts must and can only

be exercised within the confines of the Bankruptcy Code."); and *Czyzewski v. Jevic Holding Corp.*, 137 S. Ct. 973, 986-987, 197 L. Ed. 2d 398, 413-414 (2017)

("Congress did not authorize a "rare case" exception. We cannot "alter the balance struck by the statute," not even in "rare cases. (...courts cannot deviate from the procedures "specified by the Code," even when they sincerely "believ[e] that . . . creditors would be better off") (internal quotation marks and citations omitted)).

On page 18 that "Section 1127(b), unlike section 363(m), does not place any limit on the power of the court of appeals [to employ prudential estoppel] ...to fill the interstices of the Code with the same approach." This observation exacerbates the panel's endorsement of a Judge made "prudential" estoppel rule as a direct conflict with *Law v Siegal* because (1) in addition to *Law's* guidance that Section 364(e) as the governing law for the facts of this case that is expressly made applicable to Chapter 9 by 11 USC §901 and cannot be waived, or disregarded by a Judge made rule to "balance the equities," to deny an appeal to Ratepayers whose real properties now have lien mortgages were increased to refinance prepetition debt by the County without voter approval as required by the Alabama Constitution enforceable by an Article I court, and (2) Section 1101(2) and 1127 dealing with consummation of a plan following failure to get a stay are expressly limited to Chapter 11 reorganizations. Under *Law* §§ 1101(2) AND 1127 cannot be "borrowed" to balance the equities without express direction from Congress.

Finally, under the admonitions of *Law* because Bankruptcy Rule 9006 expressly prohibits reduction of the 14 day time to appeal under 8002, abrogation of the specific Code procedure under a Judge made prudential estoppel legal standard violated expressly applicable bankruptcy code prohibitions. The Supreme Court opinions in *Law* and *Czyzewski* say that the mootness standard cannot be used to “fill the interstices of the Code.” I am asking this Court to grant a rehearing en banc to review the question of whether the “prudential estoppel” opinion of the panel where there are specifically applicable Bankruptcy code provisions governing the appeal may be applied here once the panel found that meaningful relief may be structured following a hearing on the merits of the appeal.

Second, in upholding the District Court, the Court found that there was no “constitutional mootness.” Ratepayers can obtain some meaningful relief (after a hearing on appeal on the merits) (Opinion pp. 9-11). Based on the issued certified, above, there can be meaningful relief even if the Plan has been substantially consummated and even though there was no motion for stay the Confirmation Order issued on December 1, 2013.

Finding no statutory mootness means the County cannot claim a stay is required under 364(e). The fact that Section 1101 and 1127 only apply to Chapter 11 proceedings means the County cannot claim a stay was required in a Chapter 9 proceeding under these provisions. Any meaningful relief that can be given on

Ratepayers claims, all of which predate the Bankruptcy and were first filed in State Court, are based on the estimated \$1.63 billion increase in the mortgage lien with power of sale attached to their real properties to secure the sewer debt caused directly by criminal and *ultra vires* actions of the County and the Sewer Trustee in violation of Amendment X to the U.S. Constitution, Amendment 73 and other provisions of the Alabama Constitution and State and Federal statutory and common law. These are all “non-core” proceedings filed as required adversary proceedings² under Rule 7001 which under Stern require a trial in front of an Article III Judge or a review of findings of fact and conclusions of law by an Article III Judge. As we stated in District Court

They are non-core proceedings. Under the rules, 157(b), a non-core proceeding on a state law issue has to have findings of fact, and there's no jurisdiction under Article III for a bankruptcy court to make a final ruling on a non-core proceeding. Thank you. And that's why there's no right for them to file a partial motion for summary judgment against our adversary case. XXIII App. 30

Pursuant to 28 USCS § 157(c)(1) and Bankruptcy Rule 9033(d), the District Court must review de novo those matters in the three [citations] filed specifically objecting to the plan, and the dismissals of Ratepayers' AP lawsuits without a hearing in the hastily advanced Confirmation Order. *Crossley v. Lieberman* (E.D. Pa. July 13, 1988), 90 BR 682, aff'd, (3d Cir. Pa. Feb. 16, 1989), 868 F2d 566.

² No final judgments the two adversary bankruptcy proceeding appealed (AP 16 and AP 120) were ever set forth in a separate document and entered in accordance with Fed. R. Civ. P. 58. See Fed. R. Bankr. P. 9021.

The second issue to be considered of exceptional importance is whether the Constitution allows a Federal Bankruptcy Judge to orchestrate a Plan Confirmation by claiming it is too complex to be looked at by an Article III Judge so as to make his actions as a legislative judge non-reviewable by the Judicial Branch, especially where the public interest of legally outmatched citizens and taxpayers who have to pay the resulting utility bills is involved.

The issue of why the prudential estoppel ruling of the panel should be viewed as important enough for a full en banc on the facts of this case review is articulated by the Third Circuit:

Equitable mootness drastically weakens that supervisory authority, and therefore threatens a far greater "impermissibl[e] intru[sion] on the province of the judiciary," Schor, 478 U.S. at 851-52, than the Court confronted in Northern Pipeline, Stern, or Wellness International. The doctrine not only prevents appellate review of a non-Article III judge's decision; it effectively delegates the power to prevent that review to the very non-Article III tribunal whose decision is at issue. Although Article III judges decide whether an appeal is equitably moot, bankruptcy courts control nearly all of the variables in the equation, including whether a reorganization plan is initially approved, whether a stay of plan implementation is granted, whether settlements or releases crucial to a plan are approved and executed, whether property is transferred, whether new entities (in which third parties may invest) are formed, and whether distributions (including to third parties) under the plan begin—all before plan challengers reach an Article III court.

Put another way, whereas magistrate judges' and administrative agencies' decisions are at least subject to appellate review, equitable mootness not only allows bankruptcy court decisions to avoid review, but also enables bankruptcy judges to insulate their decisions from review at their discretion. In turn, opportunistic plan proponents can (and as discussed below, regularly do) use this to their advantage. As then-Judge Alito warned in Nordhoff Investments, "our court's equitable mootness doctrine can easily be used as a weapon to prevent any appellate review of bankruptcy court orders confirming reorganization plans. It thus places

far too much power in the hands of bankruptcy judges." 258 F.3d at 192 (Alito, J., concurring in the judgment).

One2One Communs., LLC v. Quad/Graphics, Inc., 805 F.3d 428, 445-446

The bankruptcy court's apparent orchestration of equitable mootness to prevent appellate review is acknowledged in his statement at the confirmation hearing that "[t]his deal has to be put together quickly. It has to be closed quickly for various reasons, some of which are legal, *some of which are tactical.*" Bankr.Tr.11.21.2013:840 (Italics added). Remember §364(e) requires debt to be extended in "*good faith.*" The *en banc* review is extremely important given the actions of the County and the Bankruptcy Court to deprive the Ratepayers of their day in court on their well-documented Proof of Claim.

As observed by Judge Blackburn the public interest is one of the equities that have to be considered in a prudential balancing of the equities.

As this circuit knows this case started with *United States v. Langford*, 647 F.3d 1309, 1316, 2011 where the Court reviewed the facts that where warrants secured by Ratepayers real property were used to generate criminal profits for County Commissioners and accomplices. The panel in that case stated:

on March 27, 2003, the Commission approved "the issue of about one billion dollars' worth of sewer revenue refunding warrants to pay off old sewer debt." An agreement between JPMorgan Chase Bank and the County regarding the deal is dated March 28, 2003. It was signed by Langford on behalf of the County and purported to list the "fees" paid to various entities as a result of the transaction. Notably, Blount-Parrish was not listed as one of those entities. Instead, a separate letter was sent to Langford alone disclosing that Goldman Sachs -- another participant in the transaction -- "intends to pay [an unspecified amount of] consulting fees in connection with [the] swap to Blount Parrish."

Then the SEC in their consent decree with JPMORGAN stated in part:

On February 25, 2003, Langford and the County commission approved a resolution authorizing the \$1.1 billion 2003-B bond offering. J.P. Morgan Securities would serve as lead underwriter, and its affiliated commercial bank would serve as swap provider for the corresponding \$1.1 billion swap agreement. The swap agreement was executed on March 28, 2003, with an effective date of May 1, 2003 to coincide with the bond offering. *** J.P. Morgan Securities ultimately negotiated a separate swap agreement between its affiliated bank and Goldman Sachs as a mechanism to make the \$3 million payment.

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Those illegal activities caused the Ratepayers to be charged higher sewer rates to pay for the malfeasance estimated at \$1.63 billion. When the doctrine of equitable estoppel denies them a hearing under FRCP on their claims, the interest of the citizenry as a whole in obedience to the rule of law is undermined.

Third, the en banc review exceptionally important to reconsider the ruling that in looking at the applicability of prudential mootness the District Court's standard of review is de novo rather than abuse of discretion which is against the weight of Circuit authority

The Full panel should look at the reasons for the split in the circuits on the legal standard as applied to the facts of this case which include:

1. *Anderson v. City of Bessemer*, 470 U.S. 564, 573-74, 105 S. Ct. 1504, 84 L. Ed. 2d 518 (1985). *Litwin v. United States*, 983 F.2d 997, 999 (10th Cir. 1993). (“The trial court's findings of fact will be upheld unless, after review, the appellate court is firmly convinced a mistake has been made.”)

2. *Teamsters Local 348 Health & Welfare Fund v. Kohn Beverage Co.*, 749 F.2d 315, 319 (6th Cir. 1984), cert. denied, 471 U.S. 1017, 105 S. Ct. 2024, 85 L. Ed. 2d 305 (1985) (“The constituent elements of estoppel constitute questions of fact, and the district court's findings on these matters must be upheld unless clearly erroneous.”)

3. *Mesa Air Group, Inc. v. Delta Air Lines, Inc.*, 573 F.3d 1124, 1130 (11th Cir 2009) (“We owe the district court's credibility determinations a great deal of deference.”)

4. *In re Martin*, 698 F.2d 883, 885 (7th Cir. 1983) (“the trial judge is best able to assess the credibility of the witnesses before him”)

5. *Johnson v. Henderson*, 314 F.3d 409 (9th Cir 2002)

6. *Donaldson Co. v. Burroughs Diesel, Inc.*, 581 F.3d 726, 731 (8th Cir. 2009)

7. *Granite States Ins. Co. v. Smart Modular Techs.*, 76 F.3d 1023, 1028 (9th Cir 1996)

8. *Pershing, L.L.C. v. Bevis*, 606 Fed. Appx. 754, 756 (5th Cir 2015 (“We

review a district court's application of equitable estoppel for abuse of discretion.”)

9. *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1028 (Fed. Cir. 1992) (en banc).

10. *Ludlow Hosp. Soc'y, Inc. v. Sec'y of Health and Human Servs.*, 124 F.3d 22, 25 (1st Cir. 1997).

11. *Beeman v. BGI Creditors' Liquidating Trust (In re BGI, Inc.)*, 772 F.3d 102, 107-108 (2nd Cir. 2014)

12. *Duty v. Norton-Alcoa Proppants*, 293 F.3d 481, 493-494 (8th Cir 2002) (“We review the district court's preclusion of NAP's proposed affirmative defense based on equitable estoppel principles for an abuse of discretion.”)

Dated this 6th day of September 2018.

Respectfully submitted,

Calvin B. Grigsby

/s/Calvin B. Grigsby

CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing Petition for Rehearing and Rehearing En Banc with the Clerk of the Court for the United States Court of Appeals for the Eleventh Circuit by using the appellate CM/ECF system on September 6, 2018. I certify that all participants in the case are registered

CM/ECF users and that service will be accomplished by the appellate CM/ECF system.

Dated this 6th day of September 2016.

/s/ Calvin Grigsby

EXHIBIT A

EXECUTION COPY

WARRANT PURCHASE AGREEMENT
Terms and Acceptance

Issuer: Jefferson County, Alabama

Senior Manager: Citigroup Global Markets Inc., acting on behalf of itself and the other Underwriters listed on the signature page below

Securities: The Jefferson County, Alabama, Sewer Revenue Warrants, Series 2013-A to 2013-F, the details of which are set forth in the final pricing wire attached to Schedule I.

Acceptance Deadline: November 20, 2013, 5:00 PM (New York prevailing time)

Effective Date and Time: November 20, 2013, 2:57 PM (New York prevailing time)

Closing Date: December 3, 2013

1. Offer to Purchase the Securities; Execution of Terms and Acceptance

The Issuer and the Senior Manager, acting on behalf of itself and the underwriters listed on the signature page below (together with the Senior Manager, the “*Underwriters*”), are entering into this Warrant Purchase Agreement (the “*Agreement*”) to provide for the purchase and sale of the Securities described in Schedule I.

The Underwriters hereby offer to purchase, jointly and severally, all (but not less than all) of the Securities from, and to enter into this Agreement with, the Issuer. This offer is subject to acceptance by the Issuer by the Acceptance Deadline and, if not so accepted, will be subject to withdrawal by the Underwriters by written notice delivered to the Issuer at any time prior to acceptance. The Issuer shall accept this Agreement by its execution of this Warrant Purchase Agreement Terms and Acceptance (“*WPA Terms and Acceptance*”). Upon such execution, the Agreement will be binding upon the Underwriters and the Issuer. This Agreement is effective as of the Effective Date and Time.

2. Documents Comprising the Agreement

This Agreement consists of this WPA Terms and Acceptance and the following Schedules, all of which are incorporated herein and constitute part of this Agreement as if fully restated herein. The Schedules are as follows:

- Schedule I: Terms of the Securities
- Schedule II: Defined Terms
- Schedule III: General Provisions and Conditions
- Schedule IV: Issuer and Underwriter Representations and Warranties
- Schedule V: Items to be Delivered at Closing

All capitalized terms used in this WPA Terms and Acceptance and not otherwise defined are used as defined in Schedule II or, if not defined in either this WPA Terms and Acceptance or Schedule II, as defined in the Official Statement.

3. Purchase of the Securities

The Underwriters, jointly and severally, shall purchase from the Issuer, and the Issuer shall sell to the Underwriters, all (but not less than all) of the Securities on the Closing Date at the aggregate Purchase Price set forth below. The Securities shall bear (or accrete) interest at the rates per annum, mature on the dates, be offered to the public at the prices and be subject to redemption prior to maturity and to such other terms and provisions, all as set forth in Schedule I. The Securities otherwise shall be as described in the Approval Resolution, the Act and the Issuer Documents. The Underwriters’ agreement to purchase the Securities from the Issuer is made in reliance upon the Issuer’s representations, covenants and warranties and on the terms and conditions set forth in this Agreement.

4. Purchase Price

The Purchase Price of the Securities is \$1,738,582,801.24 (representing the principal amount of the Securities of \$1,785,486,521.65, less Underwriters' discount of \$10,360,699.86, and less net original issue discount of \$36,543,020.55). The Purchase Price shall be payable on the Closing Date by the Underwriters to or as directed by the Issuer by wire transfer in immediately available funds. In accordance with Section 9 of the WPA General Provisions and Conditions, the Senior Manager also will be reimbursed for certain specified out-of-pocket expenses that are not included as part of the expense component of the Underwriters' discount, relating to travel expenses of the Senior Manager and County for meetings with the rating agencies and expenses associated with investor road show presentations. The Issuer acknowledges that the Underwriters will be using a portion of their management fees to pay the fees of Greenberg Traurig, LLP, counsel to certain institutional investors.

5. Official Statement

The Issuer hereby consents to and ratifies the use and distribution by the Underwriters of the Preliminary Official Statement in connection with the public offering of the Securities by the Underwriters, and further confirms the authority of the Underwriters to use, and consents to the use of, the final Official Statement with respect to the Securities in connection with the public offering and sale of the Securities. In accordance with Section 3(a) of the WPA General Provisions and Conditions, the Issuer agrees, at its cost, to provide to the Underwriters 10 executed copies and 25 conformed copies of the Official Statement. To the extent required by applicable MSRB Rules, the Issuer hereby confirms that it does not object to distribution of the Official Statement in electronic form.

6. Ratings

The following ratings on the Securities shall be in effect on the Closing Date:

	<u>Fitch</u>	<u>S&P</u>	<u>Moody's</u>
Senior			
underlying	BB+	BBB	—
insured	—	AA-	A2
Subordinate	BB	BBB-	

7. Closing Date

The delivery of and payment for the Securities shall be the "Closing" for the Securities and shall occur at or prior to 1:00 p.m., New York City time, on the Closing Date, or at such other time or on such other date as may be mutually agreed by the Senior Manager and the Issuer. The location of the Closing shall be the Birmingham, Alabama offices of Bond Counsel.

8. Issue Price Certificate

Upon request of Bond Counsel, the Senior Manager shall execute and deliver on the Closing Date an issue price or similar certificate, in form and substance reasonably satisfactory to the Issuer, Bond Counsel, and the Senior Manager.

9. Accountant's Letter / Feasibility Consultant's Letter

In connection with the posting of the Preliminary Official Statement, the Senior Manager received an Agreed-Upon Procedures letter dated November 4, 2013, prepared by the Issuer's auditor, Warren Averett, LLC ("Warren Averett"). At Closing, Warren Averett shall deliver a letter advising that additional procedures, as agreed to by Warren Averett and the Senior Manager, were performed as of a date not more than five days prior to the Closing.

In connection with the posting of the Preliminary Official Statement, the Senior Manager received the written consents of Brown and Caldwell, as consulting engineer to the County, and of Galardi Rothstein Group, as Feasibility Consultant to the County, both dated November 4, 2013, consenting to the references to them in the Preliminary Official Statement and certain other matters. In connection with the execution of this Agreement, the Feasibility Consultant shall prepare a supplement to its Feasibility Study for inclusion in the Official Statement, which shall update such study to reflect the interest rates, principal amounts, and other final pricing terms of the Warrants.

10. Indemnification

The indemnification and contribution provisions contained in Section 10 of the WPA General Provisions and Conditions (Schedule III) shall, to the extent permitted by law, apply to the issuance and sale of the Securities and shall be part of this Agreement.

11. Counterparts

This Agreement may be executed in one or more counterparts with the same force and effect as if all signatures appeared on a single instrument.

12. Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties. This Agreement shall only be amended, supplemented or modified in a writing signed by both of the parties hereto.

13. Signatures

Upon execution by the Issuer and the Senior Manager, this Agreement shall be binding upon the Issuer and the Underwriters as of the Effective Date and Time.

ACCEPTED AND AGREED:

ISSUER: Jefferson County, Alabama

By: _____

Name: David Garrington
Title: President, Jefferson County Commission

SENIOR MANAGING UNDERWRITER: Citigroup Global Markets Inc.

By: _____

David M. Brownstein
Managing Director
Citigroup Global Markets Inc., on behalf of itself and the following:

CO-MANAGING UNDERWRITERS: Merchant Capital, L.L.C.
Drexel Hamilton, LLC
First Tuskegee Capital Markets
Securities Capital Corporation
Jefferies & Company, Inc.
Loop Capital Markets, LLC
Morgan Stanley & Co., LLC
RBC Capital Markets
Siebert Brandford Shank & Co., LLC

[signature page for WPA Terms and Acceptance
relating to Jefferson County, Alabama,
Sewer Revenue Warrants, Series 2013-A to -F]

Schedule I

Terms of the Securities

Maturity Dates, Principal Amounts, Interest Rates, Prices/Yields, CUSIPs and Redemption Provisions are as set forth in the pricing wire dated "11/19/13 06:21pm," which is attached to this Schedule I.

Wires

View Sent Wire

Sent Date/Time (EST)	Wire Type	Custom Wire Title
11/19/13 06:21 PM	Verification Wire	Verification Wire

RE: \$1,785,486,521.65
 JEFFERSON COUNTY, ALABAMA

WE HAVE RECEIVED THE WRITTEN AWARD.

DELIVERY IS FIRM FOR 12/03/2013.

CUSIP AND TRADE DATE WIRE WILL FOLLOW SHORTLY.

Senior Lien Sewer Revenue Current Interest Warrants Series 2013-A
 Senior Lien Sewer Revenue Capital Appreciation Warrants Series 2013-B
 Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants Series 2013-C

Subordinate Lien Sewer Revenue Current Interest Warrants Series 2013-D
 Subordinate Lien Sewer Revenue Capital Appreciation Warrants Series 2013-E
 Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants Series
 2013-F

\$395,005,000

SENIOR LIEN SEWER REVENUE CURRENT INTEREST WARRANTS, SERIES 2013-A

MOODY'S: A2

S&P: AA-
 UNDERLYING BBB

FITCH:
 UNDERLYING BB+

Assured Guaranty Municipal Corp. Insured

DATED:12/03/2013 FIRST COUPON:04/01/2014

DUE: 10/01

MATURITY	AMOUNT	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
10/01/2044	71,575M	5.00%	5.30	0.20
			(Approx. \$ Price 95.460)	

10/01/2048 118,430M 5.25% 5.45 0.20
 (Approx. \$ Price 96.886)

10/01/2053 205,000M 5.50% 5.65 0.20
 (Approx. \$ Price 97.625)

 CALL FEATURES: Optional call in 10/01/2023 @ 102.00 DTP 10/01/2025

Sinking Fund Schedule

2044 Term Bond

10/01/2043 34,915
 10/01/2044 36,660

Sinking Fund Schedule

2048 Term Bond

10/01/2046 29,300
 10/01/2047 43,425
 10/01/2048 45,705

Sinking Fund Schedule

2053 Term Bond

10/01/2050 32,285
 10/01/2051 54,520
 10/01/2052 57,515
 10/01/2053 60,680

\$54,999,964

SENIOR LIEN SEWER REVENUE CAPITAL APPRECIATION WARRANTS SERIES 2013-B

MOODY'S: A2

S&P: AA-
 UNDERLYING BBB

FITCH:
 UNDERLYING BB+

Assured Guaranty Municipal Corp. Insured

DATED: 12/03/2013

DUE: 10/01

WARRANTS

MATURITY	PRINCIPAL AMOUNT	MATURITY VALUE	YLD TO MAT	APPROX.	
				\$ PRICE PER \$100	ADD'L TKDN (%)
10/01/2025	2,438,595.00	4,700M	5.625	51.885	0.20
10/01/2026	4,567,584.00	9,600M	5.875	47.579	0.20

10/01/2027	6,481,807.20	14,680M	6.00	44.154	0.20
10/01/2028	4,854,262.50	11,875M	6.125	40.878	0.20
10/01/2029	4,483,168.75	11,875M	6.25	37.753	0.20
10/01/2030	4,130,481.25	11,875M	6.375	34.783	0.20
10/01/2031	3,879,206.25	11,875M	6.375	32.667	0.20
10/01/2032	3,561,193.75	11,875M	6.50	29.989	0.20
10/01/2033	3,340,437.50	11,875M	6.50	28.13	0.20
10/01/2034	6,132,745.50	23,835M	6.625	25.73	0.20
10/01/2035	5,747,108.80	23,840M	6.625	24.107	0.20
10/01/2036	5,383,373.10	23,835M	6.625	22.586	0.20

 CALL FEATURES:

OPTIONAL REDEMPTIONS 10/01/2023 -10/01/2034 @ 105% OF CAV DT (10/01/2035 @ 102.5 OF CAV)
 (10/01/2036 @ 100)

\$149,997,926

SENIOR LIEN SEWER REVENUE CONVERTIBLE CAPITAL APPRECIATION WARRANTS SERIES 2013-C

MOODY'S: A2

S&P: AA-
 UNDERLYING BBB

FITCH:
 UNDERLYING BB+

Assured Guaranty Municipal Corp. Insured

DATED: 12/03/2013

DUE: 10/01

WARRANTS

MATURITY	PRINCIPAL AMOUNT	MATURITY VALUE	YLD TO MAT	APPROX. \$ PRICE PER \$100	ADD'L TKDN (%)
10/01/2038 (Conversion Date: 10/01/2023)	26,252,184.75	49,225M	6.50	53.331	0.20
10/01/2042 (Conversion Date: 10/01/2023)	63,039,907.10	119,335M	6.60	52.826	0.20
10/01/2046 (Conversion Date: 10/01/2023)	26,184,818.40	50,280M	6.75	52.078	0.20
10/01/2050 (Conversion Date: 10/01/2023)	34,521,016.00	67,240M	6.90	51.34	0.20

 CALL FEATURES:

CALLABLE 10/01/2023 @105
 DTP 10/01/2034-10/01/2038

Sinking Fund Schedule

2038 Term Zero

10/01/2037 23,840
 10/01/2038 25,385

Sinking Fund Schedule

2042 Term Zero

10/01/2039 27,040
 10/01/2040 28,820
 10/01/2041 30,725
 10/01/2042 32,750

Sinking Fund Schedule

2046 Term Zero

10/01/2045 38,490
 10/01/2046 11,790

Sinking Fund Schedule

2050 Term Zero

10/01/2049 48,100
 10/01/2050 19,140

\$810,915,000

SUBORDINATE LIEN SEWER REVENUE CURRENT INTEREST WARRANTS SERIES 2013-D

MOODY'S:

S&P: BBB-

FITCH: BB

DATED: 12/03/2013 FIRST COUPON: 04/01/2014

DUE: 10/01

MATURITY	AMOUNT	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
10/01/2015	2,285M	5.00%	2.375	1/2
			(Approx. \$ Price 104.664)	
10/01/2016	7,345M	5.00%	2.625	1/2
			(Approx. \$ Price 106.428)	
10/01/2017	12,995M	5.00%	2.875	1/2
			(Approx. \$ Price 107.646)	
10/01/2018	14,215M	5.00%	3.125	1/2
			(Approx. \$ Price 108.337)	
10/01/2021	8,745M	5.00%	4.375	1/2
			(Approx. \$ Price 104.098)	
10/01/2022	10,980M	5.00%	4.50	1/2
			(Approx. \$ Price 103.603)	
10/01/2023	14,780M	5.00%	4.625	1/2
			(Approx. \$ Price 102.928)	
10/01/2042	220,005M	6.00%	6.45	1/2
			(Approx. \$ Price 94.131)	
10/01/2051	119,570M	7.00%	6.70	1/2
			(Approx. \$ Price PTC 10/01/2028 102.779 Approx. YTM 6.794)	

10/01/2053 399,995M 6.50% 6.85 1/2
 (Approx. \$ Price 95.227)

 CALL FEATURES: Optional call in 10/01/2023 @ 105.00 DTP 10/01/2028

Sinking Fund Schedule

2042 Term Bond

10/01/2038 37,500
 10/01/2039 40,505
 10/01/2040 43,740
 10/01/2041 47,240
 10/01/2042 51,020

Sinking Fund Schedule

2051 Term Bond

10/01/2050 42,940
 10/01/2051 76,630

Sinking Fund Schedule

2053 Term Bond

10/01/2051 63,395
 10/01/2052 158,310
 10/01/2053 178,290

\$50,271,496

SUBORDINATE LIEN SEWER REVENUE CAPITAL APPRECIATION WARRANTS SERIES 2013-E

MOODY'S: S&P: BBB- FITCH: BB

DATED: 12/03/2012

DUE: 10/01

WARRANTS

MATURITY	PRINCIPAL AMOUNT	MATURITY VALUE	YLD TO MAT	APPROX.	
				\$ PRICE PER \$100	ADD'L TKDN (%)
10/01/2028	2,710,212.25	8,075M	7.50	33.563	1/2
10/01/2029	4,134,832.20	13,465M	7.60	30.708	1/2
10/01/2030	5,342,191.50	19,050M	7.70	28.043	1/2
10/01/2031	6,350,382.00	24,845M	7.80	25.56	1/2
10/01/2032	7,232,469.75	30,825M	7.85	23.463	1/2
10/01/2033	7,999,770.00	37,000M	7.875	21.621	1/2
10/01/2034	6,231,842.80	31,420M	7.92	19.834	1/2

10/01/2035	6,932,795.55	38,015M	7.95	18.237	1/2
10/01/2036	3,337,000.00	20,000M	8.00	16.685	1/2

 CALL FEATURES:

OPTIONAL REDEMPTIONS 10/01/2023 - 10/01/2034 @ 105 OF CAV DT (10/01/2035 @ 102.5 OF CAV)
 (10/01/2036 @ 100)

\$324,297,136

SUBORDINATED LIEN SEWER REVENUE CONVERTIBLE CAPITAL APPRECIATION WARRANTS SERIES 2013-F

MOODY'S: S&P: BBB- FITCH: BB

DATED: 12/03/2013

DUE: 10/01

WARRANTS

MATURITY	PRINCIPAL AMOUNT	MATURITY VALUE	YLD TO MAT	APPROX.	
				\$ PRICE PER \$100	ADD'L TKDN (%)
10/01/2039 (Conversion Date: 10/01/2023)	66,636,575.00	137,395M	7.50	48.50	1/2
10/01/2046 (Conversion Date: 10/01/2023)	92,828,295.25	195,985M	7.75	47.365	1/2
10/01/2050 (Conversion Date: 10/01/2023)	164,832,265.50	352,975M	7.90	46.698	1/2

 CALL FEATURES:

CALLABLE 10/01/2023 @105
 DTP 10/01/2034-10/01/2038

Sinking Fund Schedule

2039 Term Zero

10/01/2036	24,870
10/01/2037	53,825
10/01/2038	27,720
10/01/2039	30,980

Sinking Fund Schedule

2046 Term Zero

10/01/2043	34,230
10/01/2044	43,445
10/01/2045	53,575
10/01/2046	64,735

Sinking Fund Schedule

2050 Term Zero

10/01/2047	77,090
10/01/2048	90,745
10/01/2049	105,805
10/01/2050	79,335

PRIORITY OF ORDERS AS FOLLOWS:

1. Group Net
2. Member

PRIORITY POLICY:

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

Jefferson County and the senior manager may determine that oversold maturities should remain open during the institutional order period if deemed to be in the best interest of the County.

The compliance addendum MSRB Rule G-11 will apply.

The Award is expected on Wednesday, November 20, 2013 at Eastern .

Delivery is expected on Tuesday, December 3, 2013.

This Issue is book entry. This issue is clearing through DTC.

	Participation
Citigroup Global Markets Inc	60.000%
Merchant Capital, L.L.C.	10.000%
Drexel Hamilton, LLC	5.000%
First Tuskegee Bank	4.000%
Securities Capital Corporation	4.000%
Jefferies LLC	3.000%
Loop Capital Markets	4.000%
Morgan Stanley & Co. LLC	3.000%
RBC Capital Markets	3.000%
Siebert Brandford Shank & Co.	4.000%

By: Citigroup Global Markets Inc New York, NY

Recipient	State
<u>Citigroup Global</u>	NY



BOND ACCRETED VALUE TABLE

Jefferson County, Alabama
Senior Lien

Date	Capital Appreciation Bond 10/01/2034 6.625%	Capital Appreciation Bond 10/01/2035 6.625%	Capital Appreciation Bond 10/01/2036 6.625%	Convertible Capital Appreciation Bonds 10/01/2037 6.5%	Convertible Capital Appreciation Bonds 10/01/2038 6.5%	Convertible Capital Appreciation Bonds 10/01/2039 6.6%	Convertible Capital Appreciation Bonds 10/01/2040 6.6%	Convertible Capital Appreciation Bonds 10/01/2041 6.6%	Convertible Capital Appreciation Bonds 10/01/2042 6.6%
12/03/2013	6,132,745.50	5,747,108.80	5,383,373.10	12,714,110.40	13,538,074.35	14,284,150.40	15,224,453.20	16,230,788.50	17,300,515.00
04/01/2014	6,265,268.10	5,871,076.80	5,499,449.55	12,983,502.40	13,824,924.85	14,591,324.80	15,551,848.40	16,579,824.50	17,672,555.00
10/01/2014	6,472,870.95	6,065,611.20	5,681,787.30	13,405,470.40	14,274,239.35	15,072,907.20	16,065,132.60	17,127,036.75	18,255,832.50
04/01/2015	6,687,147.60	6,266,582.40	5,869,845.45	13,841,027.20	14,738,023.30	15,570,443.20	16,595,420.60	17,692,376.75	18,858,432.50
10/01/2015	6,908,813.10	6,474,228.80	6,064,339.05	14,290,888.00	15,217,038.25	16,084,203.20	17,143,000.60	18,276,151.75	19,480,682.50
04/01/2016	7,137,629.10	6,688,550.40	6,265,268.10	14,755,529.60	15,711,791.90	16,614,998.40	17,708,737.20	18,879,283.50	20,123,565.00
10/01/2016	7,374,072.30	6,910,262.40	6,472,870.95	15,234,952.00	16,222,284.25	17,163,099.20	18,292,918.60	19,502,079.25	20,787,407.50
04/01/2017	7,618,381.05	7,139,126.40	6,687,147.60	15,730,108.80	16,749,530.70	17,729,587.20	18,896,697.60	20,145,768.00	21,473,520.00
10/01/2017	7,870,555.35	7,375,619.20	6,908,813.10	16,241,476.80	17,294,038.95	18,314,732.80	19,520,362.40	20,810,657.00	22,182,230.00
04/01/2018	8,131,310.25	7,619,979.20	7,137,629.10	16,769,294.40	17,856,062.85	18,919,076.80	20,164,489.40	21,497,360.75	22,914,192.50
10/01/2018	8,400,645.75	7,872,206.40	7,374,072.30	17,314,276.80	18,436,363.95	19,543,430.40	20,829,943.20	22,206,801.00	23,670,390.00
04/01/2019	8,679,038.55	8,133,016.00	7,618,381.05	17,876,900.80	19,035,449.95	20,188,334.40	21,517,300.20	22,939,592.25	24,451,477.50
10/01/2019	8,966,488.65	8,402,408.00	7,870,555.35	18,457,881.60	19,654,082.40	20,854,600.00	22,227,425.00	23,696,656.25	25,258,437.50
04/01/2020	9,263,472.75	8,680,859.20	8,131,310.25	19,057,934.40	20,293,022.85	21,542,768.00	22,960,894.00	24,478,607.50	26,091,925.00
10/01/2020	9,570,467.55	8,968,369.60	8,400,645.75	19,677,297.60	20,952,525.15	22,253,649.60	23,718,571.80	25,286,367.75	26,952,922.50
04/01/2021	9,887,473.05	9,265,416.00	8,679,038.55	20,316,686.40	21,633,350.85	22,988,056.00	24,501,323.00	26,120,858.75	27,842,412.50
10/01/2021	10,214,965.95	9,572,475.20	8,966,488.65	20,977,054.40	22,336,515.35	23,746,798.40	25,310,012.20	26,983,002.25	28,761,377.50
04/01/2022	10,553,422.95	9,889,547.20	9,263,472.75	21,658,878.40	23,062,526.35	24,530,417.60	26,145,215.80	27,873,412.75	29,710,472.50
10/01/2022	10,902,844.05	10,217,108.80	9,570,467.55	22,362,635.20	23,811,891.55	25,339,724.80	27,007,798.40	28,793,012.00	30,690,680.00
04/01/2023	11,263,944.30	10,555,636.80	9,887,473.05	23,089,516.80	24,585,880.20	26,176,072.00	27,899,201.00	29,743,336.25	31,703,637.50
10/01/2023	11,637,200.40	10,905,131.20	10,214,965.95	23,840,000.00	25,385,000.00	27,040,000.00	28,820,000.00	30,725,000.00	32,750,000.00
04/01/2024	12,022,612.35	11,266,307.20	10,553,422.95	24,637,200.00	26,235,000.00	27,340,000.00	29,140,000.00	31,140,000.00	33,250,000.00
10/01/2024	12,420,895.20	11,639,641.60	10,902,844.05	25,477,200.00	27,140,000.00	28,140,000.00	29,840,000.00	31,840,000.00	34,000,000.00
04/01/2025	12,832,287.30	12,025,134.40	11,263,944.30	26,362,000.00	28,000,000.00	29,000,000.00	30,700,000.00	32,700,000.00	34,900,000.00
10/01/2025	13,257,503.70	12,423,500.80	11,637,200.40	27,290,000.00	28,900,000.00	29,900,000.00	31,600,000.00	33,600,000.00	35,800,000.00
04/01/2026	13,696,544.40	12,834,979.20	12,022,612.35	28,260,000.00	29,800,000.00	30,800,000.00	32,500,000.00	34,500,000.00	36,700,000.00
10/01/2026	14,150,362.80	13,260,284.80	12,420,895.20	29,180,000.00	30,700,000.00	31,700,000.00	33,400,000.00	35,400,000.00	37,600,000.00
04/01/2027	14,618,958.90	13,699,417.60	12,832,287.30	30,160,000.00	31,600,000.00	32,600,000.00	34,300,000.00	36,300,000.00	38,500,000.00
10/01/2027	15,103,286.10	14,153,331.20	13,257,503.70	31,160,000.00	32,500,000.00	33,500,000.00	35,200,000.00	37,200,000.00	39,400,000.00
04/01/2028	15,603,582.75	14,622,025.60	13,696,544.40	32,180,000.00	33,400,000.00	34,400,000.00	36,100,000.00	38,100,000.00	40,300,000.00
10/01/2028	16,120,563.90	15,106,454.40	14,150,362.80	33,220,000.00	34,300,000.00	35,300,000.00	37,000,000.00	39,000,000.00	41,200,000.00
04/01/2029	16,654,467.90	15,606,856.00	14,618,958.90	34,280,000.00	35,200,000.00	36,200,000.00	37,900,000.00	39,900,000.00	42,100,000.00
10/01/2029	17,206,248.15	16,123,945.60	15,103,286.10	35,360,000.00	36,100,000.00	37,100,000.00	38,800,000.00	40,800,000.00	43,000,000.00
04/01/2030	17,776,143.00	16,657,961.60	15,603,582.75	36,460,000.00	37,000,000.00	38,000,000.00	39,700,000.00	41,700,000.00	44,000,000.00



BOND ACCRETED VALUE TABLE

Jefferson County, Alabama
Senior Lien

Date	Convertible Capital Appreciation Bonds 10/01/2045 6.75%	Convertible Capital Appreciation Bonds 10/01/2046 6.75%	Convertible Capital Appreciation Bonds 10/01/2049 6.9%	Convertible Capital Appreciation Bonds 10/01/2050 6.9%
12/03/2013	20,044,822.20	6,139,996.20	24,694,540.00	9,826,476.00
04/01/2014	20,485,532.70	6,274,991.70	25,250,095.00	10,047,543.00
10/01/2014	21,177,198.00	6,486,838.00	26,121,186.00	10,394,168.40
04/01/2015	21,891,572.40	6,705,680.40	27,022,099.00	10,752,660.60
10/01/2015	22,630,580.40	6,932,048.40	27,954,758.00	11,123,785.20
04/01/2016	23,394,222.00	7,165,962.00	28,919,163.00	11,507,542.20
10/01/2016	24,184,036.80	7,407,892.80	29,916,757.00	11,904,505.80
04/01/2017	25,000,024.80	7,657,840.80	30,948,983.00	12,315,250.20
10/01/2017	25,844,110.50	7,916,395.50	32,016,803.00	12,740,158.20
04/01/2018	26,716,293.90	8,183,556.90	33,121,179.00	13,179,612.60
10/01/2018	27,617,729.70	8,459,678.70	34,264,035.00	13,634,379.00
04/01/2019	28,549,957.50	8,745,232.50	35,445,852.00	14,104,648.80
10/01/2019	29,513,362.20	9,040,336.20	36,669,035.00	14,591,379.00
04/01/2020	30,509,483.40	9,345,461.40	37,934,065.00	15,094,761.00
10/01/2020	31,539,475.80	9,660,961.80	39,242,866.00	15,615,560.40
04/01/2021	32,603,724.30	9,986,955.30	40,596,400.00	16,154,160.00
10/01/2021	33,704,153.40	10,324,031.40	41,997,072.00	16,711,516.80
04/01/2022	34,841,532.90	10,672,425.90	43,446,325.00	17,288,205.00
10/01/2022	36,017,402.40	11,032,610.40	44,945,121.00	17,884,607.40
04/01/2023	37,233,301.50	11,405,056.50	46,495,865.00	18,501,681.00
10/01/2023	38,490,000.00	11,790,000.00	48,100,000.00	19,140,000.00
04/01/2024				
10/01/2024				
04/01/2025				
10/01/2025				
04/01/2026				
10/01/2026				
04/01/2027				
10/01/2027				
04/01/2028				
10/01/2028				
04/01/2029				
10/01/2029				
04/01/2030				



BOND ACCRETED VALUE TABLE

Jefferson County, Alabama
Senior Lien

Date	Convertible Capital Appreciation Bonds	Convertible Capital Appreciation Bonds	Convertible Capital Appreciation Bonds
10/01/2045	6.75%	10/01/2046	6.75%
10/01/2046	6.9%	10/01/2049	6.9%
10/01/2050	6.9%	10/01/2050	6.9%
10/01/2030			
04/01/2031			
10/01/2031			
04/01/2032			
10/01/2032			
04/01/2033			
10/01/2033			
04/01/2034			
10/01/2034			
04/01/2035			
10/01/2035			
04/01/2036			
10/01/2036			

BOND ACCRETED VALUE TABLE

Jefferson County, Alabama
Subordinate Lien

Date	Capital Appreciation Bond 10/01/2028 7.5%	Capital Appreciation Bond 10/01/2029 7.6%	Capital Appreciation Bond 10/01/2030 7.7%	Capital Appreciation Bond 10/01/2031 7.8%	Capital Appreciation Bond 10/01/2032 7.85%	Capital Appreciation Bond 10/01/2033 7.875%	Capital Appreciation Bond 10/01/2034 7.92%	Capital Appreciation Bond 10/01/2035 7.95%	Capital Appreciation Bond 10/01/2036 8%
12/03/2013	2,710,212.25	4,134,832.20	5,342,191.50	6,350,382.00	7,232,469.75	7,999,770.00	6,231,842.80	6,932,795.55	3,337,000.00
04/01/2014	2,776,427.25	4,237,166.20	5,476,113.00	6,511,626.05	7,417,419.75	8,204,750.00	6,392,713.20	7,112,226.35	3,423,800.00
10/01/2014	2,880,514.00	4,398,207.60	5,686,996.50	6,765,541.95	7,708,407.75	8,528,130.00	6,645,644.20	7,394,677.80	3,560,800.00
04/01/2015	2,988,557.50	4,565,442.90	5,905,881.00	7,029,395.85	8,011,109.25	8,863,720.00	6,908,943.80	7,688,913.99	3,703,200.00
10/01/2015	3,100,638.50	4,738,872.10	6,133,338.00	7,303,436.20	8,325,524.25	9,212,630.00	7,182,612.00	7,994,554.50	3,851,400.00
04/01/2016	3,216,837.75	4,918,899.15	6,369,367.50	7,588,408.35	8,652,269.25	9,575,600.00	7,466,963.00	8,312,359.90	4,005,400.00
10/01/2016	3,337,478.25	5,105,928.00	6,614,731.50	7,884,312.30	8,991,960.75	9,952,630.00	7,762,625.20	8,642,710.25	4,165,600.00
04/01/2017	3,462,640.75	5,299,958.65	6,869,239.50	8,191,893.40	9,344,907.00	10,344,460.00	8,070,227.00	8,986,365.85	4,332,400.00
10/01/2017	3,592,486.75	5,501,260.40	7,133,844.00	8,511,400.10	9,711,724.50	10,751,830.00	8,389,768.40	9,343,326.70	4,505,600.00
04/01/2018	3,727,258.50	5,710,371.85	7,408,354.00	8,843,329.30	10,093,029.75	11,175,110.00	8,721,877.80	9,714,753.25	4,685,800.00
10/01/2018	3,867,036.75	5,927,293.00	7,693,723.50	9,188,177.90	10,489,131.00	11,615,040.00	9,067,183.60	10,100,965.65	4,873,200.00
04/01/2019	4,012,063.75	6,152,562.45	7,989,951.00	9,546,442.80	10,900,644.75	12,072,730.00	9,426,314.20	10,502,404.05	5,068,200.00
10/01/2019	4,162,501.00	6,386,314.85	8,297,418.00	9,918,869.35	11,328,495.75	12,547,810.00	9,799,583.80	10,919,303.75	5,271,000.00
04/01/2020	4,318,590.75	6,629,088.80	8,616,886.50	10,305,706.00	11,773,300.50	13,042,130.00	10,187,620.80	11,353,940.05	5,481,800.00
10/01/2020	4,480,494.50	6,881,018.95	8,948,737.50	10,707,698.10	12,235,367.25	13,555,690.00	10,591,053.60	11,803,558.25	5,701,000.00
04/01/2021	4,648,535.25	7,142,509.25	9,293,161.50	11,125,094.10	12,715,620.75	14,089,230.00	11,010,510.60	12,274,663.35	5,929,200.00
10/01/2021	4,822,874.50	7,413,829.00	9,651,111.00	11,559,136.25	13,214,677.50	14,644,230.00	11,446,620.20	12,762,395.80	6,166,200.00
04/01/2022	5,003,754.50	7,695,651.45	10,022,586.00	12,009,824.55	13,733,462.25	15,220,690.00	11,900,010.80	13,269,896.05	6,413,000.00
10/01/2022	5,191,336.75	7,987,976.60	10,408,539.00	12,478,401.25	14,272,283.25	15,820,090.00	12,370,996.60	13,797,544.25	6,669,400.00
04/01/2023	5,386,025.00	8,291,612.35	10,809,160.50	12,964,866.35	14,832,681.75	16,442,800.00	12,861,148.60	14,345,720.55	6,936,200.00
10/01/2023	5,588,061.50	8,606,693.35	11,225,403.00	13,470,462.10	15,414,657.75	17,090,300.00	13,370,466.80	14,915,945.55	7,213,600.00
04/01/2024	5,797,607.75	8,933,758.20	11,657,457.00	13,995,933.85	16,019,752.50	17,763,330.00	13,899,893.80	15,508,979.55	7,502,200.00
10/01/2024	6,014,986.75	9,273,210.85	12,106,275.00	14,541,778.50	16,648,582.50	18,462,630.00	14,450,372.20	16,125,582.85	7,802,400.00
04/01/2025	6,240,521.50	9,625,589.90	12,572,428.50	15,108,989.85	17,302,072.50	19,189,680.00	15,022,530.40	16,766,515.75	8,114,400.00
10/01/2025	6,474,535.25	9,991,299.30	13,056,489.00	15,698,064.80	17,981,147.25	19,945,220.00	15,617,311.00	17,432,918.70	8,439,000.00
04/01/2026	6,717,350.25	10,371,012.30	13,559,218.50	16,310,494.05	18,687,039.75	20,750,730.00	16,235,970.80	18,125,932.15	8,779,600.00
10/01/2026	6,969,290.25	10,765,132.85	14,081,188.50	16,946,526.05	19,420,366.50	21,546,950.00	16,878,824.00	18,846,316.40	9,127,600.00
04/01/2027	7,230,597.25	11,174,199.55	14,623,351.50	17,607,403.05	20,182,668.75	22,395,360.00	17,547,127.40	19,595,592.05	9,492,800.00
10/01/2027	7,501,755.75	11,598,885.65	15,186,279.00	18,294,118.85	20,974,871.25	23,277,070.00	18,242,137.80	20,374,519.40	9,872,400.00
04/01/2028	7,783,088.75	12,039,595.10	15,771,114.00	19,007,667.25	21,798,207.00	24,193,930.00	18,964,483.60	21,184,619.05	10,267,400.00
10/01/2028	8,075,000.00	12,497,135.80	16,378,237.50	19,748,793.60	22,653,600.75	25,146,310.00	19,715,421.60	22,026,651.30	10,678,000.00
04/01/2029	12,972,046.35	17,008,792.50	20,519,237.05	23,542,902.00	26,136,430.00	27,165,770.00	20,496,208.60	22,902,136.75	11,105,200.00
10/01/2029	13,465,000.00	17,663,541.00	21,319,246.05	24,467,035.50	27,165,770.00	28,255,440.00	21,307,787.20	23,812,596.00	11,549,400.00
04/01/2030		18,343,626.00	22,150,808.20	25,427,234.25	28,255,440.00		22,151,728.40	24,759,169.50	12,011,400.00





BOND ACCRETED VALUE TABLE

Jefferson County, Alabama
Subordinate Lien

Date	Convertible Capital Appreciation Bonds 10/01/2036 7.5%	Convertible Capital Appreciation Bonds 10/01/2037 7.5%	Convertible Capital Appreciation Bonds 10/01/2038 7.5%	Convertible Capital Appreciation Bonds 10/01/2039 7.5%	Convertible Capital Appreciation Bonds 10/01/2043 7.75%	Convertible Capital Appreciation Bonds 10/01/2044 7.75%	Convertible Capital Appreciation Bonds 10/01/2045 7.75%	Convertible Capital Appreciation Bonds 10/01/2046 7.75%	Convertible Capital Appreciation Bonds 10/01/2047 7.9%
12/03/2013	12,061,950.00	26,105,125.00	13,444,200.00	15,023,300.00	16,213,039.50	20,577,724.25	23,375,798.75	30,661,732.75	35,999,488.20
04/01/2014	12,356,659.50	26,742,951.25	13,772,682.00	15,392,413.00	16,622,430.30	21,097,326.45	26,016,555.75	31,435,963.35	36,925,339.10
10/01/2014	12,819,987.60	27,745,711.00	14,289,105.60	15,969,570.40	17,266,638.90	21,914,961.35	27,024,837.25	32,654,276.05	38,383,881.90
04/01/2015	13,300,724.70	28,786,148.25	14,824,933.20	16,568,413.80	17,935,493.10	22,763,876.65	28,071,692.75	33,919,197.95	39,900,242.20
10/01/2015	13,799,368.20	29,865,339.50	15,380,719.20	17,189,562.80	18,630,704.40	23,646,244.60	29,159,801.00	35,233,965.80	41,476,732.70
04/01/2016	14,316,912.90	30,985,437.75	15,957,572.40	17,834,256.60	19,352,615.10	24,562,499.65	30,289,697.75	36,599,226.95	43,114,895.20
10/01/2016	14,853,856.20	32,147,519.50	16,556,047.20	18,503,114.80	20,102,594.40	25,514,379.60	31,463,526.00	38,017,570.80	44,817,813.30
04/01/2017	15,410,944.20	33,353,199.50	17,176,975.20	19,197,066.80	20,881,326.90	26,502,753.35	32,682,357.25	39,490,292.05	46,588,570.60
10/01/2017	15,988,674.30	34,603,554.25	17,820,910.80	19,916,732.20	21,690,524.10	27,529,793.15	33,948,870.25	41,020,627.45	48,428,708.90
04/01/2018	16,588,290.00	35,901,275.00	18,489,240.00	20,663,660.00	22,531,212.90	28,596,802.35	35,264,672.25	42,610,519.05	50,341,311.80
10/01/2018	17,210,537.40	37,247,976.50	19,182,794.40	21,438,779.60	23,404,077.90	29,704,649.85	36,630,834.75	44,261,261.55	52,330,233.80
04/01/2019	17,855,913.90	38,644,735.25	19,902,128.40	22,242,710.60	24,311,172.90	30,855,942.35	38,050,572.25	45,976,739.05	54,397,016.70
10/01/2019	18,525,414.30	40,093,704.25	20,648,350.80	23,076,692.20	25,253,182.50	32,051,548.75	39,524,956.25	47,756,246.25	56,545,515.00
04/01/2020	19,220,033.40	41,597,036.50	21,422,570.40	23,941,963.60	26,231,818.20	33,293,641.30	41,056,665.50	49,609,019.90	58,779,583.20
10/01/2020	19,940,766.00	43,156,885.00	22,225,896.00	24,839,764.00	27,248,106.90	34,583,523.35	42,647,307.25	51,531,002.05	61,100,763.10
04/01/2021	20,688,606.90	44,775,402.75	23,059,436.40	25,771,332.60	28,304,102.40	35,923,801.60	44,300,096.00	53,528,076.80	63,514,451.00
10/01/2021	21,464,550.90	46,454,742.75	23,924,300.40	26,737,908.60	29,400,831.60	37,315,779.40	46,016,639.00	55,602,186.20	66,023,730.50
04/01/2022	22,269,344.10	48,196,519.75	24,821,319.60	27,740,421.40	30,540,006.00	38,761,629.00	47,799,615.00	57,756,567.00	68,630,914.30
10/01/2022	23,104,478.70	50,003,963.25	25,752,157.20	28,780,729.80	31,723,679.40	40,263,957.10	49,652,238.50	59,995,103.30	71,342,169.60
04/01/2023	23,970,949.50	51,879,226.25	26,717,922.00	29,860,073.00	32,952,878.70	41,824,067.05	51,576,116.75	62,319,737.15	74,160,580.00
10/01/2023	24,870,000.00	53,825,000.00	27,720,000.00	30,980,000.00	34,230,000.00	43,445,000.00	53,575,000.00	64,755,000.00	77,090,000.00
04/01/2024									
10/01/2024									
04/01/2025									
10/01/2025									
04/01/2026									
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04/01/2029									
10/01/2029									
04/01/2030									



BOND ACCRETED VALUE TABLE

Jefferson County, Alabama
Subordinate Lien

Date	Convertible Capital Appreciation Bonds	Convertible Capital Appreciation Bonds	Convertible Capital Appreciation Bonds	Convertible Capital Appreciation Bonds	Convertible Capital Appreciation Bonds	Convertible Capital Appreciation Bonds	Convertible Capital Appreciation Bonds
10/01/2036	7.5%	10/01/2037	7.5%	10/01/2038	7.5%	10/01/2039	7.5%
10/01/2030				10/01/2043	7.75%	10/01/2044	7.75%
04/01/2031				10/01/2045	7.75%	10/01/2046	7.75%
10/01/2031				10/01/2047	7.9%		
04/01/2032							
10/01/2032							
04/01/2033							
10/01/2033							
04/01/2034							
10/01/2034							
04/01/2035							
10/01/2035							
04/01/2036							
10/01/2036							



BOND ACCRETED VALUE TABLE

Jefferson County, Alabama
Subordinate Lien

Date	Convertible Capital Appreciation Bonds	Convertible Capital Appreciation Bonds	Convertible Capital Appreciation Bonds
	10/01/2048 7.9%	10/01/2049 7.9%	10/01/2050 7.9%
12/03/2013	42,376,100.10	49,408,818.90	37,047,858.30
04/01/2014	43,465,947.55	50,679,536.95	38,000,671.65
10/01/2014	45,182,842.95	52,681,367.55	39,501,689.85
04/01/2015	46,967,797.10	54,762,551.90	41,062,209.30
10/01/2015	48,823,532.35	56,926,264.15	42,684,610.05
04/01/2016	50,751,863.60	59,174,620.40	44,370,478.80
10/01/2016	52,756,420.65	61,511,852.85	46,122,988.95
04/01/2017	54,840,833.30	63,942,193.70	47,943,313.90
10/01/2017	57,006,916.45	66,467,759.05	49,839,040.35
04/01/2018	59,258,299.90	69,092,781.10	51,807,341.70
10/01/2018	61,599,520.90	71,822,550.10	53,854,184.70
04/01/2019	64,032,394.35	74,659,182.15	55,981,156.05
10/01/2019	66,561,457.50	77,607,967.50	58,192,222.50
04/01/2020	69,191,247.60	80,674,196.40	60,491,350.80
10/01/2020	71,923,579.55	83,859,984.95	62,880,127.65
04/01/2021	74,764,805.50	87,172,739.50	65,364,106.50
10/01/2021	77,718,555.25	90,616,692.25	67,946,460.75
04/01/2022	80,787,551.15	94,195,017.35	70,629,570.45
10/01/2022	83,979,052.80	97,916,179.20	73,419,782.40
04/01/2023	87,296,690.00	101,784,410.00	76,320,270.00
10/01/2023	90,745,000.00	105,805,000.00	79,335,000.00
04/01/2024			
10/01/2024			
04/01/2025			
10/01/2025			
04/01/2026			
10/01/2026			
04/01/2027			
10/01/2027			
04/01/2028			
10/01/2028			
04/01/2029			
10/01/2029			
04/01/2030			



Nov 19, 2013 8:00 pm Prepared by Citi

BOND ACCRETED VALUE TABLE

Jefferson County, Alabama
Subordinate Lien

Date	Convertible Capital Appreciation Bonds	Convertible Capital Appreciation Bonds	Convertible Capital Appreciation Bonds
10/01/2030	7.9%	10/01/2049	7.9%
04/01/2031			
10/01/2031			
04/01/2032			
10/01/2032			
04/01/2033			
10/01/2033			
04/01/2034			
10/01/2034			
04/01/2035			
10/01/2035			
04/01/2036			
10/01/2036			

Schedule II

Defined Terms

All capitalized terms used in this Agreement and not otherwise defined herein are used as defined in this Schedule II or, if not defined in this Schedule II, in the Official Statement:

Acceptance Deadline: The date set forth on the first page of the WPA Terms and Acceptance, being the date and time by which the Issuer must accept the Agreement.

Accountants: Warren Averett, LLC.

Act: Title 11, Chapter 28 of the Code of Alabama 1975, as amended.

Agreement: This Warrant Purchase Agreement, dated the Effective Date, including (i) the WPA Terms and Acceptance, and (ii) Schedules I, II, III, IV and V attached thereto.

Approval Resolution: The resolution of the Issuer duly adopted by the Jefferson County Commission on November 20, 2013, approving (i) the issuance of the Securities; (ii) the substantially final forms of this Agreement, the Preliminary Official Statement, the Trust Indenture and other bond financing documents; and (iii) the distribution of the Preliminary Official Statement and the Official Statement by the Underwriters.

Bankruptcy Court: United States Bankruptcy Court, Northern District of Alabama, Southern Division.

Bond Counsel: Balch & Bingham LLP.

Closing Date: The date set forth on the first page of the WPA Terms and Acceptance, being the date of the issuance and delivery of the Securities.

Confirmation Order: Findings of Fact, Conclusions of Law, and Order Confirming the Chapter 9 Plan of Adjustment for Jefferson County, Alabama, issued by the Bankruptcy Court.

Confirmed Plan of Adjustment: Chapter 9 Plan of Adjustment for Jefferson County, Alabama, as confirmed by the Confirmation Order.

Consulting Engineer: Brown and Caldwell, consulting engineer to the Issuer.

Continuing Disclosure Undertaking: The continuing disclosure undertaking or agreement entered into by the Issuer with respect to the Securities, which Underwriters' Counsel has advised the Underwriters contains the elements required by Rule 15c2-12, thereby establishing a basis for the Underwriters to reach the reasonable determination required by the Rule, the form of which is attached as Appendix I to the Official Statement.

Creditors' Rights Laws: Limitations on enforceability as may result from bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally from time to time in effect and from the application of general principles of equity and from public policy limitations on the exercise of any rights to indemnification and contribution.

Disclosure Counsel: Bradley Arant Boult Cummings LLP.

Disclosure Statement: The Disclosure Statement dated July 29, 2013, regarding Chapter 9 Plan of Adjustment for Jefferson County, Alabama.

DTC: The Depository Trust Company.

Effective Date and Time: The date and time that this Agreement is effective, as set forth on the first page of the WPA Terms and Acceptance, being the date and time when the last party executes and delivers the WPA Terms and Acceptance.

End of the Underwriting Period: See Section 3(e) of the WPA General Provisions and Conditions.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Excluded Sections: For purposes of the representations and warranties of the Issuer set forth in Schedule IV, the indemnification provisions set forth in Section 10 of the WPA General Provisions and Conditions, and the opinion of Issuer's Counsel set forth in Schedule V, the "Excluded Sections" of the Preliminary Official Statement and the Official Statement shall be (i) the section describing DTC and the book-entry-only procedures; (ii) the section captioned "Underwriting" (being limited to statements and information provided by the Underwriters in writing expressly for use in such section); (iii) CUSIP numbers; (iv) the section captioned "Certain Provisions Respecting the Warrants - Municipal Bond Insurance"; (v) the section captioned "Summary of Series 2013 Reserve Funds Letters of Credit - Certain Information Respecting JP Morgan Chase Bank"; (vi) Appendix D (Accretion Tables); (vii) Appendix M (Specimen Municipal Bond Insurance Policy); and (viii) any statistical, economic or demographic data, charts, graphs, estimates or projections unless specifically provided by the Issuer.

Feasibility Consultant: Galardi Rothstein Group, as preparer of the Feasibility Study.

Feasibility Study: The Municipal Advisor's Feasibility Study prepared by the Feasibility Consultant in collaboration with the Consulting Engineer, relying in part on information from the County's Environmental Services Department, which contains projections and forecasts respecting revenues, operating expenses, and capital expenditure requirements of the System.

First Supplemental Trust Indenture: The First Supplemental Trust Indenture dated December 1, 2013 between the Issuer and the Trustee relating to the authorization and issuance of the Senior Lien Reserve Fund Reimbursement Warrants and Subordinate Lien Reserve Fund Reimbursement Warrants.

Issuer: The Issuer of the Securities, identified on the first page of the WPA Terms and Acceptance.

Issuer Documents: All documents to which the Issuer is a party relating to (a) the issuance of and security for the Securities and (b) the retirement of the Retired Sewer Warrants, as such documents are amended and supplemented to the Closing Date, including, but not limited to:

- (i) this Agreement,
- (ii) the Trust Indenture,
- (iii) the Securities,
- (iv) the Continuing Disclosure Undertaking,
- (v) the Confirmed Plan of Adjustment, and
- (vi) the Resolutions.

Issuer's Counsel: Carol Sue Nelson, Esq., County Attorney

MSRB: Municipal Securities Rulemaking Board

Notice Address:

Issuer: Jefferson County, Alabama
Attention: County Manager
Room 251, Jefferson County Courthouse
716 Richard Arrington Jr. Boulevard North
Birmingham, Alabama 35203

with a copy to Jefferson County, Alabama
Attention: County Attorney
Room 280, Jefferson County Courthouse
716 Richard Arrington Jr. Boulevard North
Birmingham, Alabama 35203

Senior Manager: Citigroup Global Markets Inc.
390 Greenwich Street, 2nd Floor
New York, NY 10013
Attn: David M. Brownstein, Managing Director
Telephone: (212) 723-5570
Facsimile: (212) 723-8942
E-Mail: david.m.brownstein@citi.com

All Notices required to be delivered under this Agreement shall be given as provided in Section 11 of Schedule III.

Official Statement: Official Statement dated November 20, 2013, relating to the Securities, together with all appendices or exhibits, any materials incorporated by reference therein and any amendments or supplements thereto expressly approved by the Senior Manager in writing.

Preliminary Official Statement: Preliminary Official Statement dated November 4, 2013, relating to the Securities, together with all appendices or exhibits, any materials incorporated by reference therein and any amendments or supplements thereto expressly approved by the Senior Manager in writing.

Purchase Price: The amount specified in the WPA Terms and Acceptance as the Purchase Price to be paid by the Underwriters at the Closing for the purchase of the Securities on the Closing Date.

Rate Resolution: The resolution of the Issuer reflected on its minute books at Minute Book 165, Pages 330 through 344, duly adopted by the Jefferson County Commission on September 23, 2013.

Reimbursement Agreement: The Reimbursement Agreement dated as of December 1, 2013, between the Issuer and JP Morgan Chase Bank, National Association, relating to the Series 2013 Senior Lien Reserve Fund Letter of Credit and Series 2013 Subordinate Lien Reserve Fund Letter of Credit.

Resolutions: Collectively, the Approval Resolution and the Rate Resolution.

Retired Sewer Warrants: The warrants listed in Appendix C of the Official Statement.

Rule 15c2-12: Rule 15c2-12 promulgated by the SEC under the Exchange Act.

SEC: Securities and Exchange Commission of the United States.

Securities: The Securities identified on the first page of this WPA Terms and Acceptance, as more specifically described in Schedule I.

Securities Act: The Securities Act of 1933, as amended.

Senior Manager: The firm identified as the Senior Manager on the first page of the WPA Terms and Acceptance, acting on behalf of itself and the other Underwriters.

State: The State of Alabama.

System: The sanitary sewer system owned and operated by the Issuer.

Trustee: Wells Fargo Bank, National Association, acting as trustee for the Securities.

Trust Estate: The "Trust Estate" as defined in the Trust Indenture.

Trust Indenture: The Trust Indenture by and between the Issuer and the Trustee, dated December 1, 2013.

Trust Indenture Act: The Trust Indenture Act of 1939, as amended.

Underwriters: The Underwriters (including the Senior Manager and the Co-Managing Underwriters) identified on the signature page of the WPA Terms and Conditions.

Underwriters' Counsel: Hawkins Delafield & Wood LLP and Lewis & Munday, P.C.

WPA Terms and Acceptance: The Warrant Purchase Agreement Terms and Acceptance.

Schedule III

General Provisions and Conditions

By entering into the Agreement and executing the WPA Terms and Acceptance, the Issuer and the Underwriters, for whom the Senior Manager is acting under the Agreement, agree to the following terms and provisions:

1. Public Offering.

The Underwriters intend to make a bona fide initial public offering of all the Securities at prices not higher than, or yields not lower than, those shown in the Official Statement. The Underwriters reserve the right to lower such initial offering prices as they deem necessary in connection with the marketing of the Securities. The Underwriters may offer and sell the Securities to certain dealers (including dealers depositing the Securities into investment trusts) and others at prices lower than the initial public offering price or prices set forth in the Official Statement. The Underwriters also reserve the right to: (i) over-allot or effect transactions which stabilize or maintain the market price of the securities at levels above those that might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

2. Not a Fiduciary.

The Issuer acknowledges and agrees that (i) the purchase and sale of the Securities pursuant to this Agreement is an arm's-length commercial transaction between the Issuer and the Underwriters in which each Underwriter is acting solely as a principal and is not acting as a "municipal advisor" (as defined in Section 15B of the Exchange Act), financial advisor or fiduciary to the Issuer, (ii) the Underwriters have not assumed (individually or collectively) any advisory or fiduciary responsibility to the Issuer with respect to this Agreement, the offering of the Securities and the discussions, undertakings and procedures leading thereto (whether or not any Underwriter, or any affiliate of an Underwriter, has provided other services or is currently providing other services to the Issuer on other matters), (iii) the only obligations the Underwriters have to the Issuer with respect to the transactions contemplated hereby are set forth in this Agreement, (iv) the Underwriters have financial and other interests that differ from those of the Issuer and (v) the Issuer has consulted with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

3. Official Statement.

- (a) The Issuer shall provide, or cause to be provided, to the Senior Manager within seven business days after the date of this Agreement (or within such shorter period as may be agreed by the Issuer and the Senior Manager or required by applicable rule), the number of executed counterparts of the Official Statement and conformed copies of a final Official Statement as specified in the WPA Terms and Acceptance, but in any event in sufficient quantity to permit the Underwriters to comply with Rule 15c2-12 and other applicable rules of the SEC and the MSRB.

- (b) The Issuer authorizes the Senior Manager to file, to the extent required by applicable SEC or MSRB rule, and the Senior Manager agrees to file, the Official Statement with the MSRB or its designee (including the MSRB's Electronic Municipal Market Access system ("EMMA")). If an amended Official Statement is prepared in accordance with Section 3(d) during the "primary offering disclosure period," and if required by applicable SEC or MSRB rule, the Senior Manager also shall make the required submission of the amended Official Statement to EMMA.
- (c) The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the Issuer and the Senior Manager.
- (d) During the period commencing on the Effective Date of this Agreement and ending on the 25th day after the End of the Underwriting Period (or such other period as may be agreed to by the Issuer and the Senior Manager), the Issuer (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the express prior written consent of the Senior Manager and (ii) shall notify the Senior Manager promptly if any event shall occur, or information comes to the attention of the Issuer, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Senior Manager, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the Issuer shall prepare and furnish to the Senior Manager, at the Issuer's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the Issuer and the Senior Manager, as the Senior Manager may reasonably request. If such notification shall be given subsequent to the Closing Date, the Issuer also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Senior Manager may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement. If the Issuer and the Senior Manager cannot reach a mutual agreement regarding the form and substance of a supplement or amendment regarding a notification to be given prior to the Closing Date, such failure shall be a termination event pursuant to Section 8(b) of the WPA General Provisions and Conditions.
- (e) For purposes of this Agreement:
 - (i) the "End of the Underwriting Period" is used as defined in Rule 15c2-12 and shall occur on the later of (a) the Closing Date or (b) when the Underwriters no longer retain an unsold balance of the Securities; unless otherwise advised in writing by the Senior Manager on or prior to the Closing

Date, or otherwise agreed to by the Issuer and the Senior Manager, the Issuer may assume that the End of the Underwriting Period is the Closing Date, and

(ii) the “primary offering disclosure period” is used as defined in MSRB Rule G-32 and shall end on the 25th day after the Closing.

4. Representations and Warranties.

The Issuer and the Underwriters make the respective representations and warranties to the other as set forth in Schedule IV of the WPA Terms and Acceptance.

5. Covenants of the Issuer.

The Issuer hereby covenants with the Underwriters that:

- (a) Prior to the Closing Date, except as otherwise contemplated by the Official Statement, the Issuer shall not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the Trust Estate or other assets, properties, funds or interests that will be pledged as security or be available as a source of payment for the Securities pursuant to the Approval Resolution and the Issuer Documents.
- (b) The Issuer shall cooperate with the Underwriters in the qualification of the Securities for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions, to the extent applicable, as the Senior Manager may request; provided that the Issuer shall not be required to qualify as a foreign corporation in, or submit to the general jurisdiction of, any other state or to file any general or special consent to service of process under the laws of any jurisdiction.
- (c) The Issuer shall not knowingly take or omit to take any action that, under current law, may adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Securities, or the exemption of the interest on the Securities from State income taxation.

6. Closing.

- (a) At the Closing, the Issuer shall deliver or cause to be delivered the Securities to DTC, or to the Trustee if acting as an agent on behalf of DTC, for the account of the Underwriters, as further described in subsection (b) below. The Securities shall be delivered in definitive form, duly executed by the Issuer and authenticated in the manner set forth in the Approval Resolution or the Issuer Documents, together with the other documents identified in Schedule V of the WPA Terms and Acceptance. Subject to satisfaction of the conditions contained in this Agreement, the Senior Manager will accept delivery of the Securities, as described above, and pay the Purchase Price in immediately available funds, payable to the order of the Trustee, as described above, or as otherwise directed by the Issuer.

- (b) Delivery of the definitive Securities shall be made through the facilities of DTC's book-entry-only system, and unless otherwise agreed by the Senior Manager the Securities will be delivered under DTC's FAST delivery system. The Securities will be delivered as fully-registered warrants, bearing CUSIP numbers, with a single warrant for each maturity of each series of the Securities, and registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Securities.

7. Closing Conditions.

The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein and upon the accuracy of the statements to be contained in the documents and instruments to be delivered at the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, accept delivery of and pay for the Securities are subject to the performance by the Issuer of its obligations required to be performed under this Agreement at or prior to the Closing, and to the additional conditions precedent set forth below and in Schedule V of the WPA Terms and Acceptance.

- (a) At the time of the Closing, the representations and warranties of the Issuer contained in this Agreement shall be true, complete and correct in all material respects (except with respect to those representations and warranties that by their terms are qualified by materiality, in which case such representations and warranties shall be true, correct and complete in all respects) as if made on and as of the Closing Date; the Issuer shall have complied with all agreements and satisfied all the conditions on its part to be performed at or prior to the Closing; the Securities shall have been duly executed and delivered and authenticated; the Official Statement shall have been executed and delivered by the Issuer at or prior to the Closing in sufficient time to permit the Underwriters to comply with their obligations under Rule 15c2-12; the Issuer Documents and all other financing or operative documents required in connection with the issuance of the Securities shall have been duly executed and delivered by the appropriate parties thereto; the Resolutions, the Issuer Documents and such other financing or operative documents shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been expressly agreed to in writing by the Senior Manager; and the Issuer shall have adopted and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by this Agreement and as described in the Official Statement.
- (b) The Underwriters shall receive on the Closing Date, in form and substance satisfactory to Bond Counsel and to the Senior Manager, each item specified in Schedule V of the WPA Terms and Acceptance, unless expressly waived in writing by the Senior Manager on behalf of the Underwriters.

8. Termination Events.

The Underwriters shall have the right to cancel their obligation to purchase the Securities and to terminate this Agreement by written notice to the Issuer if, between the Effective Date to and including the Closing Date, in the Senior Manager's sole and reasonable judgment any of the following events shall occur (each a "Termination Event"):

- (a) the market price or marketability of the Securities, or the ability of the Underwriters to enforce contracts for the sale of the Securities, shall be materially adversely affected by any of the following events:

(i) legislation shall have been enacted or introduced by the Congress of the United States, the State Legislature, or the Jefferson County Commission or shall have been favorably reported out of a committee of any such body or be pending in a committee of any such body, or shall have been recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice, or otherwise) by the President of the United States or a member of the President's Cabinet, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by the staff of such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Internal Revenue Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or State authority with appropriate jurisdiction, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service, in any such case with respect to or affecting (directly or indirectly) federal or State taxation upon interest received on obligations of the general character of the Securities; or

(ii) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war; or (2) any other calamity or crisis in the financial markets of the United States or elsewhere; or (3) a downgrade of the sovereign debt rating of the United States by any major credit rating agency or a payment default on United States Treasury obligations; or (4) a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against, any state of the United States or any city, county or other political subdivision located in the United States having a population of over 500,000; or

(iii) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for

trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(iv) legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Securities, the Approval Resolution or the Issuer Documents, or any comparable securities of the Issuer, are not exempt from the registration, qualification or other requirements of the Securities Act or the Trust Indenture Act or otherwise, or would be in violation of any provision of the federal securities laws; or

(v) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the Issuer shall have occurred; or

- (b) any event or circumstance shall exist that either makes untrue or incorrect in any material respect, as of the time of such event or circumstance, any statement or information in the Official Statement (other than any statement provided by the Underwriters) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Issuer refuses to permit the Official Statement to be supplemented or amended to supply such statement or information in a manner satisfactory to the Senior Manager, or the effect of the Official Statement as so supplemented or amended is, in the judgment of the Senior Manager, to materially adversely affect the market price or marketability of the Securities or the ability of the Underwriters to enforce contracts for the sale, at the contemplated offering prices (or yields), of the Securities; or
- (c) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or
- (d) a material disruption in securities settlement, payment or clearance services affecting the Securities shall have occurred; or
- (e) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established in final form by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

- (f) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Securities, including the underlying obligations as contemplated by this Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Securities, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act (other than the alleged violation regarding MSRB Rule G-23 described in the Official Statement); or
- (g) the Bankruptcy Court determines, at any time prior to the Closing, that a Confirmation Order will not be issued or will be stayed pending appeal as of the Closing Date.

Upon the occurrence of a Termination Event and the termination of this Agreement by the Underwriters, all obligations of the Issuer and the Underwriters under this Agreement shall terminate, without further liability, except that the Issuer and the Underwriters shall pay their respective expenses as set forth in Section 9 of the WPA General Provisions and Conditions.

9. Payment of Expenses.

Except as otherwise set forth in the WPA Terms and Acceptance:

- (a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay from available funds or direct the Trustee under the Issuer Documents to pay from the proceeds of the Securities or from other funds of the Issuer (to the extent permitted under applicable law), all expenses that are incidental to the performance of the Issuer's obligations under this Agreement, including but not limited to: all expenses in connection with the printing of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; all expenses in connection with the printing, issuance and delivery of the Securities; the fees and expenses of Bond Counsel and Disclosure Counsel; the fees and expenses of the Issuer's financial advisors, Accountants, Feasibility Consultant and Consulting Engineer; the fees and disbursements of the Trustee and its counsel; all expenses in connection with obtaining a rating or ratings for the Securities; all expenses of the Issuer in connection with the preparation, printing, execution and delivery, and any recording or filing, of any Issuer Document or any other instrument; and all other expenses and costs of the Issuer incident to its obligations in connection with the authorization, issuance, sale and distribution of the Securities. Unless the Issuer and the Senior Manager otherwise agree, the Issuer shall direct the Trustee to pay from the proceeds of the Securities or shall reimburse the Senior Manager from available funds (in either case, if permitted by applicable law) for all incidental costs (including, but not limited to, transportation, lodging, and meals of Issuer personnel) paid by the Senior Manager on behalf of the Issuer in connection with meetings with the rating

agencies and the marketing (including any road show presentations), issuance and delivery of the Securities.

- (b) The Underwriters shall pay the costs of qualifying the Securities for sale in the various states chosen by the Senior Manager, all advertising expenses in connection with the public offering of the Securities, the fees and disbursements of Underwriters' Counsel and all other expenses incurred by the Senior Manager or the other Underwriters in connection with the public offering and distribution of the Securities. As provided in Section 4 of the WPA Terms and Acceptance, certain expenses to be paid by the Underwriters relating to travel expenses of the Senior Manager and County for meetings with the rating agencies and expenses associated with investor road show presentations may be included as part of the expense component of the underwriting discount or may be reimbursed to the Underwriters as out-of-pocket expenses.

10. Indemnification and Contribution.

To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Underwriters, the directors, officers, employees and agents of each Underwriter and each person who controls any Underwriter within the meaning of either the Securities Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Official Statement, the final Official Statement (or in any supplement or amendment thereto), or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. This indemnity agreement will be in addition to any liability which the Issuer may otherwise have.

Each Underwriter severally and not jointly agrees to indemnify and hold harmless the Issuer, each of its officials, directors, officers and employees, and each person who controls the Issuer within the meaning of either the Securities Act or the Exchange Act, to the same extent as the foregoing indemnity from the Issuer to each Underwriter, but only with reference to written information furnished by the Underwriters to the Issuer or information provided by the Underwriters specifically for inclusion in the Preliminary Official Statement or the final Official Statement (or in any amendment or supplement thereto), such information being limited to that under the heading "Underwriting."

Promptly after receipt by an indemnified party of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses; and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification

obligation. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party; (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action; or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

In the event that the indemnity provided herein is unavailable or insufficient to hold harmless an indemnified party for any reason, the Issuer and the Underwriters agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending the same) to which the Issuer and one or more of the Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by the Issuer on the one hand and by the Underwriters on the other from the offering. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Issuer and the Underwriters shall contribute in such proportion as is appropriate to reflect not only such relative benefits, but also the relative fault of the Issuer on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such losses, as well as any other relevant equitable considerations. In no case shall any Underwriter (except as may be provided in any agreement among the Underwriters relating to the offering) be responsible for any amount in excess of the purchase discount or fee applicable to the Securities purchased by such Underwriter hereunder. Benefits received by the Issuer shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by it, and benefits received by the Underwriters shall be deemed to be equal to the total purchase discounts and commissions in each case as set forth in the final Official Statement. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the Issuer on the one hand or the Underwriters on the other, the intent of the parties and their relative knowledge, information and opportunity to correct or prevent such untrue statement or omission. The Issuer and the Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable

considerations referred to above. Notwithstanding the provisions of this paragraph, no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. Each person who controls an Underwriter within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of an Underwriter shall have the same rights to contribution as such Underwriter, and each person who controls the Issuer within the meaning of either the Securities Act or the Exchange Act and each official, director, officer and employee of the Issuer shall have the same rights to contribution as the Issuer, subject in each case to the applicable terms and conditions of this paragraph.

11. Notices.

All notices ("Notices") provided for in this Agreement shall be in writing delivered to the applicable Notice Address set forth in the WPA Terms and Acceptance (or at such other address as may have been designated by written Notice) and may be given by personal or courier delivery, registered or certified mail, facsimile transmission or electronic communication, provided that delivery by facsimile transmission or electronic communication must be confirmed by the sender.

12. Governing Law.

This Agreement shall be governed by the laws of the State of Alabama.

13. Authority of Senior Manager.

The Senior Manager represents and warrants to the Issuer that it is duly authorized to act on behalf of itself and the other Underwriters to enter into this Agreement and to take all actions, on behalf of the Underwriters, required or contemplated to be performed by the Underwriters under this Agreement.

14. Miscellaneous.

This Agreement is made solely for the benefit of the signatories hereto (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. The Issuer may not assign this Agreement. The term "successor" shall not include any holder of any Securities merely by virtue of such holding. All representations, warranties, agreements and indemnities contained in this Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriters, and shall survive the delivery of and payment for the Securities and any termination of this Agreement. Section headings have been included in this Agreement as a matter of convenience of reference only and are not to be used in the interpretation of any provisions of this Agreement. If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

Schedule IV

Representations and Warranties

A. **Representations and Warranties of the Issuer.** The Issuer hereby agrees with, and makes the following representations and warranties to, the Underwriters, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

- (a) The Issuer is a political subdivision of the State of Alabama with full legal right, power and authority under the constitution and laws of the State, including the Act, to execute and deliver the Issuer Documents and the Official Statement, to issue, sell and deliver the Securities as provided herein, and to carry out and to consummate the transactions contemplated by the Resolutions, the Issuer Documents and the Official Statement.
- (b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized and approved (i) the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement for use by the Underwriters in connection with the public offering of the Securities, (ii) the issuance and sale of the Securities upon the terms set forth herein and as contemplated by the Approval Resolution, the Issuer Documents and the Official Statement and (iii) the execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Securities, the Resolutions and the Issuer Documents.
- (c) The Securities will be issued in conformity with and entitled to the benefit and security of the Approval Resolution and the Issuer Documents, including the pledge or application thereunder of the Trust Estate.
- (d) This Agreement constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms; the other Issuer Documents, when duly executed and delivered, will constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms; and the Securities, when issued, authenticated and delivered in accordance with the Issuer Documents and sold to the Underwriters as provided herein, will be the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms; in all cases, except as the enforceability of this Agreement, the other Issuer Documents and the Securities may be limited by application of Creditors' Rights Laws.
- (e) Except as otherwise disclosed in (i) either the Preliminary Official Statement or the Official Statement or (ii) the Disclosure Statement, the Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred

and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the Issuer under any of the foregoing.

- (f) The adoption of the Resolutions, and the execution and delivery of the Securities and the Issuer Documents, and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, material agreement or other material instrument to which the Issuer is a party or to which the Issuer or any of its property or assets are otherwise subject, and such adoption, execution, delivery or compliance will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature upon the Trust Estate or the property or assets, if any, of the Issuer to be pledged to secure the Securities or under the terms of any such law, regulation or instrument, except as provided by the Securities, the Resolutions and the Issuer Documents.
- (g) All authorizations, approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect, the issuance of the Securities or the due performance by the Issuer of its obligations under the Resolutions, the Securities and the Issuer Documents have been duly obtained or will be obtained prior to the Closing.
- (h) The Preliminary Official Statement as of its date did not, and the Official Statement as of its date does not and as of the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, the Issuer makes no statement as to the Excluded Sections of the Preliminary Official Statement or the Official Statement.
- (i) The financial statements of and the extracts from financial statements of the Issuer contained in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of operations of the Issuer as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles consistently applied, and, since the date thereof, there has been no material adverse change in the financial position or results of operations of the Issuer.
- (j) Except as disclosed in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, agency, public board or body, pending or, to the knowledge of the Issuer, threatened against the Issuer: (i) affecting the existence of the Issuer or the titles of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Securities or the

pledge or collection by the Issuer of the Trust Estate or the making of any other required deposits with respect to the Securities, (iii) in any way contesting or affecting the validity or enforceability of, or the power or authority of the Issuer to issue, adopt or to enter into (as applicable), the Securities, the Resolutions or the Issuer Documents, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any amendment or supplement thereto, (v) wherein an unfavorable decision, ruling or finding would materially adversely affect the financial position or condition of the Issuer or would result in any material adverse change in the ability of the Issuer to pledge or apply the Trust Estate or to pay debt service on the Securities, or (vi) contesting the status of the interest on the Securities as excludable from gross income for federal income tax purposes or as exempt from any applicable State tax, in each case as described in the Official Statement.

- (k) There are no licenses, permits or other regulatory approvals required for the pledge, collection and/or application by the Issuer of the Trust Estate.
- (l) If required in accordance with Rule 15c2-12, the Issuer has entered or will enter into the Continuing Disclosure Undertaking and, except as otherwise described in the Preliminary Official Statement and Official Statement, the Issuer has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12.
- (m) The Resolutions, the Issuer Documents and the Securities conform, in all material respects, to the description thereof contained in the Official Statement.
- (n) The Issuer has the legal authority to apply proceeds of the Securities for the purposes contemplated by the Approval Resolution and the Issuer Documents, including for the payment or reimbursement of incidental expenses in connection with the marketing, issuance and delivery of the Securities to the extent required by Section 9(a) of the WPA General Provisions and Conditions and in compliance with applicable law.
- (o) Any certificate signed by an authorized officer of the Issuer and delivered to the Senior Manager shall be deemed a representation and warranty of the Issuer to the Underwriters as to the statements made therein.

B. **Representations and Warranties of the Underwriters.** The Underwriters hereby agree with, and make the following representations and warranties to, the Issuer, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

- (a) Each Underwriter is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.
- (b) This Agreement has been duly authorized, executed and delivered by the Senior Manager on behalf of the Underwriters and, assuming the due authorization, execution and delivery by the Issuer, is the legal, valid and binding obligation of

the Underwriters enforceable in accordance with its terms, except as the enforceability of this Agreement may be limited by application of Creditors' Rights Laws.

- (c) Each Underwriter, on its own behalf, represents that it is licensed by and registered with the Financial Industry Regulatory Authority as a broker-dealer and the MSRB as a municipal securities dealer.
- (d) Any certificate signed by the Senior Manager and delivered in connection with the Closing (e.g., issue price certificate) shall be deemed a representation and warranty of the Senior Manager to the Issuer as to the statements made therein.

The Issuer acknowledges that the Senior Manager makes the foregoing representations on behalf of the Underwriters in reliance upon representations made by the Underwriters to the Senior Manager in the Agreement Among Underwriters relating to the Securities.

The Senior Manager represents that it is compliant with MSRB Rule G-23 in connection with the underwriting of the Securities.

Schedule V

Items to be Delivered at Closing

The Underwriters shall receive on the Closing Date, in form and substance satisfactory to Bond Counsel and to the Senior Manager, each item specified below, unless waived by the Senior Manager on behalf of the Underwriters:

(i) The approving opinion of Bond Counsel, addressed to the Underwriters (or addressed to the Issuer with a reliance letter addressed to the Underwriters), dated the Closing Date, and in substantially the form included as an appendix to the Official Statement.

(ii) The supplemental opinion of Bond Counsel, addressed to the Underwriters, dated the Closing Date, to the effect that:

(A) this Agreement has been duly authorized, executed and delivered by the Issuer and constitutes the legal, valid and binding agreement of the Issuer, enforceable against the Issuer in accordance with its terms, except as such enforceability may be limited by Creditors' Rights Laws;

(B) the statements and information contained in the Official Statement, as of its date and as of the date of such opinion, relating to the Securities (being the headings "The Series 2013-A Warrants" through and including the heading "The Series 2013-F Warrants," the security and sources of payment for the Securities (being the heading "Security for Payment of the Warrants; Additional Secured Obligations") and the tax status of the Securities (being the heading "Tax Status") fairly and accurately summarize the provisions of the documents or matters of law indicated therein, as of such dates, and the statements describing the Approval Resolution and the Issuer Documents other than the Confirmed Plan of Adjustment (being the heading "Summary of Certain Provisions of the Indenture") contained in the Official Statement, as of its date and as of the date of such opinion, fairly and accurately summarize the provisions of such documents purported to be summarized as of such dates;

(C) upon the Closing, none of the Retired Warrants will be considered "outstanding" within the meaning of the County's sewer revenue refunding warrants trust indenture dated as of February 1, 1997;

(D) the Securities are exempt from registration pursuant to the Securities Act and the Trust Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act;

(E) the Issuer has full legal right, power and authority under the Act and the Approval Resolution to execute and deliver the Issuer Documents and to issue the Securities and apply the proceeds thereof pursuant to the Act, the Approval Resolution and the Issuer Documents; and

(F) Under existing law, there is no federal or State statutory, regulatory, judicial, or administrative body with the authority to set, revise, or regulate System rates (other than the Commission), subject to the enforcement of the Approved Rate Structure by the Bankruptcy Court (provided, however, that the State Constitution requires that System rates must be "reasonable and nondiscriminatory").

(iii) The opinion of Issuer's Counsel addressed to the Underwriters, dated the Closing Date, in the form attached as Exhibit V-1.

(iv) The opinion of Underwriters' Counsel, addressed to the Underwriters, dated the Closing Date, to the effect that: (A) the Securities are exempt from registration under the Securities Act and the Approval Resolution and the Trust Indenture are exempt from qualification under the Trust Indenture Act and (B) the Continuing Disclosure Undertaking contains the elements required by Rule 15c2-12 thereby providing a basis for the Underwriters to reach the reasonable determination required by the Rule. In addition, such counsel shall state in its letter containing the foregoing opinion or in a separate letter addressed to the Underwriters that, without having undertaken to determine independently, or to assume responsibility for, the accuracy, completeness or fairness thereof, and based solely on their participation in meetings and telephone conferences at which representatives of the Issuer, Bond Counsel, Disclosure Counsel, and the Senior Manager were at various times present, nothing has come to the attention of such counsel that would lead them to believe that the information and statements in the Preliminary Official Statement, as of its date, or the Official Statement, as of its date and as of the date of such letter, contained or contain any untrue statement of a material fact or omitted or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, no view need be expressed as to the financial statements of the Issuer, any other financial, forecast, technical or statistical data, the Feasibility Study, and any information in the Official Statement respecting DTC.

(v) A letter of Disclosure Counsel addressed to the Underwriters, in the form attached as Exhibit V-2.

(vi) The opinion of Bradley Arant Boult Cummings LLP, as bankruptcy counsel to the County, in the form attached as Exhibit V-3.

(vii) The opinion of counsel to the Trustee addressed to the Underwriters and the Issuer, dated the Closing Date, addressing such matters as reasonably may be requested by the Senior Manager and Bond Counsel.

(viii) A certificate dated the Closing Date of an authorized officer of the Issuer to the effect that:

(A) the representations and warranties of the Issuer contained in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date;

(B) the Issuer has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied at or prior to the Closing;

(C) no event affecting the Issuer has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect; and

(D) as required by Section 4.18(a)(xiii) of the Confirmed Plan of Adjustment, acknowledging that all conditions to the Effective Date (as defined in the Confirmed Plan of Adjustment) have been satisfied or will be satisfied simultaneously with the Closing.

(ix) Written evidence that the ratings on the Securities by the applicable rating services, as set forth in the WPA Terms and Acceptance, are in effect as of the Closing Date.

(x) A certificate of an officer of the Trustee, acceptable to Bond Counsel and the Senior Manager, dated the Closing Date, to the effect that the Issuer Documents and other financing or operative documents relating to the Securities to which the Trustee is a party have been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the Issuer and the other parties thereto, constitute valid and binding agreements of the Trustee enforceable against the Trustee in accordance with their terms, and the Securities have been authenticated in accordance with the Approval Resolution, the Trust Indenture and the Issuer Documents by a duly authorized officer or signatory of the Trustee; and an incumbency certificate of the Trustee, in form and content acceptable to the Senior Manager and Bond Counsel, dated the Closing Date, with respect to the officers or other signatories of the Trustee who have executed, authenticated and delivered the Securities, the Issuer Documents to which the Trustee is a party, and all other financing or operative documents relating to the Securities to be signed by the Trustee.

(xi) A tax certificate or tax regulatory agreement, executed by a duly authorized officer of the Issuer, in form and substance satisfactory to Bond Counsel, setting forth, among other things, in the manner permitted by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the reasonable expectations of the Issuer as of the Closing Date as to the use of proceeds of the Securities and of any other funds of the Issuer expected to be used to pay debt service on the Securities and the facts and estimates on which such expectations are based, and stating that, to the best of knowledge and belief of such certifying officer, the expectations set forth therein are reasonable.

(xii) An Information Return for Tax-Exempt Bond Issues (Internal Revenue Service Form 8038-G), in a form satisfactory to Bond Counsel for filing, executed by a duly authorized officer of the Issuer and Bond Counsel as preparer.

(xiii) An issue price or similar certificate executed by the Senior Manager, in form and substance reasonably satisfactory to Bond Counsel.

(xiv) An Accountants' letter, dated as of the Closing Date, substantially in the form of the Accountants' letter delivered pursuant to the WPA Terms and Acceptance, consenting to references to such firm in the Official Statement, consenting to use in the Official Statement of its report relating to the financial statements and with procedures brought down to a date within five business days of the Closing Date.

(xv) A copy of the Blanket Letter of Representation to DTC relating to the securities signed by the Issuer.

(xvi) Feasibility Study (unless otherwise included as an Appendix to the Official Statement), together with certificates acceptable to the Underwriters and Underwriters' Counsel of (A) the Feasibility Consultant and (B) the Consulting Engineer. In addition, the Feasibility Study in the Official Statement shall include a supplemental letter of the Feasibility Consultant indicating the additional procedures and analyses that were performed between the date of the Preliminary Official Statement and the date of the Official Statement and the results of such analyses.

(xvii) Itemization of Costs and Fees required by Act No. 2009-757, Acts of Alabama, attached as Exhibit V-4.

(xviii) A statement by the Senior Manager in compliance with Section 7 of Act No. 2010-519, Acts of Alabama ("DeMarco Act").

(xix) Certified (or original) copies of the executed versions of the following documents:

- (A) Trust Indenture (original)
- (B) First Supplemental Trust Indenture
- (C) Confirmation Order
- (D) Confirmed Plan of Adjustment
- (E) Rate Resolution
- (F) Continuing Disclosure Undertaking (original)
- (G) the Rule 15c2-12 "deemed final" certificate, executed by the Commission President on behalf of the Commission
- (H) Series 2013 Senior Lien Reserve Fund Letter of Credit
- (I) Series 2013 Subordinate Lien Reserve Fund Letter of Credit
- (J) Reimbursement Agreement
- (K) Opinion of counsel to JP Morgan Chase Bank, National Association, as issuer of the Letters of Credit, in a form acceptable to Underwriters' Counsel and Bond Counsel

- (L) Insurance Policy of Assured Guaranty Municipal Corp. (“Assured”)
- (M) Opinion of Counsel to Assured in a form acceptable to Underwriters’ Counsel and Bond Counsel
- (N) Evidence satisfactory to Bond Counsel and Underwriters’ Counsel that the Confirmation Order has not been “stayed pending appeal” within the meaning of 11 USC § 364(e), and that all conditions to the Effective Date (as defined in the Confirmed Plan of Adjustment) have been satisfied or will be satisfied simultaneously with the Closing, and

(xx) True and complete copies of all opinions, certificates and other documents delivered to the Trustee under the Approval Resolution and the Issuer Documents; and such additional legal opinions, certificates, instruments and other documents as the Senior Manager or Bond Counsel reasonably may request, in form and substance satisfactory to the Senior Manager or Bond Counsel, as the case may be, to evidence (A) compliance by the Issuer with legal requirements reasonably relating to the transactions contemplated by this Agreement, (B) the truth and completeness, as of the date thereof and as of the time of the Closing, of the statements and information contained in the Official Statement, (C) the truth and completeness, as of the time of the Closing, of the representations and warranties of the Issuer contained in this Agreement and the certificates and other documents referred to in this Agreement, and (D) the due performance or satisfaction by the Issuer at or prior to the Closing of all agreements then to be satisfied.

Exhibit V-1

[Letterhead of Jefferson County Attorney]

[Closing Date]

Jefferson County, Alabama

Wells Fargo Bank, National Association, as trustee

Citigroup Global Markets, Inc., Senior Manager under the
Warrant Purchase Agreement defined herein

Re: [\$375,000,000] Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A; [\$55,693,095.85] Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B; [\$69,308,272.15] Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C; [\$750,155,000] Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D; [\$71,935,073.95] Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E; and [\$416,317,273] Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F; issued by Jefferson County, Alabama

I am County Attorney for Jefferson County, Alabama, a political subdivision of the State of Alabama (the "Issuer"), in connection with the issuance of the above-referenced warrants (the "Warrants") by the Issuer. The Warrants are being issued pursuant to a Trust Indenture dated December 1, 2013 (the "Indenture") between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Warrants are being purchased from the Issuer by a group of underwriting firms led by Citigroup Global Markets, Inc. (the "Senior Manager") pursuant to that certain Warrant Purchase Agreement between the Issuer and the Senior Manager, acting on behalf of itself and the other Underwriters listed therein (the "Warrant Purchase Agreement"). Capitalized terms not otherwise defined in this opinion shall have the meaning assigned in the Warrant Purchase Agreement or, if not defined in the Warrant Purchase Agreement, in the Indenture.

I have examined the following: executed counterparts of the Indenture and the Warrants; the Warrant Purchase Agreement; the Continuing Disclosure Undertaking; copies of the Preliminary Official Statement of the Issuer dated November 4, 2013 and the Official Statement of the Issuer dated November [___], 2013; executed or certified copies of certain documents and pertinent proceedings of the Issuer; certificates executed by officers of the Issuer; and such other certificates, proceedings, proofs and documents as I have deemed necessary in connection with the opinions hereinafter set forth. As to various questions of fact material to my opinion, I have relied upon the representations made in the documents described in this paragraph and upon certificates of officers of the Issuer.

Ex. V-1, p.1

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Based on the foregoing and upon such investigation as I have deemed necessary, I am of the opinion that:

1. The Issuer is a political subdivision of the State of Alabama.
2. The Issuer has the power to issue the Warrants and to consummate the transactions described in the Indenture, the Warrant Purchase Agreement and the Continuing Disclosure Undertaking.
3. By proper action of the Jefferson County Commission, the Issuer has duly authorized the issuance and delivery of the Warrants, the execution and delivery of the Indenture, the Warrant Purchase Agreement and the Continuing Disclosure Undertaking, the distribution of the Preliminary Official Statement and the Official Statement, and the consummation of the transactions described in the Warrant Purchase Agreement.
4. The Issuer has obtained all consents, approvals, authorizations and orders of governmental authorities that are required to be obtained by it as a condition to the issuance of the Warrants and the execution and delivery of the Indenture, the Warrant Purchase Agreement and the Continuing Disclosure Undertaking.
5. The issuance of the Warrants and the execution and delivery by the Issuer of the Indenture, the Warrant Purchase Agreement and the Continuing Disclosure Undertaking and the consummation by it of the transactions contemplated therein will not (i) conflict with, be in violation of, or constitute (upon notice or lapse of time or both) a default under its organization documents, any indenture, mortgage, deed of trust or other contract, agreement or instrument to which it is a party or is subject, or any resolution, order, rule, regulation, writ, injunction, decree or judgment of any governmental authority or court having jurisdiction over it or (ii) result in or require the creation or imposition of any lien of any nature upon or with respect to any of its properties now owned or hereafter acquired, except as contemplated by the Indenture.
6. The Warrants, the Indenture, the Warrant Purchase Agreement and the Continuing Disclosure Undertaking constitute its legal, valid and binding obligations enforceable against it in accordance with the terms of such instruments, except as enforcement thereof may be limited by (i) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases.
7. To the best of my knowledge, after reasonable inquiry and except as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation pending before any court or governmental authority, or threatened against or affecting the Issuer or its properties, that (i) involves the consummation of the transactions contemplated by, or the validity or enforceability of, the Indenture, the Warrant Purchase Agreement and the Continuing Disclosure Undertaking, or (ii) could have a materially adverse effect upon its financial condition or operations.

8. I have served as a member of the Issuer's Disclosure Working Group (the "Disclosure Group") tasked with review of the Preliminary Official Statement and Official Statement. In the course of my participation in the Disclosure Group's review of such documents, I became aware of no reason to believe that, the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (in each case other than (a) the financial statements and other financial information regarding the County contained therein, (b) the sections of such documents purporting to describe the Series 2013 Insurer or JPMorgan Chase Bank, and (c) Appendices D, E, J, K and M, as to which I express no opinion).

I express no opinion regarding any provision of the Warrants, the Indenture, the Warrant Purchase Agreement or the Continuing Disclosure Undertaking (a) relating to indemnities, powers of attorney, releases from liability, exculpation, severability, subordination or setoff, including the enforceability of any indemnity and contribution provisions in Section 10 of the Warrant Purchase Agreement, (b) which purports to restrict, or to deny effect to, oral amendments, consents, waivers, releases or similar defenses, (c) which permits, or purports to permit, any person to seek or obtain specific performance or to select or enforce multiple or inconsistent remedies, (d) specifying or indicating that a lender, creditor or other person may apply funds to indebtedness in its discretion or in such order as it may elect or providing for application of funds to principal or charges prior to the application thereof to interest, (e) providing for late charges or an interest rate after a default greater than the rate applicable prior to such time or any provision which provides for interest on interest (including past due interest, fees and charges) or interest following judgment, (f) regarding the granting of rights and interests in property not yet in existence or which is not adequately described, (g) purporting to waive or establish trial by jury, venue, jurisdiction or standards for service of process, (h) regarding any consent to relief from or waiver of the benefits of a bankruptcy stay, (i) regarding conflict or choice of law, (j) purporting to indemnify or exculpate any party against the consequences of its own negligence, gross negligence, breach of contract, recklessness, willful misconduct, fraud or illegal conduct, (k) as they relate to the effect of course of dealing, course of performance or the like that could modify the terms of an agreement or the respective rights or obligations of the parties under such agreement.

This opinion is solely limited to matters arising under Alabama law.

This opinion does not address or disclose any financial or other risks with respect to the Warrants.

For purposes of my opinion regarding the binding effect and enforceability of the Financing Documents to which the Issuer is a party, I have assumed the other party thereto is qualified to do business in the State of Alabama to the extent that such qualification is required by the nature of this transaction or such party's other activities in the State of Alabama.

This opinion is rendered solely for your benefit. It is not to be relied upon by any other person or for any other purpose. This opinion is given as of the date hereof and I assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to my attention or any changes in law that may hereafter occur.

Very truly yours,

Carol Sue Nelson, Esq.
County Attorney

Exhibit V-2

December __, 2013

Citigroup Global Markets Inc.,
as representative of the underwriters named in the Official Statement
New York, New York

Ladies and Gentlemen:

We have acted as disclosure counsel to Jefferson County, Alabama (the "County") in connection with your purchase of the County's (i) [\$375,000,000] aggregate principal amount of Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A (the "Series 2013-A Warrants"), (ii) [\$55,693,095.85] aggregate principal amount of Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B (the "Series 2013-B Warrants"), (iii) [\$69,308,272.15] aggregate principal amount of Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C (the "Series 2013-C Warrants"), (iv) [\$750,155,000] aggregate principal amount of Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D (the "Series 2013-D Warrants"), (v) [\$71,935,073.95] aggregate principal amount of Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E (the "Series 2013-E Warrants"), and (vi) [\$416,317,273] aggregate principal amount of Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F (the "Series 2013-F Warrants", and, together with the Series 2013-A Warrants, the Series 2013-B Warrants, the Series 2013-C Warrants, the Series 2013-D Warrants, and the Series 2013-E Warrants, the "Warrants"), pursuant to a Warrant Purchase Agreement dated November __, 2013 (the "Purchase Agreement") between Citigroup Global Markets Inc., as representative of the underwriters named in the Official Statement, and the County. Capitalized terms not otherwise defined herein shall have the meanings assigned in the Purchase Agreement or, if not defined in the Purchase Agreement, in the Official Statement dated November [20], 2013 relating to the issuance of the Warrants (the "Official Statement").

We have reviewed (a) the Purchase Agreement, and (b) the Official Statement. We have also reviewed such other agreements, documents, records, certificates, materials and other information, and have satisfied ourselves as to such matters, as we have considered relevant or necessary for purposes of this letter.

In such review, we have assumed the accuracy and completeness of all agreements, documents, records, certificates and other materials submitted to us, the conformity with the originals of all such materials submitted to us as copies (whether or not certified and including facsimiles), the authenticity of the originals of such materials and all materials submitted to us as originals, the genuineness of all signatures and the legal capacity of all natural persons whose signatures appear on the foregoing. In delivering this letter, we have relied, without independent verification, as to factual matters, on certificates and other written or oral notices or statements of

Ex. V-2, p.1

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officers and other officials and representatives of the County, on representations made by the County in the Purchase Agreement and on statements in the Official Statement.

We have not undertaken to determine independently, and assume no responsibility for, the accuracy, completeness or fairness of, the statements made or included in the Official Statement. During the course of the preparation of the Official Statement, however, we participated in meetings and telephone conferences at which representatives of the County, the County Attorney, Bond Counsel, Underwriters' Counsel and the Senior Manager were at various times present, at which meetings and telephone conferences the contents of the Official Statement and related matters were discussed. We have also examined various other certificates and documents delivered at the closing of the issuance of the Warrants. Our examination and our discussions in the meetings and telephone conferences described herein did not disclose to us any information that gives us reason to believe that the Official Statement (other than the financial statements and schedules, and other financial, statistical, tabular, demographic, and accounting information contained or incorporated by reference in the Official Statement, including all Appendices thereto, and the information concerning DTC and the book-entry-only system, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, we express no opinion as to (a) the information contained under the captions "DEBT SERVICE REQUIREMENTS," "JEFFERSON COUNTY BANKRUPTCY," "THE PLAN OF ADJUSTMENT," "PROSPECTIVE BANKRUPTCY CONSIDERATIONS," "RISK FACTORS – Future Bankruptcy," "RISK FACTORS – Post-Confirmation Challenges to, or Non-Compliance with, the Approved Rate Structure," "LITIGATION AND OTHER MATTERS," "TAX STATUS," "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," and "SUMMARY OF SERIES 2013 RESERVE FUNDS LETTERS OF CREDIT," (b) the information in the Official Statement contained in Appendix A, Appendix E, Appendix K, Appendix L and Appendix M, and (c) the information in the Official Statement concerning DTC, Assured, and JPMorgan Chase Bank, National Association.

This opinion is directed to you, and may not be relied upon by any other person without our express written authorization. This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Exhibit V-3

December __, 2013

Citigroup Global Markets Inc.,
as representative of the underwriters named in the Official Statement
New York, New York

Ladies and Gentlemen:

We have acted as bankruptcy counsel to Jefferson County, Alabama (the "County") in connection with your purchase of the County's (i) [\$375,000,000] aggregate principal amount of Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A (the "Series 2013-A Warrants"), (ii) [\$55,693,095.85] aggregate principal amount of Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B (the "Series 2013-B Warrants"), (iii) [\$69,308,272.15] aggregate principal amount of Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C (the "Series 2013-C Warrants"), (iv) [\$750,155,000] aggregate principal amount of Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D (the "Series 2013-D Warrants"), (v) [\$71,935,073.95] aggregate principal amount of Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E (the "Series 2013-E Warrants"), and (vi) [\$416,317,273] aggregate principal amount of Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F (the "Series 2013-F Warrants", and, together with the Series 2013-A Warrants, the Series 2013-B Warrants, the Series 2013-C Warrants, the Series 2013-D Warrants, and the Series 2013-E Warrants, the "Warrants"), pursuant to a Warrant Purchase Agreement dated November [20], 2013 (the "Purchase Agreement") between Citigroup Global Markets Inc., as representative of the underwriters named in the Official Statement, and the County. Capitalized terms not otherwise defined herein shall have the meanings assigned in the Purchase Agreement or, if not defined in the Purchase Agreement, in the Official Statement dated November [20], 2013 relating to the issuance of the Warrants (the "Official Statement").

We have reviewed the Official Statement and such other agreements, documents, records, certificates, materials and other information, and have satisfied ourselves as to such matters, as we have considered relevant or necessary for purposes of this letter.

In such review, we have assumed the accuracy and completeness of all agreements, documents, records, certificates and other materials submitted to us, the conformity with the originals of all such materials submitted to us as copies (whether or not certified and including facsimiles), the authenticity of the originals of such materials and all materials submitted to us as originals, and the genuineness of all signatures and the legal capacity of all natural persons whose signatures appear on the foregoing. In delivering this letter, we have relied, without independent verification, as to factual matters, on certificates and other written or oral notices or statements of officers and other officials and representatives of the County, on representations made by the County in the Purchase Agreement and on statements in the Official Statement.

Ex. V-3, p.1

Citigroup Global Markets Inc.,
as representative of the underwriters named in the Official Statement
December __, 2013
Page 2

We have not undertaken to determine independently, and assume no responsibility for, the accuracy, completeness or fairness of, the statements made or included in the Official Statement, and we give no opinion concerning the Official Statement or the adequacy of the disclosures therein, except as set forth in our separate opinion letter of even date as disclosure counsel to the County and except as set forth in this letter.

We have reviewed the portion of the Official Statement under the caption "THE PLAN OF ADJUSTMENT" and are of the opinion that insofar as such portion of the Official Statement purports to summarize certain provisions of the Plan of Adjustment, the statements under such caption fairly and accurately summarize the matters purported to be summarized therein. We have also reviewed the portions of the Official Statement under the captions "JEFFERSON COUNTY BANKRUPTCY," "PROSPECTIVE BANKRUPTCY CONSIDERATIONS," "RISK FACTORS – Future Bankruptcy," and "RISK FACTORS – Post-Confirmation Challenges to, or Non-Compliance with, the Approved Rate Structure" and are of the opinion that insofar as such portions of the Official Statement purport to summarize certain provisions of the Bankruptcy Case or the Bankruptcy Code, the statements under such captions fairly and accurately summarize the matters purported to be summarized therein.

This opinion is directed to you, and may not be relied upon by any other person without our express written authorization. This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Exhibit V-4

Detailed Itemization of Costs and Fees

In accordance with Act Number 2009-757, Acts of Alabama, the following detailed itemization of costs and fees and acknowledgments shall be included with the bond financing agreement documents of any County Commission in the State of Alabama.

Costs and Fees which will be paid directly from bond proceeds

Expense/Payee	Amount
Fitch, Inc.	\$ 100,000
Standard & Poor's Rating Services	263,170
Moody's Investors Service, Inc.	235,000
Assured Guaranty Municipal Corp.	37,000,000
Balch & Bingham LLP	950,000
Bradley Arant Boult Cummings LLP	784,500
Public Resources Advisory Group	400,000
Galardi Rothstein Group	275,000
Brown and Caldwell	325,000
Warren Averett, LLC	45,000
Wells Fargo Bank, National Association	35,000
Reed Smith LLP	15,000
ImageMaster, LLC	10,000
The Bond Buyer	5,000
The Birmingham News	580
Compensation of the Underwriters	10,360,699.86

State of Alabama Department of Examiners of Public Accounts
Adopted Pursuant to Act No. 2009-757
October 1, 2009

Detailed Itemization of Costs and Fees (continued)

I, the chairman/president (or other Commission member designee) of the County Commission, do hereby acknowledge that the amounts of these costs and fees (listed on the previous page) have been presented and explained to all members of the County Commission prior to the sale of bonds.

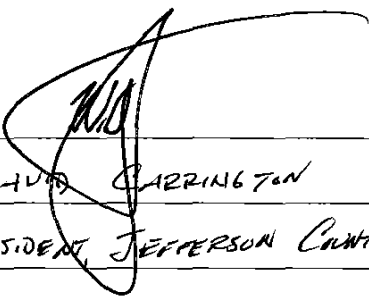
Commission

Signature

Printed Name

Title/County

Date of Issuance of Bonds



DAVID CARRINGTON

PRESIDENT, JEFFERSON COUNTY COMMISSION

DEC. 3, 2013

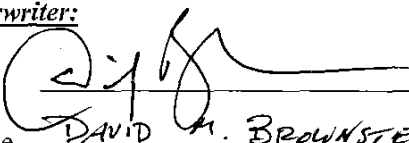
I, the authorized signatory for the bond underwriter, do hereby acknowledge that the amounts of these costs and fees (listed on the previous page) have been presented and explained to all members of the County Commission prior to the sale of bonds.

Bond Underwriter:

Signature

Printed Name

Title/Company



DAVID M. BROWNSTEIN

CITIGROUP GLOBAL MARKETS, INC.

State of Alabama Department of Examiners of Public Accounts
Adopted Pursuant to Act No. 2009-757
October 1, 2009

7-10

Series 2013
 Senior Lien
 S&P: AA- (AGM insured)/
 Fitch: _____
 Subordinate Lien
 Series 2013-D
 Subordinate Lien
 (See "RATINGS" herein)

NEW ISSUE - Book-Entry Only

In the opinion of Bond Counsel, under existing law, interest on the Warrants (i) will be excluded from gross income for federal income tax purposes if the County complies with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the 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 imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that, under existing law, interest on the Warrants will be exempt from State of Alabama income taxation. See "TAX STATUS" herein for further information.

JEFFERSON COUNTY, ALABAMA

\$375,000,000*	\$55,693,095.85*	\$69,308,272.15*
Senior Lien Sewer Revenue Current Interest Warrants Series 2013-A	Senior Lien Sewer Revenue Capital Appreciation Warrants Series 2013-B	Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants Series 2013-C
\$750,155,000*	\$71,935,073.95*	\$416,317,273*
Subordinate Lien Sewer Revenue Current Interest Warrants Series 2013-D	Subordinate Lien Sewer Revenue Capital Appreciation Warrants Series 2013-E	Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants Series 2013-F

Dated: Date of Delivery

Due: October 1, as shown on this inside cover hereof

FOR MATURITY SCHEDULE, INTEREST RATES, PRICES OR YIELDS, AND CUSIP NUMBERS, SEE INSIDE COVER

The \$375,000,000* Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A (the "Series 2013-A Warrants"), \$55,693,095.85* Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B (the "Series 2013-B Warrants"), \$69,308,272.15* Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C (the "Series 2013-C Warrants" and, together with the Series 2013-A Warrants and the Series 2013-B Warrants, the "Series 2013 Senior Lien Obligations"), \$750,155,000* Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D (the "Series 2013-D Warrants"), \$71,935,073.95* Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E (the "Series 2013-E Warrants"), and \$416,317,273* Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F (the "Series 2013-F Warrants" and, together with the Series 2013-D Warrants and the Series 2013-E Warrants, the "Series 2013 Subordinate Lien Obligations") of Jefferson County, Alabama (the "County") offered hereby are being issued pursuant to a Trust Indenture dated December 1, 2013 (the said Trust Indenture, as supplemented by the First Supplemental Indenture hereinafter described, the "Indenture") between the County and Wells Fargo Bank, National Association (the "Trustee"). The Series 2013 Senior Lien Obligations and the Series 2013 Subordinate Lien Obligations (collectively, the "Warrants") are issuable as fully registered warrants and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to which principal and interest payments on the Warrants will be made so long as Cede & Co. is the registered owner of the Warrants. Individual purchases of the Warrants will be made in Book-Entry Only form, and individual purchasers ("Beneficial Owners") of the Warrants will not receive physical delivery of warrant certificates.

The Series 2013 Senior Lien Obligations are not general obligations of the County and are not secured by any tax revenues of the County. The Series 2013 Senior Lien Obligations are being issued as limited obligations secured by and payable from, and having a first priority lien on, the General Trust Estate, which consists of gross revenues (other than tax revenues) collected from the sanitary sewer system owned and operated by the County and certain other funds and accounts created in the Indenture, all as more particularly described herein (the "General Trust Estate"). The Series 2013 Senior Lien Obligations are additionally secured by and payable from the Series 2013 Senior Lien Trust Estate (hereinafter defined), which consists of the Series 2013 Senior Lien Debt Service Fund (hereinafter defined) and the Series 2013 Senior Lien Reserve Fund (hereinafter defined). The deposit required to be made under the Indenture into the Series 2013 Senior Lien Reserve Fund upon the issuance of the Series 2013 Senior Lien Obligations will be satisfied by delivery of an irrevocable standby letter of credit (the "Series 2013 Senior Lien Reserve Fund Letter of Credit") to the Trustee upon issuance of the Warrants.

The Series 2013 Subordinate Lien Obligations are not general obligations of the County and are not secured by any tax revenues of the County. The Series 2013 Subordinate Lien Obligations are being issued as limited obligations secured by and payable from, and having a second priority lien on, the General Trust Estate. The Series 2013 Subordinate Lien Obligations are additionally secured by and payable from the Series 2013 Subordinate Lien Trust Estate (hereinafter defined), which consists of the Series 2013 Subordinate Lien Debt Service Fund (hereinafter defined) and the Series 2013 Subordinate Lien Reserve Fund (hereinafter defined). The deposit required to be made under the Indenture into the Series 2013 Subordinate Lien Reserve Fund upon the issuance of the Series 2013 Subordinate Lien Obligations will be satisfied by delivery of an irrevocable standby letter of credit (the "Series 2013 Subordinate Lien Reserve Fund Letter of Credit") to the Trustee upon issuance of the Warrants.

The scheduled payment of principal of (or, in the case of the Series 2013-B Warrants and the Series 2013-C Warrants, the Accreted Value) and interest on the Series 2013 Senior Lien Obligations when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2013 Senior Lien Obligations by ASSURED GUARANTY MUNICIPAL CORP.



The Series 2013 Senior Lien Reserve Fund Letter of Credit and the Series 2013 Subordinate Lien Reserve Fund Letter of Credit will be issued by JPMorgan Chase Bank, National Association (the "JPMorgan Chase Bank"). Upon issuance of the Warrants, the County will enter into a First Supplemental Indenture dated December 1, 2013 (the "First Supplemental Indenture") between the County and the Trustee, pursuant to which the County will authorize the issuance and delivery, upon the occurrence of the events described below, to JPMorgan Chase Bank of (i) Senior Lien Reserve Fund Warrants (as hereinafter defined) constituting limited obligation revenue warrants secured by the General Trust Estate on parity with the Series 2013 Senior Lien Obligations to evidence the obligation of the County to repay JPMorgan Chase Bank in the event of a drawing on the Series 2013 Senior Lien Reserve Fund Letter of Credit, and (ii) Subordinate Lien Reserve Fund Warrants (as hereinafter defined) constituting limited obligation revenue warrants secured by the General Trust Estate on parity with the Series 2013 Subordinate Lien Obligations to evidence the obligation of the County to repay JPMorgan Chase Bank in the event of a drawing on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, all as more particularly described herein.

In the Indenture the County has reserved the right to issue additional obligations secured by and payable from the General Trust Estate on parity with the Series 2013 Senior Lien Obligations (but only for refunding purposes described herein or as described in the immediately preceding paragraph), and additional obligations secured by and payable from the General Trust Estate on parity with the Series 2013 Subordinate Lien Obligations, all as more particularly described herein.

[CERTAIN OF THE WARRANTS ARE SUBJECT TO OPTIONAL REDEMPTION AND MANDATORY REDEMPTION PRIOR TO MATURITY AT THE TIMES, IN THE MANNER, AND ON THE TERMS DESCRIBED HEREIN.]

Interest on the Series 2013-A Warrants and the Series 2013-D Warrants will be payable on April 1, 2014, and semiannually thereafter on each April 1 and October 1, and on the maturity date thereof. Interest on the Series 2013-B Warrants and the Series 2013-E Warrants will be compounded from the date of delivery of the Series 2013-B Warrants and the Series 2013-E Warrants on each April 1 and October 1 until the maturity date thereof or earlier redemption, at the approximate rates of interest set forth herein, and will be payable only at maturity or upon optional redemption. The Series 2013-C Warrants and Series 2013-F Warrants will initially constitute capital appreciation warrants and will automatically convert to current interest warrants on _____ (the "Current Interest Commencement Date"). Interest on the Series 2013-C Warrants and Series 2013-F Warrants will be compounded from their date of delivery to, but not including, the Current Interest Commencement Date, at the approximate rates of interest set forth herein. From the Current Interest Commencement Date, the Series 2013-C Warrants and Series 2013-F Warrants will bear current interest on the accreted value thereof as of the Current Interest Commencement Date, payable each April 1 and October 1 to maturity, commencing on the _____ 1 immediately following such Current Interest Commencement Date.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential investors must read the entire Official Statement to obtain information essential to making an informed investment decision. There are numerous risk factors in connection with the Warrants and the plan of financing that prospective investors should carefully consider before making an investment decision regarding the Warrants. See "RISK FACTORS" herein.

The Warrants are offered when, as, and if received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of the validity thereof by Balch & Bingham LLP, Bond Counsel to the County, and certain other conditions. Certain legal matters will be passed upon for the County by Bradley Arant Boult Cummings LLP, Disclosure Counsel to the County, and for the Underwriters by Hawkins Delafield & Wood LLP and Lewis & Munday, P.C., co-counsel to the Underwriters. It is expected that the Warrants will be available for delivery through DTC on or about _____, 2013.

Merchant Capital, L.L.C.	CITIGROUP	Drexel Hamilton, LLC
First Tuskegee Capital Markets	Loop Capital Markets, LLC	Securities Capital Corporation
Jefferies	RBC Capital Markets	Morgan Stanley
Siebert Brandford Shank & Co., L.L.C.		

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

JEFFERSON COUNTY, ALABAMA

\$375,000,000*

Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A

\$375,000,000* ___% Term Series 2013-A Warrant Yield ___% due October 1, 2053; CUSIP⁽¹⁾

\$55,693,095.85*

Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B

Maturity (October 1)	Initial Principal Amount*	Compounded Amount Due at Maturity	Yield	Rate	Price	CUSIP ⁽¹⁾
2025	\$2,373,171.00					
2026	4,504,512.00					
2027	6,383,478.25					
2028	8,025,286.50					
2029	5,967,770.40					
2030	5,492,284.80					
2031	5,106,866.75					
2032	4,746,655.20					
2033	4,406,402.40					
2034	4,085,139.75					
2035	3,786,196.80					
2036	815,332.00					

\$69,308,272.15*

Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C

Maturity (October 1)	Initial Principal Amount*	Compounded Amount as of ___/___/20___ and Amount Due at Maturity	Yield	Rate	Price	CUSIP ⁽¹⁾
2036	\$6,576,817.50					
2037	8,933,796.60					
2038	9,498,240.00					
2039	10,099,559.55					
2040	10,722,227.45					
2041	11,383,035.20					
2042	12,094,595.85					

\$750,155,000*

Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D

Maturity (October 1)	Principal Amount*	Interest Rate	Yield	CUSIP ⁽¹⁾
2015	\$2,215,000			
2016	7,265,000			
2017	12,920,000			
2018	13,290,000			

\$34,530,000* ___% Term Series 2013-D Warrant Yield ___% due _____ 1, 2023; CUSIP⁽¹⁾
 \$29,930,000* ___% Term Series 2013-D Warrant Yield ___% due _____ 1, 2042; CUSIP⁽¹⁾
 \$283,920,000* ___% Term Series 2013-D Warrant Yield ___% due _____ 1, 2051; CUSIP⁽¹⁾
 \$366,085,000* ___% Term Series 2013-D Warrant Yield ___% due _____ 1, 2053; CUSIP⁽¹⁾

* Preliminary; subject to change.

⁽¹⁾ The CUSIP number shown above has been assigned by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw Hill Companies, Inc., and is included solely for the convenience of the Warrant holders. Neither the Underwriters nor the County is responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness on the Warrants or as indicated herein.

\$71,935,073.95*

Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E

Maturity (October 1)	Initial Principal Amount*	Compounded Amount Due at Maturity	Yield	Rate	Price	CUSIP ⁽¹⁾
2029	\$3,122,842.40					
2030	4,637,803.50					
2031	5,963,928.00					
2032	7,109,403.40					
2033	8,087,574.95					
2034	8,913,450.00					
2035	9,597,644.25					
2036	10,161,186.75					
2037	10,604,189.70					
2038	3,737,051.00					

\$416,317,273*

Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F

Maturity (October 1)	Initial Principal Amount*	Compounded Amount as of ___/___/20__ and Amount Due at Maturity	Yield	Rate	Price	CUSIP ⁽¹⁾
2038	\$21,968,946.80					
2039	38,709,204.70					
2040	45,205,079.40					
2041	45,001,195.20					
2042	2,187,010.80					
2043	21,081,489.00					
2044	25,853,080.10					
2045	30,715,465.00					
2046	36,419,071.90					
2047	42,204,805.50					
2048	49,048,179.50					
2049	55,903,397.50					
2050	2,020,347.60					

* Preliminary; subject to change.

⁽¹⁾ The CUSIP number shown above has been assigned by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw Hill Companies, Inc., and is included solely for the convenience of the Warrantholders. Neither the Underwriters nor the County is responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness on the Warrants or as indicated herein.

JEFFERSON COUNTY, ALABAMA

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(205) 325-5300

Jefferson County Commission

David Carrington
President

George Bowman
Commissioner

Sandra Little Brown
Commissioner

Joe Knight
Commissioner

Jimmie Stephens
Commissioner

County Manager

Tony Petelos

County Attorney

Carol Sue Nelson

Chief Financial Officer

George Tablack

Financial Advisor

Public Resources Advisory Group, Inc.
New York, New York

Feasibility Consultant

Galardi Rothstein Group
Chicago, Illinois

Bond Counsel

Balch & Bingham LLP
Birmingham, Alabama

Disclosure Counsel

Bradley Arant Boult Cummings LLP
Birmingham, Alabama

Independent Certified Public Accountants

Warren Averett, LLC
Birmingham, Alabama

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Certain information contained in or incorporated by reference in this Official Statement has been obtained by the County from AGM, JPMorgan Chase Bank, DTC and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information by the Underwriters, the Trustee or the County. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Underwriters. This Official Statement is being used in connection with the sale of securities as referred to herein and may not be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

No dealer, broker, salesperson or any other person has been authorized by the County, the Trustee or the Underwriters to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the inside cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Warrants.

Any statements made in this Official Statement, including the Appendices hereto, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the County's beliefs as well as assumptions made by and information currently available to the County.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "estimate," "budget," "projected," "forecast" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct in whole or in part. The County is not obligated to issue any updates or revisions to the forward-looking statements if or when expectations do not materialize, or events, conditions or circumstances on which such statements are based do or do not occur.

Furthermore, any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Warrants shall under any circumstances create any implication that there has been no change in the affairs of the County or the System since the respective dates as of which such information is given.

No representation is made that past experience, results of operations or financial condition, as it might be shown by financial and other information reported in this Official Statement (including any appendix hereto) will continue or be repeated in the future.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Warrants or the advisability of investing in the Warrants. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Municipal Bond Insurance" within the section herein entitled "CERTAIN PROVISIONS RESPECTING THE WARRANTS" and "Appendix M – Specimen Municipal Bond Insurance Policy."

SUMMARY OF THE OFFERING

This summary is subject in all respects to more complete information contained in this Official Statement and should not be considered a complete statement of the facts material to making an investment decision. The offering of the Warrants to potential investors is made only by means of the entire Official Statement, including all appendices hereto and other documents available for review and to which reference is herein made. Capitalized terms used in this summary and not otherwise defined shall have the meanings given to such terms in the glossary hereof or in the Indenture, as applicable. See "GLOSSARY OF TERMS" herein and the form of Indenture attached as Appendix A hereto.

Issuer	Jefferson County, Alabama (the "County")
Securities Offered	\$375,000,000* Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A (the "Series 2013-A Warrants"), \$55,693,095.85* Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B (the "Series 2013-B Warrants"), \$69,308,272.15* Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C (the "Series 2013-C Warrants", and, together with the Series 2013-A Warrants and the Series 2013-B Warrants, the "Series 2013 Senior Lien Obligations"), \$750,155,000* Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D (the "Series 2013-D Warrants"), \$71,935,073.95* Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E (the "Series 2013-E Warrants"), and \$416,317,273* Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F (the "Series 2013-F Warrants" and, together with the Series 2013-D Warrants and the Series 2013-E Warrants, the "Series 2013 Subordinate Lien Obligations").
Interest Accrual and Payment	<p>The Series 2013-A Warrants will be issued as current interest warrants, meaning that the interest thereon is scheduled to be paid semi-annually. Interest on the Series 2013-A Warrants will be payable on April 1, 2014, and semiannually thereafter on each April 1 and October 1, and on the maturity date thereof. See "THE SERIES 2013-A WARRANTS" herein.</p> <p>The Series 2013-B Warrants will be issued as capital appreciation warrants, meaning that the interest thereon is scheduled to accrete and compound semi-annually on each April 1 and October 1. The Accreted Value of the Series 2013-B Warrants will be paid at maturity. See "THE SERIES 2013-B WARRANTS" herein.</p> <p>The Series 2013-C Warrants will be issued as capital appreciation warrants that will be automatically converted to current interest warrants on _____ 1, ____ (the "Current Interest Commencement Date"), meaning that the interest thereon is scheduled to accrete and compound semi-annually on each April 1 and October 1 until the conversion date, at which time such accreted interest will be added to principal, and thereafter interest on such principal is scheduled to be paid semi-annually on each April 1 and October 1. See "THE SERIES 2013-C WARRANTS" herein.</p> <p>The Series 2013-D Warrants will be issued as current interest warrants, meaning that the interest thereon is scheduled to be paid semi-annually. Interest on the Series 2013-D Warrants will be payable on April 1, 2014, and semiannually thereafter on each April 1 and October 1, and on the maturity date thereof. See "THE SERIES 2013-D WARRANTS" herein.</p> <p>The Series 2013-E Warrants will be issued as capital appreciation warrants, meaning that the interest thereon is scheduled to accrete and compound semi-annually on each April 1 and October 1. The Accreted Value of the Series 2013-E Warrants will be paid at maturity. See "THE SERIES 2013-E WARRANTS" herein.</p>

The Series 2013-F Warrants will be issued as capital appreciation warrants that will be automatically converted to current interest warrants on _____ 1, ____, meaning that the interest thereon is scheduled to accrete and compound semi-annually on each April 1 and October 1 until the Current Interest Commencement Date, at which time such accreted interest will be added to initial principal, and thereafter interest on such principal is scheduled to be paid semi-annually on each April 1 and October 1. See "THE SERIES 2013-F WARRANTS" herein.

Security and Sources of Payment

The Series 2013 Senior Lien Obligations and the Series 2013 Subordinate Lien Obligations (collectively, the "Warrants") are limited obligations of the County issued under a Trust Indenture to be dated December 1, 2013, between the County and Wells Fargo Bank, National Association, as trustee (the said Trust Indenture, as supplemented by the First Supplemental Indenture hereinafter defined, the "Indenture"). The Warrants are secured by and payable from a pledge and assignment of the revenues (other than tax revenues) collected from the sanitary sewer system owned and operated by the County (the "System Revenues"), and, further, (i) money and investments from time to time on deposit in, or forming a part of, the Revenue Fund, the Operating Account, the Costs of Issuance Fund and the Capital Improvement Fund established under the Indenture, and (ii) any other property which may, from time to time hereafter, be specifically subjected to the lien of the Indenture as additional security for Secured Obligations (collectively, together with the System Revenues, the "General Trust Estate"). The Warrants are not general obligations of the County and are not secured by any tax revenues of the County. See "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS" herein.

**First Priority Lien –
Series 2013 Senior Lien
Obligations
Reserve Fund Warrants**

The Series 2013 Senior Lien Obligations have a first priority lien with respect to the right of payment from the General Trust Estate, and will be additionally secured by the funds and amounts held in the Series 2013 Senior Lien Reserve Fund and the Series 2013 Senior Lien Debt Service Fund established under the Indenture (the "Series 2013 Senior Lien Trust Estate"). See "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS" herein. Upon the occurrence of certain events described herein under "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS – Reserve Fund Warrants" herein, the Trustee shall deliver to JPMorgan Chase Bank (defined below) limited obligation warrants (the "Senior Lien Reserve Fund Warrants") pursuant to a First Supplemental Indenture dated December 1, 2013 (the "First Supplemental Indenture") between the County and the Trustee, payable from and secured by the General Trust Estate on parity with the Series 2013 Senior Lien Obligations, which Senior Lien Reserve Fund Warrants shall evidence the obligation of the County to reimburse JPMorgan Chase Bank for drawings honored on the Series 2013 Senior Lien Reserve Fund Letter of Credit (defined below).

**Second Priority Lien -
Series 2013 Subordinate
Lien Obligations
Reserve Fund Warrants**

The Series 2013 Subordinate Lien Obligations have a second priority lien with respect to the right of payment from the General Trust Estate, subordinate to the Series 2013 Senior Lien Obligations and any additional obligations hereafter issued on parity therewith in accordance with the Indenture. The Series 2013 Subordinate Lien Obligations will be additionally secured by the funds and amounts held in the Series 2013 Subordinate Lien Reserve Fund and the Series 2013 Subordinate Lien Debt Service Fund established under the Indenture (the "Series 2013 Subordinate Lien Trust Estate" and, together with the General Trust Estate and the Series 2013 Senior Lien Trust Estate, the "Trust Estate"). See "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS" herein. Upon the occurrence of certain events described herein under "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS – Reserve Fund Warrants" herein, the Trustee shall deliver to JPMorgan Chase Bank (defined below) limited obligation warrants (the "Subordinate Lien Reserve Fund Warrants") pursuant to the First Supplemental Indenture payable from and secured

by the General Trust Estate on parity with the Series 2013 Subordinate Lien Obligations, which Subordinate Lien Reserve Fund Warrants shall evidence the obligation of the County to reimburse JPMorgan Chase Bank for drawings honored on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit (defined below).

Insured Series 2013 Senior Lien Obligations	The scheduled payment of principal of (or, in the case of the Series 2013-B Warrants and the Series 2013-C Warrants, the Accreted Value) and interest on the Series 2013 Senior Lien Obligations when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2013 Senior Lien Obligations by Assured Guaranty Municipal Corp. (the "Series 2013 Insurance Policy"). See "CERTAIN PROVISIONS RESPECTING THE WARRANTS – Municipal Bond Insurance" herein.
Series 2013 Senior Lien Reserve Fund Letter of Credit	Upon issuance of the Warrants, there shall be delivered to the Trustee an irrevocable standby letter of credit (the "Series 2013 Senior Lien Reserve Fund Letter of Credit") issued by JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank") to cover withdrawals that may be made by the Trustee from the Series 2013 Senior Lien Reserve Fund. See "SUMMARY OF SERIES 2013 RESERVE FUNDS LETTERS OF CREDIT" herein.
Series 2013 Subordinate Lien Reserve Fund Letter of Credit	Upon issuance of the Warrants, there shall be delivered to the Trustee an irrevocable standby letter of credit (the "Series 2013 Subordinate Lien Reserve Fund Letter of Credit") issued by JPMorgan Chase Bank to cover withdrawals that may be made by the Trustee from the Series 2013 Subordinate Lien Reserve Fund. See "SUMMARY OF SERIES 2013 RESERVE FUNDS LETTERS OF CREDIT" herein.
Risk Factors	Payment of principal of and interest on the Warrants in full and when due is subject to numerous risk factors that should be carefully considered by prospective purchasers prior to making an investment decision regarding the Warrants. See "RISK FACTORS" herein.
Additional Secured Obligations	As of their date of issuance, the Warrants will be the only obligations of the County payable from or secured by the Trust Estate. In the Indenture, the County has reserved the right to issue obligations, in addition to the Warrants, payable from and secured by the General Trust Estate, either as Senior Lien Obligations on parity with the Series 2013 Senior Lien Obligations (but only for the purpose of refinancing existing Senior Lien Obligations), or as Subordinate Lien Obligations on parity with the Series 2013 Subordinate Lien Obligations. See "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS" herein.
Use of Proceeds	The Warrants are being issued pursuant to and in connection with the County's Plan of Adjustment (hereinafter defined), as confirmed by the Bankruptcy Court (hereinafter defined), in order to (i) redeem and retire certain of the Retired Sewer Warrants (hereinafter defined) and pay certain claims under the Plan of Adjustment (hereinafter defined), (ii) pay the premium for the Series 2013 Insurance Policy, and (iii) pay a portion of the costs of issuing the Warrants. See "ESTIMATED SOURCES AND USES" herein. Retired Sewer Warrants not retired with proceeds of the Warrants will be retired from other sources of the County.
Plan of Adjustment	Pursuant to Section 941 of the Bankruptcy Code, the County has filed with the Bankruptcy Court the County's Plan of Adjustment and the County's accompanying Disclosure Statement. The Plan of Adjustment sets forth the manner in which all claims in the Bankruptcy Case will be treated if the Plan of Adjustment is confirmed by the Bankruptcy Court and becomes effective. The Disclosure Statement describes the Plan of Adjustment, the County's current and future operations, the proposed adjustment of the County's indebtedness, risk factors associated with confirmation of the Plan of Adjustment and other related matters. The Disclosure Statement was approved by an order entered by the Bankruptcy

Court on August 7, 2013, which order found that the Disclosure Statement satisfied the requirements of Section 1125 of the Bankruptcy Code. The confirmation hearing on the Plan of Adjustment has been scheduled by the Bankruptcy Court to begin on November 20, 2013. See "THE PLAN OF ADJUSTMENT" herein.

Redemption

Any Series 2013-A Warrant, Series 2013-C Warrant, Series 2013-D Warrant, or Series 2013-F Warrant that matures after October 1, _____, may be redeemed at the option of the County in whole or in part on any Business Day on or after October 1, _____, at a redemption price equal to _____% of the principal amount of such Warrant redeemed, plus accrued interest thereon to the date of redemption. Any Series 2013-B Warrant or Series 2013-E Warrant that matures after October 1, _____, may be redeemed at the option of the County in whole or in part on any Business Day on or after October 1, _____, at a redemption price equal to _____% of the Accreted Value of such Warrant as of the date of redemption.

Authorized Denominations

The Warrants shall be issued only as fully registered warrants. The Series 2013-A Warrants and the Series 2013-D Warrants shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof. The Series 2013-B Warrants and the Series 2013-E Warrants shall be issued in denominations of \$5,000 principal amount or Accreted Value due at maturity or any integral multiple thereof due at maturity. The Series 2013-C Warrants and the Series 2013-F Warrants shall be issued in denominations of \$5,000 principal amount or Accreted Value at the Current Interest Commencement Date or any integral multiple thereof, and, from and after the Current Interest Commencement Date, in denominations of \$5,000 principal amount or any integral multiple thereof.

Form and Depository

The Warrants will be delivered solely in registered form under a global book-entry system through the facilities of DTC.

Rating(s)

	Series 2013 Senior Lien <u>Obligations</u>	Series 2013 Subordinate <u>Lien Obligations</u>
Standard & Poor's	AA-(AGM insured)/____	_____
Fitch	_____	_____
	See "RATINGS" herein.	

THE WARRANTS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(a)(2) OF SUCH ACT; AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS CONTAINED IN SUCH ACT.

THE WARRANTS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR BY THE SECURITIES COMMISSION OR ANY REGULATORY AUTHORITY OF ANY STATE, NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

* Preliminary; subject to change.

OFFICIAL STATEMENT

Pertaining to

JEFFERSON COUNTY, ALABAMA

\$375,000,000* Senior Lien Sewer Revenue Current Interest Warrants Series 2013-A	\$55,693,095.85* Senior Lien Sewer Revenue Capital Appreciation Warrants Series 2013-B	\$69,308,272.15* Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants Series 2013-C
\$750,155,000* Subordinate Lien Sewer Revenue Current Interest Warrants Series 2013-D	\$71,935,073.95* Subordinate Lien Sewer Revenue Capital Appreciation Warrants Series 2013-E	\$416,317,273* Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants Series 2013-F

INTRODUCTION

The \$375,000,000* Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A (the "Series 2013-A Warrants"), \$55,693,095.85* Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B (the "Series 2013-B Warrants"), \$69,308,272.15* Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C (the "Series 2013-C Warrants" and, together with the Series 2013-A Warrants and the Series 2013-B Warrants, the "Series 2013 Senior Lien Obligations"), \$750,155,000* Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D (the "Series 2013-D Warrants"), \$71,935,073.95* Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E (the "Series 2013-E Warrants"), and \$416,317,273* Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F (the "Series 2013-F Warrants" and, together with the Series 2013-D Warrants and the Series 2013-E Warrants, the "Series 2013 Subordinate Lien Obligations") offered hereby are being issued pursuant to a Trust Indenture dated December 1, 2013 (the "Indenture") between Jefferson County, Alabama (the "County") and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and the Confirmed Plan of Adjustment (hereinafter defined) in order to (i) redeem and retire certain of the Retired Sewer Warrants (hereinafter defined) and pay certain claims under the Plan of Adjustment (hereinafter defined), (ii) pay the premium for the Series 2013 Insurance Policy (hereinafter defined), and (iii) pay a portion of the costs of issuing the Series 2013 Senior Lien Obligations and the Series 2013 Subordinate Lien Obligations. See "ESTIMATED SOURCES AND USES" herein.

The Series 2013 Senior Lien Obligations and Series 2013 Subordinate Lien Obligations (collectively, the "Warrants") will be limited obligations of the County payable solely out of, and secured solely by a pledge and assignment of, the Trust Estate, which includes revenues (other than tax revenues) collected from the sanitary sewer system owned and operated by the County, and amounts held in certain funds and accounts under the Indenture, all as more particularly described herein. The lien on such revenues for the benefit of the Series 2013 Senior Lien Obligations will be senior to the lien thereof for the benefit of the Series 2013 Subordinate Lien Obligations. See "General Trust Estate," "Series 2013 Senior Lien Trust Estate" and "Series 2013 Subordinate Lien Trust Estate" under "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS" herein.

The scheduled payment of principal of (or, in the case of the Series 2013-B Warrants and Series 2013-C Warrants, the Accreted Value) and interest on the Series 2013 Senior Lien Obligations when due will be guaranteed under an insurance policy (the "Series 2013 Insurance Policy") to be issued concurrently with the delivery of the Series 2013 Senior Lien Obligations by Assured Guaranty Municipal Corp. See "CERTAIN PROVISIONS RESPECTING THE WARRANTS – Municipal Bond Insurance" herein.

* Preliminary; subject to change.

On November 9, 2011 (the "Filing Date"), the County filed a bankruptcy petition under Chapter 9 of the Bankruptcy Code. The County's bankruptcy case is pending before the Honorable Thomas B. Bennett, Chief United States Bankruptcy Judge, in the United States Bankruptcy Court for the Northern District of Alabama, Southern Division (the "Bankruptcy Court"), as case number 11-05736-TBB (the "Bankruptcy Case"). In an effort to conclude the Bankruptcy Case, the County filed with the Bankruptcy Court its Plan of Adjustment for Jefferson County, Alabama dated July 29, 2013 (the "Plan of Adjustment"). Under the Plan of Adjustment, the County has agreed, among other things and under certain conditions (including confirmation of the Plan of Adjustment by the Bankruptcy Court and the occurrence of its "Effective Date"), to issue the Warrants to redeem and retire certain of the Retired Sewer Warrants. *It is a condition to the Underwriters purchasing and accepting delivery of the Warrants that the Confirmation Order (defined herein) has been issued by the Bankruptcy Court and has not been stayed pending appeal.*

Reference is hereby made to the Appendices of this Official Statement, including but not limited to those Appendices setting forth the County's financial statements for the fiscal year of the County that ended September 30, 2012, audited by Warren Averett, LLC, Certified Public Accountants, Birmingham, Alabama; the proposed form of approving opinion respecting the Warrants of Balch & Bingham LLP, Birmingham, Alabama, Bond Counsel to the County; the form of Indenture; the form of Continuing Disclosure Agreement; the Municipal Advisor's Feasibility Study prepared by Galardi Rothstein Group; the Rate Resolution adopted by the County on September 23, 2013; the Charge Ordinance and Approved Rate Structure of the County; the summary of Certain Information Respecting Jefferson County; the summary of the Jefferson County Bankruptcy; and the Budget of the County for the 2014 Fiscal Year adopted by the County on September 17, 2013; and the specimen municipal bond insurance policy for the Insured Series 2013 Warrants. The mailing address of the County is 716 Richard Arrington Jr. Blvd. North, Birmingham, Alabama 35203, and the telephone number is (205) 325-5300.

GLOSSARY OF TERMS

Certain capitalized terms used frequently herein are defined in this glossary. In addition, certain capitalized terms used in this Official Statement and not defined in this glossary are defined in the form of Indenture attached as Appendix A hereto.

"Accreted Value" means, on any date of determination or calculation prior to the Current Interest Commencement Date with respect to any Series 2013-C Warrants or Series 2013-F Warrants, and on any date of determination or calculation with respect to any Series 2013-B Warrants or Series 2013-E Warrants, the sum of the Initial Principal Amount of such warrants plus the amount of interest accreted on such warrants to and including such date.

"Alabama Code" means the Code of Alabama 1975, as amended.

"Authorized Denominations" means, (i) with respect to the Series 2013-A Warrants or the Series 2013-D Warrants, a principal amount equal to \$5,000 or any integral multiple thereof, (ii) with respect to the Series 2013-B Warrants or the Series 2013-E Warrants, a principal amount or Accreted Value due at maturity equal to \$5,000 or any integral multiple thereof, and (iii) with respect to the Series 2013-C Warrants or the Series 2013-F Warrants, a principal amount or Accreted Value at the Current Interest Commencement Date equal to \$5,000 or any integral multiple thereof, and from and after the Current Interest Commencement Date, equal to \$5,000 or any integral multiple thereof.

"Balloon Debt" means Current Interest Obligations 50% or more of the original principal amount of which matures during any 12-month period. For purposes of this definition, the principal amount of Secured Obligations required to be redeemed prior to maturity shall be deemed payable on the mandatory redemption date rather than at maturity. For the avoidance of doubt, this definition shall not apply to Capital Appreciation Obligations or to Convertible Capital Appreciation Obligations prior to the Current Interest Commencement Date applicable thereto.

"Bankruptcy Code" means Title 11 of the United States Code.

"Capital Improvement Fund" means the fund by that name established in Section 9.8 of the Indenture.

"**Capital Improvements**" means improvements or additions to the System that are chargeable to the County's capital account (or could be chargeable if so elected by the County) determined in accordance with generally accepted accounting principles.

"**Chapter 9**" means chapter 9 of the Bankruptcy Code.

"**Charge Ordinance**" means that certain ordinance entitled "Jefferson County Sewer Use Charge Ordinance" adopted by the Commission on November 6, 2012, as amended on September 23, 2013, as the same may from time to time again be amended, which sets forth, among other things, the Commission's reasonable and nondiscriminatory rules and regulations fixing rates and charges for service from the System and provisions for payment, collection and enforcement thereof.

"**Commission**" means the Jefferson County Commission, being the governing body of the County.

"**Confirmation Hearing**" means the hearing before the Bankruptcy Court on the confirmation of the Plan of Adjustment, which hearing has been scheduled by the Bankruptcy Court to begin on November 20, 2013.

"**Confirmation Order**" means the order to be entered by the Bankruptcy Court confirming the Plan of Adjustment under Section 943(b) of the Bankruptcy Code.

"**Confirmed Plan of Adjustment**" means the Plan of Adjustment, as confirmed by the Confirmation Order.

"**County**" means Jefferson County, Alabama.

"**Credit Enhancement**" means a facility provided by a third party that provides a guaranty or other assurance for the payment of Debt Service on Secured Obligations or the purchase price of Secured Obligations tendered for purchase pursuant to optional or mandatory tender provisions applicable to such Secured Obligations, or both, including bond insurance, a letter of credit, or a standby bond purchase agreement.

"**Debt Service**" means the principal, redemption premium (if any), and interest, whether accrued or accreted, payable on Secured Obligations.

"**Debt Service Requirements**" for any Fiscal Year means the scheduled Debt Service payments on Secured Obligations due and payable on April 1 during such Fiscal Year and on the October 1 immediately succeeding such Fiscal Year (Debt Service payable on October 1 during the Fiscal Year for which such computation is made being excluded from this calculation); provided, however, that:

(1) The principal amount of Secured Obligations subject to scheduled mandatory redemption in any Fiscal Year shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year of the stated maturity of such Secured Obligations.

(2) With respect to Secured Obligations bearing interest at a variable rate, the amount of interest payable during any period for which the actual rate cannot be determined shall be projected using the Index Rate.

(3) If Secured Obligations have been Defeased, all principal and interest due on such Secured Obligations after the effective date of such Defeasance shall be excluded from Debt Service Requirements.

(4) Interest payments on Secured Obligations which are entitled to payments under any federal government assistance program (such as the program for Build America Bonds under the American Recovery and Reinvestment Act of 2009 or similar program);

(A) with respect to calculations which are retrospective in nature, shall be reduced by the amount of any subsidy or credit payments to which the County actually received; and

(B) with respect to calculations which involve the then current Fiscal Year or are prospective in nature, shall be reduced by the amount of any subsidy or credit payments to which the County is entitled.

(5) Unscheduled principal payments (including principal payments resulting from the optional redemption of Secured Obligations or the purchase and retirement of Secured Obligations) shall be excluded from Debt Service Requirements.

(6) The repurchase obligation with respect to Secured Obligations subject to optional or mandatory tender for purchase shall be disregarded on any date of determination if the repurchase obligation of the County is secured by Credit Enhancement on such date.

(7) With respect to Secured Obligations constituting Balloon Debt, Debt Service payable on such Secured Obligations shall be projected assuming (i) that the principal balance of such Secured Obligations on the date of determination is refinanced on the date of determination over a term equal to 40 years less the number of whole years that have elapsed since such Secured Obligations were issued, (ii) that such principal balance will bear interest at the Index Rate, and (iii) that Debt Service on such Secured Obligations after the date of determination will be payable in approximately equal annual installments sufficient to pay both principal and interest.

"Disclosure Statement" means the Disclosure Statement Regarding Chapter 9 Plan of Adjustment for Jefferson County, Alabama (dated July 29, 2013), as approved by order of the Bankruptcy Court entered on August 7, 2013, and as it subsequently may be amended, modified or supplemented by the County.

"Effective Date" means the date on which the Confirmed Plan of Adjustment becomes effective as defined in the Confirmed Plan of Adjustment.

"Enabling Law" means Title 11, Chapter 28 (Sections 11-28-1 *et seq.*) of the Alabama Code.

"Filing Date" means November 9, 2011, the date on which the County filed its voluntary petition for relief under Chapter 9.

"First Supplemental Indenture" means that certain First Supplemental Trust Indenture dated December 1, 2013 between the County and the Trustee pursuant to which the County's Reserve Fund Warrants are secured.

"General Trust Estate" means (i) the System Revenues, (ii) money and investments from time to time on deposit in, or forming a part of, the Revenue Fund, the Operating Account, the Costs of Issuance Fund and the Capital Improvement Fund created under the Indenture, and (iii) any other property which may, from time to time hereafter, be specifically subjected to the lien of the Indenture as additional security for Secured Obligations.

"Indenture" means that certain Trust Indenture dated December 1, 2013 between the County and the Trustee pursuant to which the Warrants are to be issued, as the same may from time to time be supplemented, amended, or modified.

"Index Rate" shall mean the "Bond Buyer Revenue Bond Index" rate for 30-year tax-exempt revenue bonds, as published by *The Bond Buyer* on any date selected by the County that is within 30 days prior to the date of such determination; provided, however, that if *The Bond Buyer* (or a successor publication) ceases to publish such index, the Index Rate shall be a comparable index selected by the County.

"Insured Series 2013 Warrants" shall mean, collectively, the Series 2013-A Warrants, the Series 2013-B Warrants, and the Series 2013-C Warrants.

"JPMorgan Chase Bank" means JPMorgan Chase Bank, National Association, the issuer of the Series 2013 Senior Lien Reserve Fund Letter of Credit and the Series 2013 Subordinate Lien Reserve Fund Letter of Credit.

"MGD" means million gallons per day.

"**Net Income Available for Senior Lien Debt Service**" means the excess of System Revenues, income and gains from the System over expenses (including Operating Expenses to the extent in excess of Sewer Tax Proceeds) and losses from the System for the Fiscal Year in question, calculated in accordance with generally accepted accounting principles as used in preparing the most recent audited financial statements of the County; provided, however, that for purposes of computing Net Income Available for Senior Lien Debt Service the following items shall be excluded from this computation: (a) Debt Service paid on all Secured Obligations, (b) all amounts payable on Unsecured Obligations, (c) expenditures for Capital Improvements, (d) depreciation and amortization, (e) unrealized gains or losses on investments, (f) other non-cash expenses, and (g) customer security deposits.

"**Net Income Available for Subordinate Lien Debt Service**" means the excess of System Revenues, income and gains from the System over (i) expenses (including Operating Expenses to the extent in excess of Sewer Tax Proceeds) and losses from the System and (ii) Debt Service Requirements on Senior Lien Obligations for the Fiscal Year in question, calculated in accordance with generally accepted accounting principles as used in preparing the most recent audited financial statements of the County; provided, however, that for purposes of computing Net Income Available for Subordinate Lien Debt Service, the following items shall be excluded from this computation: (a) Debt Service paid on all Subordinate Lien Obligations, (b) all amounts payable on Unsecured Obligations, (c) expenditures for Capital Improvements, (d) depreciation and amortization, (e) unrealized gains or losses on investments, (f) other non-cash expenses, and (g) customer security deposits.

"**Operating Account**" means the account by that name established in Section 9.5 of the Indenture.

"**Operating Expenses**" means all reasonable and necessary direct or indirect expenses of operating and maintaining the System determined in accordance with generally accepted accounting principles.

"**Plan**" or "**Plan of Adjustment**" means that certain Chapter 9 Plan of Adjustment for Jefferson County, Alabama (dated July 29, 2013), as supplemented by the Plan Supplement to Chapter 9 Plan of Adjustment for Jefferson County, Alabama (dated July 29, 2013) filed with the Bankruptcy Court on September 30, 2013, and as the same shall be amended and modified prior to the Confirmation Hearing to, among other things, reflect the amendments to the Amended Financing Plan approved by the Commission on October 31, 2013, and as the same may be further amended and modified hereafter.

"**Rate Resolution**" means that certain resolution of the Commission adopted September 23, 2013, enacting a revised rate structure for User Charges, a copy of which is attached as Appendix B hereto.

"**Required Coverage Ratios**" means the following ratios:

(1) *Senior Debt Ratio.* Net Income Available for Senior Lien Debt Service for the Fiscal Year in question must be not less than 125% of Debt Service Requirements on Senior Lien Obligations payable during such Fiscal Year.

(2) *Subordinate Debt Ratio.* Net Income Available for Subordinate Lien Debt Service for the Fiscal Year in question must be not less than 110% of Debt Service Requirements on Subordinate Lien Obligations payable during such Fiscal Year.

The County must satisfy both ratios in order to be in compliance with the Required Coverage Ratios.

"**Reserve Fund Warrants**" means, collectively, the Senior Lien Reserve Fund Warrants and the Subordinate Lien Reserve Fund Warrants.

"**Retired Sewer Warrants**" means those of the Sewer Warrants listed on Appendix C hereto to be redeemed and retired with proceeds of the Warrants or with other sources of the County.

"**Retired Sewer Warrants Indenture**" means that certain Trust Indenture dated as of February 1, 1997, as supplemented and amended, between the County and the Retired Sewer Warrants Trustee, pursuant to

which the County issued and delivered the Sewer Warrants (including, without limitation, the Retired Sewer Warrants).

"Retired Sewer Warrants Trustee" means The Bank of New York Mellon Trust Company, N.A., in its capacity as successor trustee under the Retired Sewer Warrants Indenture.

"Revenue Fund" means the fund by that name established in Section 9.1 of the Indenture.

"Secured Obligations" means Senior Lien Obligations and Subordinate Lien Obligations.

"Senior Lien Obligations" means warrants or other debt obligations that are payable pursuant to the priority established by Section 9.2(a)(1) of the Indenture whether issued under the Indenture or pursuant to a Supplemental Indenture.

"Senior Lien Reserve Fund Warrants" means the County's Senior Lien Reserve Fund Reimbursement Warrants, secured by and authorized to be issued pursuant to the First Supplemental Indenture.

"Series 2013 Collateral Support Agreement" means that certain Series 2013 Collateral Support Agreement between the Trustee and JPMorgan Chase Bank dated the date of the Indenture governing JPMorgan Chase Bank's collateral delivery obligations with respect to the Series 2013 Senior Lien Reserve Fund Letter of Credit and the Series 2013 Subordinate Lien Reserve Fund Letter of Credit.

"Series 2013 Insurance Policy" means that certain municipal bond insurance policy numbered [_____] issued by the Series 2013 Insurer guaranteeing the scheduled payment of principal of and interest on the Insured Series 2013 Warrants when due. The Series 2013 Insurance Policy constitutes Credit Enhancement.

"Series 2013 Insurer" means Assured Guaranty Municipal Corp., a New York company, or any successor thereto or assignee thereof under the Indenture.

"Series 2013 Reserve Funds Letters of Credit" means, collectively, the Series 2013 Senior Lien Reserve Fund Letter of Credit and the Series 2013 Subordinate Lien Reserve Fund Letter of Credit.

"Series 2013 Senior Lien Debt Service Fund" means the fund by that name established in Section 9.3 of the Indenture.

"Series 2013 Senior Lien Obligations" means the Series 2013-A Warrants, the Series 2013-B Warrants, and the Series 2013-C Warrants.

"Series 2013 Senior Lien Reserve Fund" means the fund by that name established in Section 9.6 of the Indenture.

"Series 2013 Senior Lien Reserve Fund Letter of Credit" means that certain irrevocable letter of credit no. _____ issued by JPMorgan Chase Bank and delivered to the Trustee as security for the Series 2013 Senior Lien Reserve Fund. The Series 2013 Senior Lien Reserve Fund Letter of Credit constitutes Credit Enhancement.

"Series 2013 Senior Lien Trust Estate" means the funds and amounts held in the Series 2013 Senior Lien Reserve Fund and the Series 2013 Senior Lien Debt Service Fund.

"Series 2013 Subordinate Lien Debt Service Fund" means the fund by that name established in Section 9.4 of the Indenture.

"Series 2013 Subordinate Lien Obligations" means the Series 2013-D Warrants, the Series 2013-E Warrants and the Series 2013-F Warrants.

"Series 2013 Subordinate Lien Reserve Fund" means the fund by that name established in Section 9.7 of the Indenture.

"**Series 2013 Subordinate Lien Reserve Fund Letter of Credit**" means that certain irrevocable letter of credit no. _____ issued by JPMorgan Chase Bank and delivered to the Trustee as security for the Series 2013 Subordinate Lien Reserve Fund. The Series 2013 Subordinate Lien Reserve Fund Letter of Credit constitutes Credit Enhancement.

"**Series 2013 Subordinate Lien Trust Estate**" means the funds and amounts held in the Series 2013 Subordinate Lien Reserve Fund and the Series 2013 Subordinate Lien Debt Service Fund.

"**Series 2013-A Warrants**" shall have the meaning given to such term in the Introduction hereof.

"**Series 2013-B Warrants**" shall have the meaning given to such term in the Introduction hereof.

"**Series 2013-C Warrants**" shall have the meaning given to such term in the Introduction hereof.

"**Series 2013-D Warrants**" shall have the meaning given to such term in the Introduction hereof.

"**Series 2013-E Warrants**" shall have the meaning given to such term in the Introduction hereof.

"**Series 2013-F Warrants**" shall have the meaning given to such term in the Introduction hereof.

"**Sewer Tax**" means that certain special ad valorem tax levied within the County for sewer purposes pursuant to Act No. 716, enacted February 28, 1901 by the Alabama Legislature.

"**Sewer Tax Proceeds**" means the proceeds from the Sewer Tax.

"**Sewer Warrants**" means certain limited obligations of the County including, without limitation, the Retired Sewer Warrants, heretofore issued under the Retired Sewer Warrants Indenture payable from revenues from the System remaining after payment of the costs of operating and maintaining the System.

"**Subordinate Lien Obligations**" means warrants or other debt obligations that are payable pursuant to the priority established by Section 9.2(a)(3) of the Indenture whether issued under the Indenture or pursuant to a Supplemental Indenture.

"**Subordinate Lien Reserve Fund Warrants**" means the County's Subordinate Lien Reserve Fund Reimbursement Warrants, secured by and authorized to be issued pursuant to the First Supplemental Indenture.

"**Supplemental Indenture**" means a supplement to the Indenture authorizing the issuance of Secured Obligations.

"**System**" means the sanitary sewer system owned and operated by the County, as now or hereafter constituted.

"**System Revenues**" means all revenues derived from the ownership or operation of the System.

"**Trust Estate**" means the General Trust Estate, the Series 2013 Senior Lien Trust Estate and the Series 2013 Subordinate Lien Trust Estate.

"**Trustee**" means Wells Fargo Bank, National Association, including its successors and assigns, as trustee under the Indenture.

"**Unsecured Obligations**" means any (a) debt, (b) contract entered into with respect to interest rate exchange agreements with respect to debt, or (c) other contractual obligations of the County (other than Operating Expenses) that are undertaken for the benefit of the System and are either (i) payable from System Revenues but are not secured by a pledge of the System Revenues or (ii) payable from System Revenues but are secured by a pledge of the System Revenues that is subject and subordinate to the lien of the Indenture.

"**Warrant Payment Date**" means each date on which Debt Service is payable on Warrants, including any date fixed for redemption of Warrants.

"**Warrants**" means the Series 2013-A Warrants, the Series 2013-B Warrants, the Series 2013-C Warrants, the Series 2013-D Warrants, the Series 2013-E Warrants, and the Series 2013-F Warrants.

ESTIMATED SOURCES AND USES

The estimated proceeds to be derived from the sale of the Warrants are expected to be applied substantially as follows:

Sources

Par amount of Warrants
Cash deposit by County from existing sewer funds
Plus/less [net] original issue discount/premium

Total Sources

Uses

Redemption and Retirement of Retired Sewer Warrants and
payment of other claims under the Plan of Adjustment
Series 2013 Insurance Policy Premium
Underwriters' Discount
Costs of issuance (including financial advisory fees, consultant
fees, Series 2013 Reserve Fund Letter of Credit fees,
legal, accounting, printing, and other costs)

Total Uses

THE SERIES 2013-A WARRANTS

Maturities and Interest Rates

The Series 2013-A Warrants will be issued in the form of current interest warrants, will be dated their date of issuance and delivery, and will mature on October 1 in the years and principal amounts and bear interest at the per annum rates set forth on the inside cover page of this Official Statement. The Series 2013-A Warrants shall be issued only as fully registered warrants in Authorized Denominations.

Payment of Principal and Interest

The Series 2013-A Warrants will be issued in book-entry only form, as described herein under "CERTAIN PROVISIONS RESPECTING THE WARRANTS - Book-Entry Only System," and the method and place of payment of Debt Service on the Series 2013-A Warrants will be as provided in the book-entry only system for so long as such system is in effect with respect to the Series 2013-A Warrants. Interest on the Series 2013-A Warrants (computed on the basis of a 360-day year of 12 consecutive 30-day months) is payable semiannually on each April 1 and October 1, commencing April 1, 2014. Interest shall be payable on overdue principal and (to the extent legally enforceable) on any overdue installment of interest on the Series 2013-A Warrants at the Post-Default Rate specified in the Indenture.

Redemption Prior to Maturity

Optional Redemption. Any Series 2013-A Warrant that matures after October 1 ____, may be redeemed at the option and direction of the County in whole or in part on any Business Day on or after October 1 ____, at a redemption price equal to ____ (____%) of the principal amount of such Series 2013-A Warrant redeemed, plus accrued interest thereon to the date of redemption.

Mandatory Redemption. The Series 2013-A Warrants maturing on October 1, ____ and October 1, ____ (collectively, the "2013-A Term Warrants") shall be redeemed, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on the dates and in the principal amounts (after credit as provided in the Indenture) as follows:

2013-A Term Warrants Maturing in 20____

Redemption Date (October 1)	Principal Amount to be Redeemed]
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THE SERIES 2013-B WARRANTS

Maturities and Interest Rates

The Series 2013-B Warrants will be issued in the form of capital appreciation warrants and will be dated their date of issuance and delivery. The Series 2013-B Warrants are payable only at maturity or upon optional redemption and will not pay interest on a current basis. The Series 2013-B Warrants will accrete from and including the date of initial delivery, compounded as described below. The Series 2013-B Warrants will mature on the dates set forth on the inside cover page of this Official Statement. The Series 2013-B Warrants shall be issued only as fully registered warrants in Authorized Denominations.

The Series 2013-B Warrants are payable in an amount equal to the maturity amount of the Series 2013-B Warrants. Interest thereon is payable only at maturity or upon redemption from the date of delivery of the Series 2013-B Warrants.

At any time prior to the maturity of the Series 2013-B Warrants, the Accreted Value of the Series 2013-B Warrants will be equal to the original principal amount of such Series 2013-B Warrants plus compounded interest from the date of such Series 2013-B Warrants, computed at the approximate rates of interest or approximate yields set forth on the inside cover page hereof (subject to rounding) and compounded on April 1 and October 1 of each year, commencing on the date of delivery, to the date of determination of such Accreted Value. The Accreted Value of each Series 2013-B Warrant as of each April 1 and October 1 through the date of maturity is set forth in the table attached as Appendix D hereto.

Payment of Principal and Interest

The Series 2013-B Warrants will be issued in book-entry only form, as described herein under "CERTAIN PROVISIONS RESPECTING THE WARRANTS - Book-Entry Only System," and the method and place of payment of Debt Service on the Series 2013-B Warrants will be as provided in the book-entry only system for so long as such system is in effect with respect to the Series 2013-B Warrants. Interest will be payable on overdue Accreted Value on the Series 2013-B Warrants at the Post-Default Rate specified in the Indenture.

Redemption Prior to Maturity

Any Series 2013-B Warrant that matures after October 1, _____, may be redeemed at the option and direction of the County in whole or in part on any Business Day on or after October 1, _____, at a redemption price equal to _____ (____%) of the Accreted Value of such Series 2013-B Warrant as of the date of redemption.

THE SERIES 2013-C WARRANTS

Maturities and Interest Rates

The Series 2013-C Warrants will be issued in the form of convertible capital appreciation warrants and will be dated their date of issuance and delivery. Interest on the Series 2013-C Warrants will compound from and including their date of delivery to _____ 1, _____ (herein referred to as the "Current Interest Commencement Date"). Prior to the Current Interest Commencement Date, the Series 2013-C Warrants will not pay interest on a current basis. The Series 2013-C Warrants shall accrete from and including the date of delivery, compounded semiannually on each April 1 and October 1 (each such date, a "Compounding Date"), until, but not including, the Current Interest Commencement Date, computed at the approximate rates of interest or approximate yields set forth on the inside cover hereof (subject to rounding). No payments are due to the owners of the Series 2013-C Warrants during the period from the date of delivery to the Current Interest Commencement Date. The Series 2013-C Warrants shall be issued only as fully registered warrants in Authorized Denominations.

On the Current Interest Commencement Date, the value of the principal amount of the Series 2013-C Warrants shall be fixed and shall not accrete in value from such date. After the Current Interest Commencement Date, principal of and interest on the Series 2013-C Warrants shall mature as follows:

SERIES 2013-C
Maturity Date and Interest Rate*

*Above calculations are calculated per \$5,000 increment of the maturity amount of the Series 2013-C Warrants.

Payment of Principal and Interest

The Series 2013-C Warrants will be issued in book-entry only form, as described herein under "CERTAIN PROVISIONS RESPECTING THE WARRANTS - Book-Entry Only System," and the method and place of payment of Debt Service on the Series 2013-C Warrants will be as provided in the book-entry only system for so long as such system is in effect with respect to the Series 2013-C Warrants. Following the Current Interest Commencement Date, interest on the Series 2013-C Warrants (computed on the basis of a 360-day year of 12 consecutive 30-day months) is payable semiannually on each April 1 and October 1. Prior to the Current Interest Commencement Date, interest shall be payable on overdue Accreted Value on the Series 2013-C Warrants at the Post-Default Rate specified in the Indenture. From and after the Current Interest Commencement Date, interest shall be payable on overdue principal of the Series 2013-C Warrants and (to the extent legally enforceable) on any overdue installment of interest on the Series 2013-C Warrants, at the Post Default Rate specified in the Indenture.

Redemption Prior to Maturity

Any Series 2013-C Warrant that matures after October 1, _____, may be redeemed at the option and direction of the County in whole or in part on any Business Day on or after October 1, _____, at a redemption price equal to _____ (____%) of the principal amount of such Warrant redeemed, plus accrued interest thereon to the date of redemption.

THE SERIES 2013-D WARRANTS

Maturities and Interest Rates

The Series 2013-D Warrants will be issued in the form of current interest warrants, will be dated their date of issuance and delivery, and will mature on October 1 in the years and principal amounts and bear interest at the per annum rates set forth on the inside cover page of this Official Statement. The Series 2013-D Warrants shall be issued only as fully registered warrants in Authorized Denominations.

Payment of Principal and Interest

The Series 2013-D Warrants will be issued in book-entry only form, as described herein under "CERTAIN PROVISIONS RESPECTING THE WARRANTS - Book-Entry Only System," and the method and place of payment of Debt Service on the Series 2013-D Warrants will be as provided in the book-entry only system for so long as such system is in effect with respect to the Series 2013-D Warrants. Interest on the Series 2013-D Warrants (computed on the basis of a 360-day year of 12 consecutive 30-day months) is payable semiannually on each April 1 and October 1, commencing April 1, 2014. Interest shall be payable on overdue principal and (to the extent legally enforceable) on any overdue installment of interest on the Series 2013-D Warrants at the Post-Default Rate specified in the Indenture.

Redemption Prior to Maturity

Optional Redemption. Any Series 2013-D Warrant that matures after October 1, _____, may be redeemed at the option and direction of the County in whole or in part on any Business Day on or after October 1, _____, at a redemption price equal to _____ (____%) of the principal amount of such Series 2013-D Warrant redeemed, plus accrued interest thereon to the date of redemption.

Mandatory Redemption. The Series 2013-D Warrants maturing on October 1, ____ and October 1, ____ (collectively, the "2013-D Term Warrants") shall be redeemed, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on the dates and in the principal amounts (after credit as provided in the Indenture) as follows:

2013-D Term Warrants Maturing in 20____	
Redemption Date (October 1)	Principal Amount to be Redeemed]

THE SERIES 2013-E WARRANTS

Maturities and Interest Rates

The Series 2013-E Warrants will be issued in the form of capital appreciation warrants and will be dated their date of issuance and delivery. The Series 2013-E Warrants are payable only at maturity or upon optional redemption and will not pay interest on a current basis. The Series 2013-E Warrants will accrete from and including the date of initial delivery, compounded as described below. The Series 2013-E Warrants will mature on the dates set forth on the inside cover page of this Official Statement. The Series 2013-E Warrants shall be issued only as fully registered warrants in Authorized Denominations.

The Series 2013-E Warrants are payable in an amount equal to the maturity amount of the Series 2013-E Warrants. Interest thereon is payable only at maturity or upon redemption from the date of delivery of the Series 2013-E Warrants.

At any time prior to the maturity of the Series 2013-E Warrants, the Accreted Value of the Series 2013-E Warrants will be equal to the original principal amount of such Series 2013-E Warrants plus compounded interest from the date of such Series 2013-E Warrants, computed at the approximate rates of interest or approximate yields set forth on the inside cover page hereof (subject to rounding) and compounded on April 1 and October 1 of each year, commencing on the date of delivery, to the date of determination of such Accreted Value. The Accreted Value of each Series 2013-E Warrant as of each April 1 and October 1 through the date of maturity is set forth in the table attached as Appendix D hereto.

Payment of Principal and Interest

The Series 2013-E Warrants will be issued in book-entry only form, as described herein under "CERTAIN PROVISIONS RESPECTING THE WARRANTS - Book-Entry Only System," and the method and place of payment of Debt Service on the Series 2013-E Warrants will be as provided in the book-entry only system for so long as such system is in effect with respect to the Series 2013-E Warrants. Interest will be payable on overdue Accreted Value on the Series 2013-E Warrants at the Post-Default Rate specified in the Indenture.

Redemption Prior to Maturity

Any Series 2013-E Warrant that matures after October 1, _____, may be redeemed at the option and direction of the County in whole or in part on any Business Day on or after October 1, _____ at a redemption price equal to _____ (____%) of the Accreted Value of such Series 2013-E Warrant as of the date of redemption.

THE SERIES 2013-F WARRANTS

Maturities and Interest Rates

The Series 2013-F Warrants will be issued in the form of convertible capital appreciation warrants and will be dated their date of issuance and delivery. Interest on the Series 2013-F Warrants will compound from and including their date of delivery to _____ 1, ____ (herein referred to as the "Current Interest Commencement Date"). Prior to the Current Interest Commencement Date, the Series 2013-F Warrants will not pay interest on a current basis. The Series 2013-F Warrants shall accrete from and including the date of delivery, compounded semiannually on each April 1 and October 1 (each such date, a "Compounding Date"), until, but not including, the Current Interest Commencement Date, computed at the approximate rates of interest or approximate yields set forth on the inside cover hereof (subject to rounding). No payments are due to the owners of the Series 2013-F Warrants during the period from the date of delivery to the Current Interest Commencement Date. The Series 2013-F Warrants shall be issued only as fully registered warrants in Authorized Denominations.

On the Current Interest Commencement Date, the value of the principal amount of the Series 2013-F Warrants shall be fixed and shall not accrete in value from such date. After the Current Interest Commencement Date, principal of and interest on the Series 2013-F Warrants shall mature as follows:

SERIES 2013-F
Maturity Date and Interest Rate*

*Above calculations are calculated per \$5,000 increment of the maturity amount of the Series 2013-F Warrants.

Payment of Principal and Interest

The Series 2013-F Warrants will be issued in book-entry only form, as described herein under "CERTAIN PROVISIONS RESPECTING THE WARRANTS - Book-Entry Only System," and the method and place of payment of Debt Service on the Series 2013-F Warrants will be as provided in the book-entry only system for so long as such system is in effect with respect to the Series 2013-F Warrants. Following the Current Interest Commencement Date, interest on the Series 2013-F Warrants (computed on the basis of a 360-day year of 12 consecutive 30-day months) is payable semiannually on each April 1 and October 1. Prior to the Current Interest Commencement Date, interest shall be payable on overdue Accreted Value on the Series 2013-F Warrants at the Post-Default Rate specified in the Indenture. From and after the Current Interest Commencement Date, interest shall be payable on overdue principal of the Series 2013-F Warrants and (to the extent legally enforceable) on any overdue installment of interest on the Series 2013-F Warrants, at the Post-Default Rate specified in the Indenture.

Redemption Prior to Maturity

Any Series 2013-F Warrant that matures after October 1, _____ may be redeemed at the option and direction of the County in whole or in part on any Business Day on or after October 1, _____ at a redemption price equal to _____ (____%) of the principal amount of such Warrant redeemed, plus accrued interest thereon to the date of redemption.

CERTAIN PROVISIONS RESPECTING THE WARRANTS

Purpose

The Warrants are being issued under the Enabling Law and the Confirmed Plan of Adjustment in order to (i) refund and retire certain of the Retired Sewer Warrants or past due debt service thereon, (ii) pay the premium for the Series 2013 Insurance Policy, and (iii) pay a portion of the costs of issuing the Warrants. See "ESTIMATED SOURCES AND USES" herein.

Plan for Refunding

Proceeds of the Warrants delivered to the Retired Sewer Warrants Trustee will be distributed in accordance with the provisions of the Confirmed Plan of Adjustment. On the Effective Date, as such term is defined in the Confirmed Plan of Adjustment, the Retired Sewer Warrants and the Retired Sewer Warrants Indenture will be cancelled, and the County will be released from all further obligations with respect thereto.

Notice of Redemption and Partial Redemption

Manner, Notice and Effect of Redemption. Notice of any redemption (other than mandatory redemption) of the Warrants shall be given to the affected holder thereof not less than twenty (20) days prior to the date fixed for redemption. If the book-entry system is in effect, such notice of redemption shall be given to DTC (as defined below) and shall be forwarded by DTC to the affected holders of Warrants through methods established by the rules and operational arrangements of DTC. If the book-entry system is not in effect, notice of redemption shall be given to the holders of Warrants being redeemed by certified mail. A notice of optional redemption may state that the redemption of Warrants is contingent upon specified conditions, such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the County shall not be required to redeem the Warrants (or portions thereof) identified in such notice, and any Warrants surrendered on the specified redemption date shall be returned to the holders of such Warrants.

Partial Redemption of Warrants. Except as otherwise may be provided herein, if less than all Warrants outstanding are to be redeemed, the principal amount or Accreted Value of Warrants of each Tenor to be redeemed may be specified by the County by notice delivered to the Trustee not less than three (3) Business Days prior to the date when the Trustee must give notice of the redemption to Holders (unless a shorter notice is acceptable to the Trustee), or, in the absence of timely receipt by the Trustee of such notice, shall be determined in accordance with the book-entry system or if the book-entry system is no longer in effect by lot or by such other method as the Trustee shall deem fair and appropriate; provided, however, that the principal amount or Accreted Value of Warrants of each Tenor to be redeemed may not be larger than the principal amount or Accreted Value of Warrants of such Tenor then eligible for redemption and may not be smaller than the smallest Authorized Denomination or as otherwise required by the book-entry system. Except as otherwise may be provided above, if less than all Warrants with the same Tenor are to be redeemed, the particular Warrants of such Tenor to be redeemed shall be selected from the outstanding Warrants of such Tenor then eligible for redemption in accordance with the book-entry system or if the book-entry system is no longer in effect by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal or Accreted Value of Warrants of such Tenor of a denomination larger than the smallest Authorized Denomination.

Book-Entry Only System

Portions of the following information concerning The Depository Trust Company ("DTC") and DTC's book-entry system have been obtained from DTC. The County, the Trustee and the Underwriters make no representation as to the accuracy of such information.

General. Initially, DTC will act as Securities Depository for the Warrants. The Warrants initially will be issued solely in book-entry form to be held under DTC's book-entry system, registered in the name of Cede & Co. (DTC's partnership nominee). Initially, one fully-registered Warrant certificate for each maturity of each series will be issued for the Warrants, in the aggregate principal amount of Warrants of such series and maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (the "Direct Participants") deposit with DTC. DTC also facilitates post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and, together with Direct Participants, "Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the Warrants on DTC's records. The ownership interest of each actual purchaser of each Warrant ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Warrants are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Warrants, except in the event that use of the book-entry system for the Warrants is discontinued.

To facilitate subsequent transfers, all Warrants deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Warrants with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Warrants; DTC's records reflect only the identity of the Direct Participants to whose accounts such Warrants are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

As long as the book-entry system is used for the Warrants, redemption notices will be sent to DTC. If less than all the Warrants within an issue are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such issue to be redeemed.

As long as the book-entry system is used for the Warrants, principal, premium, if any, and interest payments on the Warrants will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon receipt of funds and corresponding detail information from the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. is the responsibility of the County or the Trustee, and disbursement of such payments to the Participants or the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Neither DTC nor Cede & Co. will consent or vote with respect to the Warrants. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Warrants are credited on the record date (identified in a listing attached to the Omnibus Proxy).

DTC may discontinue providing its services as securities depository with respect to the Warrants at any time by giving reasonable notice to the County and the Trustee. In the event that a successor securities depository is not obtained, Warrant certificates are required to be printed and delivered.

The County and the Trustee will have no responsibility or obligation to any securities depository, any Participants in the book-entry system, or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the securities depository or any Participant; (ii) the payment by the securities depository or by any Participant of any amount due to any Participant or Beneficial Owner, respectively, in respect of the principal amount or redemption or purchase price of, or interest on, any Warrants; (iii) the delivery of any notice by the securities depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Warrants; or (v) any other action taken by the securities depository or any Participant.

In the event of the discontinuance of the book-entry system for the Warrants, Warrant certificates will be printed and delivered and the following provisions will apply: (i) principal of the Warrants will be payable upon surrender of the Warrants at the designated office of the Trustee; (ii) Warrants may be transferred or exchanged for other Warrants of Authorized Denominations as set forth in the next succeeding paragraph; and (iii) Warrants will be issued in denominations as described above under "THE SERIES 2013-A WARRANTS – Maturities and Interest Rates of Series 2013-A Warrants," "THE SERIES 2013-B WARRANTS – Maturities and Interest Rates of Series 2013-B Warrants," "THE SERIES 2013-C WARRANTS – Maturities and Interest Rates of Series 2013-C Warrants," "THE SERIES 2013-D WARRANTS – Maturities and Interest Rates of Series 2013-D Warrants," "THE SERIES 2013-E WARRANTS – Maturities and Interest Rates of Series 2013-E Warrants," and "THE SERIES 2013-F WARRANTS – Maturities and Interest Rates of Series 2013-F Warrants," above.

Discontinuation of Book-Entry Only System. The following provisions shall apply only upon discontinuance of the book-entry only system described above: (i) a physical certificate or certificates shall be executed, authenticated and delivered to each Holder under the book-entry system in accordance with such Holder's ownership of Warrants; and (ii) such certificates shall be registered in the warrant register maintained by the Trustee. The Warrants shall be registered and may be transferred only on the warrant register maintained by the Trustee. No transfer of the Warrants shall be permitted except upon presentation and surrender of such Warrants at the office of the Trustee. The holder of one or more of the Warrants may, upon request, and upon the surrender to the Trustee of such Warrants, exchange such Warrant for Warrants of other Authorized Denominations of the same tenor and of a like aggregate principal amount. No service charge shall be made for any transfer or exchange of Warrants, but the County may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Warrants. The County shall not be required (i) to transfer or exchange any Warrant during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Warrants and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Warrant so selected for redemption in whole or in part. In the event any Warrant is mutilated, lost, stolen or destroyed, the County may execute, and the Trustee shall thereupon authenticate and deliver, a replacement Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided that (i) in the case of any such mutilated Warrant, such Warrant is first surrendered to the Trustee, and (ii) in the case of any lost, stolen or destroyed Warrant, there is first furnished to the County and the Trustee evidence of such loss, theft or destruction satisfactory to the County and the Trustee, together with indemnity satisfactory to each of them. The County may charge the Holder with the expense of issuing any such replacement Warrant.

Reference is made to the Indenture in full for its provisions pertaining to the registration, transfer and exchange of Warrants and the method of payment of the principal thereof or Accreted Value, and interest thereon.

Municipal Bond Insurance

The information contained in this subsection entitled "Municipal Bond Insurance" relates to Assured Guaranty Municipal Corp. and the Series 2013 Insurance Policy and has been obtained from Assured

Guaranty Municipal Corp. for use in this Official Statement. No representation is made by the County or the Underwriters as to the accuracy or completeness of this information.

The Series 2013 Insurance Policy

Concurrently with the issuance of the Insured Series 2013 Warrants, Assured Guaranty Municipal Corp. ("AGM") will issue the Series 2013 Insurance Policy. The Series 2013 Insurance Policy guarantees the scheduled payment of principal of (or, in the case of the Series 2013-B Warrants and the Series 2013-C Warrants, the Accreted Value) and interest on the Insured Series 2013 Warrants when due as set forth in the form of the Series 2013 Insurance Policy included as Appendix M to this Official Statement.

The Series 2013 Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings. On June 12, 2013, S&P published a report in which it affirmed AGM's "AA-" (stable outlook) financial strength rating. AGM can give no assurance as to any further ratings action that S&P may take.

On January 17, 2013, Moody's issued a press release stating that it had downgraded AGM's insurance financial strength rating to "A2" (stable outlook) from "Aa3". AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Capitalization of AGM. At June 30, 2013, AGM's consolidated policyholders' surplus and contingency reserves were approximately \$3,453,294,934 and its total net unearned premium reserve was approximately \$1,944,533,294, in each case, in accordance with statutory accounting principles.

For additional information relating to the capitalization of AGM, please see the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the "SEC") on July 22, 2013 (excluding the portion thereof "furnished" under Item 7.01 of such Form).

Incorporation of Certain Documents by Reference. Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (filed by AGL with the SEC on March 1, 2013);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 (filed by AGL with the SEC on May 10, 2013); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 (filed by AGL with the SEC on August 9, 2013).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, (excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K), after the filing of the last document referred to above and before the termination of the offering of the Warrants shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "CERTAIN PROVISIONS RESPECTING THE WARRANTS – Municipal Bond Insurance – *Assured Guaranty Municipal Corp.*" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters. AGM or one of its affiliates may purchase a portion of the Insured Series 2013 Warrants or any uninsured Warrants and such purchases may constitute a significant proportion of the Warrants offered. AGM or such affiliate may hold such Insured Series 2013 Warrants or uninsured Warrants for investment or may sell or otherwise dispose of such Insured Series 2013 Warrants or uninsured Warrants at any time or from time to time.

AGM makes no representation regarding the Warrants or the advisability of investing in the Warrants. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "CERTAIN PROVISIONS RESPECTING THE WARRANTS – Municipal Bond Insurance."

Series 2013 Insurer as Sole Holder for Certain Purposes

Under the Indenture, the Series 2013 Insurer shall be deemed to be the sole holder of the Insured Series 2013 Warrants for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holders of the Insured Series 2013 Warrants are entitled to take pursuant to the Indenture.

SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS

General Trust Estate

General. The Warrants are limited obligations of the County payable from and secured by a pledge of the General Trust Estate, which consists of: (i) System Revenues, (ii) money and investments from time to

time on deposit in, or forming a part of, the Revenue Fund, the Operating Account, the Costs of Issuance Fund and the Capital Improvement Fund established under the Indenture, and (iii) any other property which may, from time to time hereafter, be specifically subjected to the lien of the Indenture as additional security for Secured Obligations.

Holders of Series 2013 Senior Lien Obligations and any additional Senior Lien Obligations hereafter issued have a first priority lien with respect to payment from the General Trust Estate, and Holders of the Series 2013 Subordinate Lien Obligations and any additional Subordinate Lien Obligations hereafter issued each have a second priority lien, junior and subordinate to the Series 2013 Senior Lien Obligations and any additional Senior Lien Obligations hereafter issued, with respect to payment from the General Trust Estate. See "Application of System Revenues" below for the priority of application of System Revenues.

Sewer Tax Proceeds shall not be part of, subject to the lien of, or in any way pledged to, the Trust Estate. Nevertheless, Sewer Tax Proceeds can be used by the County to pay Operating Expenses of the System.

Special Lien for Trustee Compensation and Expenses. As security for the performance of the obligations of the County under Section 12.7(a) of the Indenture (setting forth the obligation of the County to pay or reimburse the Trustee for reasonable compensation for services rendered by the Trustee under the Indenture and to cover and reimburse the Trustee for all reasonable expenses, disbursements, and other outlays of the Trustee) the Trustee is secured by a lien under the Indenture prior and senior in right to Subordinate Lien Obligations, and for the payment of such compensation, expenses, reimbursements and indemnity the Trustee shall have the right to use and apply any money held by it as a part of the Trust Estate in accordance with Section 9.2 of the Indenture (respecting the order of application of System Revenues); provided that, so long as an Indenture Default exists, the Trustee shall be secured under the Indenture by a lien prior and senior in right to all Secured Obligations, and for the payment of such compensation, expenses, reimbursements and indemnity the Trustee shall have the right to use and apply any money held by it as a part of the Trust Estate in accordance with Section 11.3 of the Indenture (respecting the order of application of System Revenues during the period of an Indenture Default prior to acceleration).

Series 2013 Senior Lien Trust Estate; Series 2013 Senior Lien Reserve Fund Requirement

Payment of the Series 2013 Senior Lien Obligations is additionally secured by the Series 2013 Senior Lien Trust Estate, which consists of the Series 2013 Senior Lien Debt Service Fund and the Series 2013 Senior Lien Reserve Fund. The amount required to be maintained in the Series 2013 Senior Lien Reserve Fund is the lesser of (a) 125% of the average annual Debt Service Requirements on the Series 2013 Senior Lien Obligations outstanding, (b) the maximum annual Debt Service Requirements on the Series 2013 Senior Lien Obligations outstanding, or (c) 10% of the principal amount of the Series 2013 Senior Lien Obligations outstanding, and is computed as of the date of delivery of the Series 2013 Senior Lien Obligations to be \$_____ (the "Series 2013 Senior Lien Reserve Fund Requirement").

Insured Series 2013 Warrants

Payment of the Insured Series 2013 Warrants is additionally secured by the Series 2013 Insurance Policy. See "CERTAIN PROVISIONS RESPECTING THE WARRANTS – Municipal Bond Insurance" herein for more information.

Series 2013 Subordinate Lien Trust Estate; Series 2013 Subordinate Lien Reserve Fund Requirement

Payment of the Series 2013 Subordinate Lien Obligations is additionally secured by the Series 2013 Subordinate Lien Trust Estate, which consists of the Series 2013 Subordinate Lien Debt Service Fund and the Series 2013 Subordinate Lien Reserve Fund. The amount required to be maintained in the Series 2013 Subordinate Lien Reserve Fund is the lesser of (a) 125% of the average annual Debt Service Requirements on the Series 2013 Subordinate Lien Obligations outstanding, (b) the maximum annual Debt Service Requirements on the Series 2013 Subordinate Lien Obligations outstanding, or (c) 10% of the principal amount of the Series 2013 Subordinate Lien Obligations outstanding, and is computed as of the date of delivery of the Series 2013 Subordinate Lien Obligations to be \$_____ (the "Series 2013 Subordinate Lien Reserve Fund Requirement").

Application of System Revenues

System Revenues in the Revenue Fund shall be applied in each calendar month as follows, in the order of priority indicated:

(1) First, the Trustee shall deposit in the Senior Lien Debt Service Fund the amount required for the payment of Debt Service due on Senior Lien Obligations. The related provisions of the Indenture (including any Supplemental Indenture with respect to Senior Lien Obligations) may require such deposits on or before the due date of such Debt Service, or in the month prior to the due date of such Debt Service, or may require monthly deposits for the accumulation of funds to pay Debt Service on such Senior Lien Obligations; provided, however, that such monthly deposits may not exceed the sum of (i) the pro rata amount of interest payable on the next Interest Payment Date and (ii) if principal matures or is subject to scheduled mandatory redemption within one year from the deposit date, the pro rata amount of principal payable on the next Maturity Date or scheduled mandatory redemption date, as the case may be. Investment earnings on deposit in, or transferred to, a Senior Lien Debt Service Fund shall be credited against the required deposits. If money available in the Revenue Fund is not sufficient to make all deposits otherwise required by the provision of the Indenture described in this paragraph, then deposits to each Senior Lien Debt Service Fund shall be made on a proportionate basis.

(2) Second, the Trustee shall (i) pay fees and expenses of the Trustee (including amounts payable under Section 12.7 of the Indenture), (ii) at the direction of the County, which may be standing instructions, pay fees and other amounts due during such month with respect to Credit Enhancement for Senior Lien Obligations, and (iii) at the direction of the County, which may be standing instructions, pay fees during such month to remarketing agents or entities performing similar functions with respect to Senior Lien Obligations. If money available in the Revenue Fund (after making deposits with priority) is not sufficient to make all payments required by the provision of the Indenture described in this paragraph, such payments shall be made on a proportionate basis.

(3) Third, the Trustee shall deposit in each Subordinate Lien Debt Service Fund the amount required for the payment of Debt Service due on Subordinate Lien Obligations. The related provisions of the Indenture (including any Supplemental Indenture with respect to Subordinate Lien Obligations) may require such deposits on or before the due date of such Debt Service, or in the month prior to the due date of such Debt Service, or may require monthly deposits for the accumulation of funds to pay Debt Service on such Subordinate Lien Obligations; provided, however, that such monthly deposits may not exceed the sum of (i) the pro rata amount of interest payable on the next Interest Payment Date and (ii) if principal matures or is subject to scheduled mandatory redemption within one year from the deposit date, the pro rata amount of principal payable on the next Maturity Date or scheduled mandatory redemption date, as the case may be. Investment earnings on deposit in, or transferred to, a Subordinate Lien Debt Service Fund shall be credited against the required deposits. If money available in the Revenue Fund (after making deposits with priority) is not sufficient to make all deposits otherwise required by the provision of the Indenture described in this paragraph, then deposits to each Subordinate Lien Debt Service Fund shall be made on a proportionate basis.

(4) Fourth, the Trustee shall at the direction of the County, which may be standing instructions, (i) pay fees and other amounts due during such month with respect to Credit Enhancement for Subordinate Lien Obligations and (ii) pay fees during such month to remarketing agents or entities performing similar functions with respect to Subordinate Lien Obligations. If money available in the Revenue Fund (after making deposits with priority) is not sufficient to make all payments required by the provision of the Indenture described in this paragraph, such payments shall be made on a proportionate basis.

(5) Fifth, the Trustee shall deposit in the Operating Account the amount required to make the balance in the Operating Account equal to the Required Operating Reserve, as specified in writing by the County.

(6) Sixth, the Trustee shall deposit in the Senior Lien Reserve Fund the amount required by Section 9.6 of the Indenture or by the related Supplemental Indenture to accumulate, maintain or restore the required balance in such Senior Lien Reserve Fund, subject to the terms and conditions of Section 8.2(a)(1)(G) (with respect to reserve requirements and replenishments relating to additional Senior Lien Obligations) and Section 9.6(d) (with respect to replenishments of the Series 2013 Senior Lien Reserve Fund) of the Indenture. If money available in the Revenue Fund (after making deposits with priority) is not sufficient to make all deposits required by the provision of the Indenture described in this paragraph, deposits to each Senior Lien Reserve Fund shall be made on a proportionate basis.

(7) Seventh, the Trustee shall deposit in the Subordinate Lien Reserve Fund the amount required by the Indenture or by the related Supplemental Indenture to accumulate, maintain or restore the required balance in such Subordinate Lien Reserve Fund, subject to the terms and conditions of Section 8.2(a)(1)(G) (with respect to reserve requirements and replenishments relating to additional Subordinate Lien Obligations) and Section 9.7(d) (with respect to replenishments of the Series 2013 Subordinate Lien Reserve Fund) of the Indenture. If money available in the Revenue Fund (after making deposits with priority) is not sufficient to make all deposits required by the provision of the Indenture described in this paragraph, deposits to each Subordinate Lien Reserve Fund shall be made on a proportionate basis.

(8) Eighth, on or before the twenty-fifth day of each month, the County may request withdrawal of amounts due for Rebate Liability (as defined in the Indenture).

(9) Ninth, the County may request withdrawal of amounts due on Unsecured Obligations.

(10) Tenth, the Trustee shall transfer the entire amount remaining in the Revenue Fund to the Capital Improvement Fund.

Rate Covenant

The Confirmed Plan of Adjustment shall include the County's obligation to comply with the Rate Resolution. The County adopts the Rate Resolution as part of the Indenture and thereby covenants and agrees that, so long as any of the Secured Obligations are Outstanding, it will keep the Rate Resolution in full force and effect and will comply with the terms of the Rate Resolution. The County's obligation to comply with the Rate Resolution is cumulative and in addition to its separate and independent covenant and agreement to comply with the terms and conditions of the Indenture as described in the following two paragraphs.

If the results of operations for the System for any Fiscal Year fail to comply with the Required Coverage Ratios, within 90 days after the beginning of the following Fiscal Year the County shall deliver to the Trustee (i) a revised schedule of rates and charges for System services, duly adopted by the County after the beginning of the prior Fiscal Year (or during the then current Fiscal Year), (ii) a forecast of results of operations for the then current Fiscal Year, and (iii) a certificate of the County's County Manager and Chief Financial Officer stating in effect that, after taking into account remedial action approved by the County (including such revised schedule of rates and charges), the County reasonably expects in good faith to be in compliance with the Required Coverage Ratios as of the end of such Fiscal Year.

If the results of operations of the System fail to comply with the Required Coverage Ratios for two consecutive Fiscal Years, within 60 days after the beginning of the following Fiscal Year the County shall retain an Independent Consultant to recommend a revised schedule of rates and charges for System services and other actions to improve the results of operations for the System in accordance with the following procedures: (1) the County shall notify the Trustee of the identity of the proposed Independent Consultant, and the Trustee shall send notice of such proposed engagement to the Holders containing information on how to object to the proposed Independent Consultant. If both the Holders of more than 50% of the outstanding principal amount of the Senior Lien Obligations and the Holders of more than 50% of the outstanding principal amount of the Subordinate Lien Obligations object to the identity of the County's proposed Independent Consultant in writing in accordance with the instructions of the Trustee within 15 calendar days of the giving of such notice, the Trustee shall provide notice to the County of the Holders' rejection of the County's proposed Independent Consultant together with the results of

voting. If the requisite percentages of Holders do not reject the County's proposed Independent Consultant in writing, the Trustee shall notify the County that the Holders have not rejected the County's proposed Independent Consultant; (2) if the Holders vote to reject the County's proposed Independent Consultant, the County shall propose a new Independent Consultant to the Trustee, and the process provided for in this paragraph shall be repeated until the requisite percentages of Holders do not reject the County's proposed Independent Consultant; and (3) within 45 days after the end of the last Holder notice and voting period provided for in this paragraph, the County shall deliver to the Trustee a report of the Independent Consultant containing (i) the Independent Consultant's recommendation for a revised schedule of rates and charges for System services, (ii) recommendations for other actions to improve the results of operations of the System, (iii) a forecast of results of operations for such Fiscal Year (taking into account the remedial actions recommended), and (iv) a statement by the Independent Consultant that, after taking into account remedial action recommended, it expects the County to be in compliance with the Required Coverage Ratios as of the end of such Fiscal Year. The engagement of an Independent Consultant shall be continued or renewed each Fiscal Year until the County has achieved compliance with the Required Coverage Ratios for a full Fiscal Year. A new or revised report must be delivered by the Independent Consultant in each Fiscal Year of the engagement. Pursuant to the Indenture, the County is required to adopt the Independent Consultant's recommended schedule of rates and charges not later than 30 days after the delivery of any such report to the Trustee and shall follow the other recommendations of the Independent Consultant to the extent feasible and lawful.

If the County undertakes the remedial action required by the Indenture as described in the preceding two paragraphs, the failure to achieve the Required Coverage Ratios in any one Fiscal Year shall not constitute an Indenture Default; provided, however, that (i) any default in the payment of Debt Service on Secured Obligations shall constitute an Indenture Default, and (ii) the failure to make a required transfer or deposit described in subparagraphs (1) through (5) under "Application of System Revenues" above will, after notice and the passage of time provided in the Indenture, constitute an Indenture Default. If the County undertakes the remedial action required by the two preceding paragraphs, the failure to achieve the Required Coverage Ratios in three consecutive Fiscal Years shall not constitute an Indenture Default if the County demonstrates compliance with the Required Coverage Ratios by substituting "115%" for "125%" in the ratio applicable to Senior Lien Obligations; otherwise, a failure to achieve the Required Coverage Ratios in three consecutive Fiscal Years shall constitute an Indenture Default, without regard to any provisions requiring notice or permitting an opportunity to cure, even if the County is undertaking remedial action.

Additional Secured Obligations

In the Indenture, the County has reserved the right to issue from time to time after delivery of the Warrants additional debt obligations secured by a pledge of the General Trust Estate and by the lien of the Indenture with respect to the General Trust Estate, either as additional Senior Lien Obligations on parity with the Series 2013-A Warrants, the Series 2013-B Warrants, and the Series 2013-C Warrants (but, while the Warrants are outstanding, only for the limited purposes described below) or as additional Subordinate Lien Obligations on parity with the Series 2013-D Warrants, the Series 2013-E Warrants and the Series 2013-F Warrants, as designated by the County (any such obligations, together with the Warrants, "Secured Obligations").

For so long as the Warrants are outstanding, the County may not issue additional Secured Obligations that are Senior Lien Obligations (except Senior Lien Reserve Fund Warrants) unless both of the following provisions are satisfied:

- (1) The additional Secured Obligations proposed to be issued as Senior Lien Obligations are issued for the purpose of refinancing existing Senior Lien Obligations; and
- (2) The additional Secured Obligations proposed to be issued as Senior Lien Obligations do not provide for Debt Service Requirements in any Fiscal Year in which existing Senior Lien Obligations are Outstanding in amounts in excess of the existing Debt Service Requirements for the Senior Lien Obligations to be refinanced by the proposed additional Secured Obligations.

When the Warrants are no longer Outstanding, the provisions set forth in the foregoing paragraphs (1) and (2) shall no longer apply to the issuance of additional Secured Obligations.

Issuance of additional Secured Obligations requires compliance by the County with certain requirements set forth in Section 8.2 of the Indenture. These requirements include the delivery of a Supplemental Indenture authorizing the issuance of such additional Secured Obligations and (except in the case of Reserve Fund Warrants) demonstration by the County of compliance with each of the following three tests as provided in paragraphs (A), (B) and (C) of Section 8.2(a)(2) of the Indenture:

Historical Compliance. The County shall deliver to the Trustee a certificate signed by an Authorized Issuer Representative and an Independent Certified Public Accountant containing (i) the actual amounts of Net Income Available for Senior Lien Debt Service and Net Income Available for Subordinate Lien Debt Service realized by the System in the most recently completed audited Fiscal Year, (ii) the actual Debt Service Requirements due and payable during such Fiscal Year on both Senior Lien Obligations and Subordinate Lien Obligations, and (iii) a calculation proving the resulting coverage ratios satisfy the Required Coverage Ratios.

Historical Pro Forma Test Assuming Issuance of Additional Secured Obligations. The County shall deliver to the Trustee a certificate signed by an Authorized Issuer Representative and an Independent Certified Public Accountant containing (i) the projected amounts of Net Income Available for Senior Lien Debt Service and Net Income Available for Subordinate Lien Debt Service realized by the System in the most recently completed audited Fiscal Year as modified by this paragraph, (ii) the projected Debt Service Requirements due and payable during such Fiscal Year on both then currently outstanding Senior Lien Obligations and Subordinate Lien Obligations and the additional Secured Obligations to be issued (as specified in this paragraph), and (iii) a calculation proving the resulting coverage ratios satisfy the Required Coverage Ratios. For purposes of the calculations required by clause (i) of this paragraph, if the County adopted a revised schedule of rates and charges for System services after the beginning of the prior audited Fiscal Year (or during the then current Fiscal Year) that are in effect as of the date of calculation, the County and the Independent Certified Public Accountant shall take such rates into account in computing Net Income Available for Senior Lien Debt Service and Net Income Available for Subordinate Lien Debt Service realized by the System as if such rates had actually been in effect for the entire prior audited Fiscal Year. For purposes of the calculations required by clause (ii) of this paragraph, the calculation of the Debt Service Requirements for the additional Secured Obligations to be issued shall be based upon the Debt Service Requirements for the first twelve months such additional Secured Obligations are outstanding.

Forecast Test. The County shall deliver to the Trustee a report of an Authorized Issuer Representative forecasting (i) the amounts of Net Income Available for Senior Lien Debt Service and Net Income Available for Subordinate Lien Debt Service expected to be realized by the System in the then current and each of the following four Fiscal Years, based on rates and charges for the System already adopted by the County and in effect on the date of calculation, (ii) the projected Debt Service Requirements on both Senior Lien Obligations and Subordinate Lien Obligations in the then current and each of the following four Fiscal Years (taking into account the additional Secured Obligations to be issued), and (iii) the resulting coverage ratios (calculated in accordance with the Required Coverage Ratios). For purposes of the calculations required by clause (i) of this paragraph, (a) the County may also take into account any increase in revenues reasonably projected by implementation of any improvements to the System financed with the proceeds of such additional Secured Obligations after such improvements are placed into service, and (b) the County may also take into account any increase in rates charged for System services reasonably expected to be implemented by the County during the then current or any of the following four Fiscal Years. For purposes of the calculations required by clause (ii) of this paragraph, the County shall take into account Debt Service Requirements on additional Secured Obligations reasonably expected to be issued during the then current or the following four Fiscal Years as if such additional Secured Obligations (x) were issued within such time period (y) have amortization schedules similar to and (z) bear interest at the same rate as the additional Secured Obligations for which the calculations required by this paragraph are made.

Notwithstanding the foregoing, additional Secured Obligations may be issued or incurred to refinance Outstanding Secured Obligations without compliance with the foregoing tests if, after giving effect to the application of the proceeds of such refunding Secured Obligations, Debt Service Requirements on all Secured Obligations outstanding on the date of issuance or incurrence of such refunding Secured Obligations (but excluding the refinanced Secured Obligations) will not be increased in the then current or any future Fiscal Year in which any Secured Obligations not being refunded are Outstanding.

Additional Secured Obligations issued after delivery of the Warrants may not be secured by or payable from any portion of the Trust Estate other than the General Trust Estate.

Reserve Fund Warrants

Contemporaneously with the Indenture, the County has authorized the Trustee to issue the Reserve Fund Warrants pursuant to the First Supplemental Indenture, but only upon the occurrence of a failure by the County to reimburse JPMorgan Chase Bank for draws by the Trustee on the Series 2013 Reserve Funds Letters of Credit. See "SUMMARY OF THE SERIES 2013 RESERVE FUNDS LETTERS OF CREDIT – Series 2013 Senior Lien Reserve Fund Letter of Credit" and " – Series 2013 Subordinate Lien Reserve Fund Letter of Credit" herein.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. The following is not intended to provide a complete description of the Indenture, nor is it intended to fully summarize the sections or provisions referenced below. Potential investors are encouraged to examine in full the form of Indenture attached as Appendix A hereto for information concerning the Indenture. Capitalized terms used below but not otherwise defined in this Official Statement shall have the meaning given to them in the form of Indenture attached as Appendix A hereto.

Indenture Funds

In the Indenture, the County has established certain funds and accounts, as follows:

Revenue Fund. In the Indenture, the County has established a special trust fund designated the "Revenue Fund." The Trustee is the depository, custodian and sole disbursing agent for the Revenue Fund. The Revenue Fund is part of the General Trust Estate and will be held by the Trustee for the benefit of the Holders of all Secured Obligations. All System Revenues shall be deposited in the Revenue Fund promptly as received by the County. Payments and transfers may be made from the Revenue Fund as described above under "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS - Application of System Revenues." The County may make withdrawals from the Revenue Fund as described in Section 9.1(c) of the Indenture.

Series 2013 Senior Lien Debt Service Fund. In the Indenture, there is established a special trust fund designated the "Series 2013 Senior Lien Debt Service Fund." The Trustee is the depository, custodian and sole disbursing agent for the Series 2013 Senior Lien Debt Service Fund. The Series 2013 Senior Lien Debt Service Fund is a part of the Series 2013 Senior Lien Trust Estate and is held by the Trustee for the sole benefit of the Holders of the Series 2013 Senior Lien Obligations. Under the Indenture, deposits are to be made to the Series 2013 Senior Lien Debt Service Fund as follows:

(1) On or before the twenty-fifth day of each month, the Trustee shall deposit in the Series 2013 Senior Lien Debt Service Fund an amount equal to 1/6 of the interest payable on the Series 2013 Senior Lien Obligations on the next Interest Payment Date (plus any prior deficiencies); provided, however, that if the period from the date of issuance of the Series 2013 Senior Lien Obligations until the first Interest Payment Date is more or less than six months, such transfers during such initial period shall be sufficient on a monthly pro rata basis to provide for payment of interest on the first Interest Payment Date.

(2) On or before the twenty-fifth day of each month, if the principal or Accreted Value of Series 2013 Senior Lien Obligations is payable within the next 12 months (whether at maturity or pursuant to scheduled mandatory redemption requirements), the Trustee shall deposit in the Series 2013 Senior Lien Debt Service Fund an amount equal to 1/12 of such principal amount or Accreted Value (plus any prior deficiencies); provided, however, that if the period from the date of issuance of the Series 2013 Senior Lien Obligations until such principal (or Accreted Value) is payable is less than 12 months, such transfers during such initial period shall be sufficient on a monthly pro rata basis to provide for payment of such principal (or Accreted Value) on such first principal (or Accreted Value) payment date.

(3) On or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Senior Lien Obligations, if the amount on deposit in the Series 2013 Senior Lien Debt Service Fund is not sufficient for any reason to pay Debt Service due on Series 2013 Senior Lien Obligations on such Warrant Payment Date, the Trustee shall transfer money to the Series 2013 Senior Lien Debt Service Fund from the Series 2013 Senior Lien Reserve Fund as provided in Section 9.6(c)(1) of the Indenture.

The Trustee may claim a credit against certain of such deposits for the amount of investment earnings realized in, or transferred to, the Series 2013 Senior Lien Debt Service Fund that have not been credited against prior deposits. On each Warrant Payment Date, money in the Series 2013 Senior Lien Debt Service Fund shall be applied by the Trustee to pay Debt Service due on the Series 2013 Senior Lien Obligations.

Series 2013 Subordinate Lien Debt Service Fund. In the Indenture, there is established a special trust fund designated the "Series 2013 Subordinate Lien Debt Service Fund." The Trustee is the depository, custodian and sole disbursing agent for the Series 2013 Subordinate Lien Debt Service Fund. The Series 2013 Subordinate Lien Debt Service Fund is a part of the Series 2013 Subordinate Lien Trust Estate and is held by the Trustee for the sole benefit of the Holders of the Series 2013 Subordinate Lien Obligations. Under the Indenture, deposits are to be made to the Series 2013 Subordinate Lien Debt Service Fund as follows:

(1) On or before the twenty-fifth day of each month, the Trustee shall deposit in the Series 2013 Subordinate Lien Debt Service Fund an amount equal to 1/6 of the interest payable on the Series 2013 Subordinate Lien Obligations on the next Interest Payment Date; provided, however, that if the period from the date of issuance of the Series 2013 Subordinate Lien Obligations until the first Interest Payment Date is more or less than six months, such transfers during such initial period shall be sufficient on a monthly pro rata basis to provide for payment of interest on the first Interest Payment Date.

(2) On or before the twenty-fifth day of each month, if the principal or Accreted Value of Series 2013 Subordinate Lien Obligations is payable within the next 12 months (whether at maturity or pursuant to scheduled mandatory redemption requirements), the Trustee shall deposit in the Series 2013 Subordinate Lien Debt Service Fund an amount equal to 1/12 of such principal amount (or Accreted Value); provided, however, that if the period from the date of issuance of the Series 2013 Subordinate Lien Obligations until such principal (or Accreted Value) is payable is less than 12 months, such transfers during such initial period shall be sufficient on a monthly pro rata basis to provide for payment of such principal (or Accreted Value) on such first principal (or Accreted Value) payment date.

(3) On or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Subordinate Lien Obligations, if the amount on deposit in the Series 2013 Subordinate Lien Debt Service Fund is not sufficient for any reason to pay Debt Service due on Series 2013 Subordinate Lien Obligations due on such Warrant Payment Date, the Trustee shall transfer money to the Series 2013 Subordinate Lien Debt Service Fund from the Series 2013 Subordinate Lien Reserve Fund as provided in Section 9.7(c)(1) of the Indenture.

The Trustee may claim a credit against certain of such deposits for the amount of investment earnings realized in, or transferred to, the Series 2013 Subordinate Lien Debt Service Fund that have not been credited against prior deposits. On each Warrant Payment Date, money in the Series 2013 Subordinate Lien Debt Service Fund shall be applied by the Trustee to pay Debt Service due on the Series 2013 Subordinate Lien Obligations.

Operating Account. The County shall maintain an account (an "Operating Account") in its own name with a bank or financial institution selected by the County (which may include the Trustee's commercial banking department) for the payment of Operating Expenses. On or before the twenty-fifth day of each month, the Trustee shall transfer money to the Operating Account from the Revenue Fund in an amount, if any, required to make the balance in the Operating Account equal to the Required Operating Reserve. The County shall use money in the Operating Account solely for the payment of Operating Expenses.

If an Indenture Default exists, the Trustee may direct the County to transfer possession and control of the Operating Account to the Trustee. The County shall complete such transfer within five Business Days after receipt of such notice. While the Operating Account is in the possession and control of the Trustee as described in Section 9.5(d) of the Indenture, payments from the Operating Account may be made by the County pursuant to such procedures as the Trustee shall establish in its discretion. If an Indenture Default which causes a transfer of control of the Operating Account pursuant to the provisions of the Indenture hereby summarized no longer exists or is cured, then upon request of the County the Trustee shall transfer control of the Operating Account back to the County within five Business Days after receipt of such request.

Series 2013 Senior Lien Reserve Fund. There is established in the Indenture a special trust fund designated the "Series 2013 Senior Lien Reserve Fund." The Trustee is the depository, custodian and sole disbursing agent for the Series 2013 Senior Lien Reserve Fund. The Series 2013 Senior Lien Reserve Fund shall be part of the Series 2013 Senior Lien Trust Estate and shall be held by the Trustee for the sole benefit of the Holders of the Series 2013 Senior Lien Obligations. On the date of issuance of the Series 2013 Senior Lien Obligations, the County shall deliver to the Trustee the Series 2013 Senior Lien Reserve Fund Letter of Credit. The Series 2013 Senior Lien Reserve Fund Letter of Credit shall be part of the Series 2013 Senior Lien Reserve Fund and shall meet each of the following requirements:

(1) The Series 2013 Senior Lien Reserve Fund Letter of Credit shall be irrevocable so long as Series 2013 Senior Lien Obligations are Outstanding and shall be irrevocably payable to the Trustee, as trustee for the benefit of the Holders of Series 2013 Senior Lien Obligations.

(2) The Series 2013 Senior Lien Reserve Fund Letter of Credit shall provide for payment at sight of a properly completed draw request by wire transfer in accordance with the written instructions of the Trustee.

(3) The Series 2013 Senior Lien Reserve Fund Letter of Credit shall provide for delivery of collateral to the Trustee should the rating maintained by any one Rating Agency with respect to [the long-term obligations of] JPMorgan Chase Bank fall to or below one of the following rating categories: [_____ (or its equivalent)] assigned by a Rating Agency at any time the Series 2013 Senior Lien Obligations are Outstanding. Collateral delivery shall not create an obligation of the County to reimburse JPMorgan Chase Bank, unless such collateral is withdrawn as provided in the immediately following paragraph. The required collateral shall be in the form of cash or Qualified Investments, which shall be deposited in a segregated account within the Series 2013 Senior Lien Reserve Fund to be held or returned by the Trustee subject to the provisions of the Series 2013 Collateral Support Agreement.

Withdrawals from the Series 2013 Senior Lien Reserve Fund will be made in the following order:

(1) On or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Senior Lien Obligations, the Trustee shall withdraw money in the Series 2013 Senior Lien Reserve Fund (other than collateral (if any) provided by JPMorgan Chase Bank pursuant to Section 9.6(b)(3) of the Indenture) and use such money to pay Debt Service on the Series 2013 Senior Lien Obligations, but only if money on deposit in the Series 2013 Senior Lien Debt Service Fund for the payment of such Debt Service is not sufficient for such purpose and payment from the Series 2013 Senior Lien Reserve Fund is necessary to prevent a default in the payment of such Debt Service.

(2) If the amount available under the preceding paragraph is insufficient to provide the funds necessary to prevent a default in the payment of Debt Service on the Series 2013 Senior Lien Obligations, on or before the twenty-fifth day of each month next preceding a Warrant

Payment Date with respect to Series 2013 Senior Lien Obligations, the Trustee shall draw upon the Series 2013 Senior Lien Reserve Fund Letter of Credit in the minimum amount of \$100,000, and the proceeds of such draw shall be used to pay Debt Service on the Series 2013 Senior Lien Obligations, but only if money on deposit in the Series 2013 Senior Lien Debt Service Fund for the payment of such Debt Service is not sufficient for such purpose and payment from the Series 2013 Senior Lien Reserve Fund is necessary to prevent a default in the payment of such Debt Service. The balance of the proceeds of any draw not needed for transfer to the Series 2013 Senior Lien Debt Service Fund shall be deposited in the Series 2013 Senior Lien Reserve Fund.

(3) If the Trustee draws upon the Series 2013 Senior Lien Reserve Fund Letter of Credit and JPMorgan Chase Bank fails to honor such draw, on or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Senior Lien Obligations, the Trustee shall withdraw collateral (if any) provided by JPMorgan Chase Bank pursuant to Section 9.6(b)(3) of the Indenture in an amount up to the amount requested in such dishonored draw request and use such money to pay Debt Service on the Series 2013 Senior Lien Obligations, but only if money on deposit in the Series 2013 Senior Lien Debt Service Fund for the payment of such Debt Service is not sufficient for such purpose and payment from the Series 2013 Senior Lien Reserve Fund is necessary to prevent a default in the payment of such Debt Service.

If any withdrawal from the Series 2013 Senior Lien Reserve Fund is made as described above, the Trustee shall, on or before the twenty-fifth day of each month after such withdrawal (in accordance with the priority specified in "SECURITY FOR PAYMENT OF WARRANTS; ADDITIONAL SECURED OBLIGATIONS – Application of System Revenues" herein), transfer money from the Revenue Fund to the Series 2013 Senior Lien Reserve Fund in an amount equal to the lesser of (i) 1/12 of the amount withdrawn or (ii) the amount required to restore the balance in the Series 2013 Senior Lien Reserve Fund to the Series 2013 Senior Lien Reserve Fund Requirement; provided that withdrawals made pursuant to Sections 9.6(e), 9.6(f) or 9.6(g) of the Indenture need not be reimbursed by the County.

The amount of the Series 2013 Senior Lien Reserve Fund Requirement as of the date of initial delivery of the Warrants is specified in the definition of the "Series 2013 Senior Lien Reserve Fund Requirement" in the Indenture and is set forth above under "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS—Series 2013 Senior Lien Trust Estate." On or before October 1 of each year, the amount, if any, by which the cash balance in the Series 2013 Senior Lien Reserve Fund on any such determination date exceeds the Series 2013 Senior Lien Reserve Fund Requirement shall be transferred to the Series 2013 Senior Lien Debt Service Fund. The balance in the Series 2013 Senior Lien Reserve Fund shall be determined by valuing Qualified Investments on deposit at fair market value as of the date of determination (exclusive of accrued interest) and by valuing the Series 2013 Senior Lien Reserve Fund Letter of Credit on deposit at the then current amount of permissible draws available thereunder on the date of determination. Subject to the Series 2013 Collateral Support Agreement, to the extent collateral has been delivered by JPMorgan Chase Bank pursuant to Section 9.6(b)(3) of the Indenture, the Trustee shall not transfer the amount of such collateral under the provisions of Indenture described in this paragraph.

Notwithstanding the provisions of the Indenture regarding the Series 2013 Senior Lien Reserve Fund, if the terms of the Series 2013 Senior Lien Reserve Fund Letter of Credit allow for reinstatement, the County may direct the Trustee to make a withdrawal from the Series 2013 Senior Lien Reserve Fund by delivering a certificate for the purpose of optionally redeeming Senior Lien Reserve Fund Warrants, but only if (i) redemption of such Senior Lien Reserve Fund Warrants will have the effect of reinstating coverage under the Series 2013 Senior Lien Reserve Fund Letter of Credit in the amount of such withdrawal and (ii) the result of such withdrawal immediately after giving effect to reinstatement of the Series 2013 Senior Lien Reserve Fund Letter of Credit is that the County meets the Series 2013 Senior Lien Reserve Fund Requirement, taking into account amounts held in the Series 2013 Senior Lien Reserve Fund and the coverage provided by the Series 2013 Senior Lien Reserve Fund Letter of Credit; provided that collateral (if any) delivered by JPMorgan Chase Bank pursuant to Section 9.6(b)(3) shall not be used for this purpose. The Senior Lien Reserve Fund Letter of Credit may not be drawn upon to pay Debt Service due on optional redemption of the Series 2013 Senior Lien Obligations.

Series 2013 Subordinate Lien Reserve Fund. There is established in the Indenture a special trust fund designated the "Series 2013 Subordinate Lien Reserve Fund." The Trustee is the depository, custodian and

sole disbursing agent for the Series 2013 Subordinate Lien Reserve Fund. The Series 2013 Subordinate Lien Reserve Fund shall be part of the Series 2013 Subordinate Lien Trust Estate and shall be held by the Trustee for the sole benefit of the Holders of the Series 2013 Subordinate Lien Obligations. On the date of issuance of the Series 2013 Subordinate Lien Obligations, the County shall deliver to the Trustee the Series 2013 Subordinate Lien Reserve Fund Letter of Credit. The Series 2013 Subordinate Lien Reserve Fund Letter of Credit shall be part of the Series 2013 Subordinate Lien Reserve Fund and shall meet each of the following requirements:

(1) The Series 2013 Subordinate Lien Reserve Fund Letter of Credit shall be irrevocable so long as Series 2013 Subordinate Lien Obligations are Outstanding and shall be irrevocably payable to the Trustee, as trustee for the benefit of the Holders of Series 2013 Subordinate Lien Obligations.

(2) The Series 2013 Subordinate Lien Reserve Fund Letter of Credit shall provide for payment on sight of a properly completed draw request by wire transfer in accordance with the written instructions of the Trustee.

(3) The Series 2013 Subordinate Lien Reserve Fund Letter of Credit shall provide for delivery of collateral to the Trustee should the rating maintained by any one Rating Agency with respect to [the long-term obligations of] JPMorgan Chase Bank fall to or below one of the following rating categories: [_____ (or its equivalent)] assigned by a Rating Agency at any time the Series 2013 Subordinate Lien Obligations are Outstanding. Collateral delivery shall not create an obligation of the County to reimburse JPMorgan Chase Bank, unless such collateral is withdrawn as provided in the immediately following paragraph. The required collateral shall be in the form of cash or Qualified Investments, which shall be deposited in a segregated account within the Series 2013 Subordinate Lien Reserve Fund to be held or returned by the Trustee subject to the provisions of the Series 2013 Collateral Support Agreement.

Withdrawals from the Series 2013 Subordinate Lien Reserve Fund shall be made in the following order of priority:

(1) On or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Subordinate Lien Obligations, the Trustee shall withdraw money in the Series 2013 Subordinate Lien Reserve Fund (other than collateral (if any) provided by JPMorgan Chase Bank pursuant to Section 9.7(b)(3) of the Indenture) and use such money to pay Debt Service on the Series 2013 Subordinate Lien Obligations, but only if money on deposit in the Series 2013 Subordinate Lien Debt Service Fund for the payment of such Debt Service is not sufficient for such purpose and payment from the Series 2013 Subordinate Lien Reserve Fund is necessary to prevent a default in the payment of such Debt Service.

(2) If the amount available for drawing under the preceding paragraph is insufficient to provide the funds necessary to prevent a default in the payment of Debt Service on the Series 2013 Subordinate Lien Obligations, on or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Subordinate Lien Obligations, the Trustee shall draw upon the Series 2013 Subordinate Lien Reserve Fund Letter of Credit in the minimum amount of \$100,000, and the proceeds of such draw shall be used to pay Debt Service on the Series 2013 Subordinate Lien Obligations, but only if money on deposit in the Series 2013 Subordinate Lien Debt Service Fund for the payment of such Debt Service is not sufficient for such purpose and payment from the Series 2013 Subordinate Lien Reserve Fund is necessary to prevent a default in the payment of such Debt Service. The balance of the proceeds of any draw not needed for transfer to the Series 2013 Subordinate Lien Debt Service Fund shall be deposited in the Series 2013 Subordinate Lien Reserve Fund.

(3) If the Trustee draws upon the Series 2013 Subordinate Lien Reserve Fund Letter of Credit and JPMorgan Chase Bank fails to honor such draw, on or before the twenty-fifth day of each month next preceding a Warrant Payment Date with respect to Series 2013 Subordinate Lien Obligations, the Trustee shall withdraw collateral (if any) provided by JPMorgan Chase Bank pursuant to Section 9.7(b)(3) of the Indenture in an amount up to the amount requested in such dishonored draw request and use such money to pay Debt Service on the Series 2013 Subordinate Lien Obligations, but only if money on deposit in the Series 2013 Subordinate Lien Debt Service

Fund for the payment of such Debt Service is not sufficient for such purpose and payment from the Series 2013 Subordinate Lien Reserve Fund is necessary to prevent a default in the payment of such Debt Service.

If any withdrawal from the Series 2013 Subordinate Lien Reserve Fund is made as described above, the Trustee shall, on or before the twenty-fifth day of each month after such withdrawal (in accordance with the priority specified in "SECURITY FOR PAYMENT OF WARRANTS; ADDITIONAL SECURED OBLIGATIONS – Application of System Revenues" herein), transfer money from the Revenue Fund to the Series 2013 Subordinate Lien Reserve Fund in an amount equal to the lesser of (i) 1/12 of the amount withdrawn or (ii) the amount required to restore the balance in the Series 2013 Subordinate Lien Reserve Fund to the Series 2013 Subordinate Lien Reserve Fund Requirement; provided that withdrawals made pursuant to Sections 9.7(e), 9.7(f) or 9.7(g) of the Indenture need not be reimbursed by the County.

The amount of the Series 2013 Subordinate Lien Reserve Fund Requirement as of the date of initial delivery of the Warrants is specified in the definition of the "Series 2013 Subordinate Lien Reserve Fund Requirement" in the Indenture and is set forth above under "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS—Series 2013 Subordinate Lien Trust Estate." On or before October 1 of each year, the amount, if any, by which the cash balance in the Series 2013 Subordinate Lien Reserve Fund exceeds the Series 2013 Subordinate Lien Reserve Fund Requirement shall be transferred to the Series 2013 Subordinate Lien Debt Service Fund. The balance in the Series 2013 Subordinate Lien Reserve Fund shall be determined by valuing Qualified Investments on deposit at fair market value as of the date of determination (exclusive of accrued interest) and by valuing the Series 2013 Subordinate Lien Reserve Fund Letter of Credit on deposit at the then current amount of permissible draws available thereunder on the date of determination. Subject to the Series 2013 Collateral Support Agreement, to the extent collateral has been delivered by JPMorgan Chase Bank pursuant to Section 9.7(b)(3) of the Indenture, the Trustee shall not transfer the amount of such collateral under the provisions of the Indenture described in this paragraph.

Notwithstanding the provisions of the Indenture regarding the Series 2013 Subordinate Lien Reserve Fund, if the terms of the Series 2013 Subordinate Lien Reserve Fund Letter of Credit allow for reinstatement, the County may direct the Trustee to make a withdrawal from the Series 2013 Subordinate Lien Reserve Fund by delivering a certificate for the purpose of optionally redeeming Subordinate Lien Reserve Fund Warrants, but only if (i) redemption of such Subordinate Lien Reserve Fund Warrants will have the effect of reinstating coverage under the Series 2013 Subordinate Lien Letter of Credit in the amount of such withdrawal and (ii) the result of such withdrawal immediately after giving effect to reinstatement of the Series 2013 Subordinate Lien Reserve Fund Letter of Credit is that the County meets the Series 2013 Subordinate Lien Reserve Fund Requirement, taking into account amounts held in the Series 2013 Subordinate Lien Reserve Fund and the coverage provided by the Series 2013 Subordinate Lien Reserve Fund Letter of Credit; provided that collateral (if any) delivered by JPMorgan Chase Bank pursuant to Section 9.7(b)(3) of the Indenture shall not be used for this purpose. The Subordinate Lien Reserve Fund Letter of Credit may not be drawn upon to pay Debt Service due on optional redemption of the Series 2013 Subordinate Lien Obligations.

Capital Improvement Fund. There is established under the Indenture a trust fund designated the "Capital Improvement Fund." The Trustee shall be the depository, custodian and disbursing agent for the Capital Improvement Fund. The Capital Improvement Fund shall be part of the General Trust Estate and shall be held by the Trustee for the benefit of the Holders of all Secured Obligations.

On or before the twenty-fifth day of each month, if all payments and deposits required during such month by Section 9.2(a)(1) through (7) of the Indenture described in subparagraphs (1) through (7) under "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS - Application of System Revenues" above have been made, the Trustee shall deposit the remaining money in the Capital Improvement Fund remaining money in the Revenue Fund pursuant to Section 9.2(a)(10) of the Indenture, but only to the extent the County has not requested funds from the Trustee for the purposes described in Sections 9.2(a)(8) and (9) of the Indenture. Money in the Capital Improvement Fund may be used for the following purposes:

- (1) If no Indenture Default exists, the County may withdraw money from the Capital Improvement Fund from time to time for the purpose of paying (A) costs of Capital Improvements to the System, (B) the purchase price of Secured Obligations purchased pursuant to the provisions of Section 6.2 of the Indenture, (C) the purchase price of Callable Warrants

purchased in lieu of optional redemption pursuant to the provisions of Section 7.9 of the Indenture, (D) amounts needed for optional redemption of Secured Obligations, or (E) amounts necessary to pay Rebate Liability, if the County delivers to the Trustee a requisition substantially in the form attached as Exhibit 9.8(c) to the Indenture, executed by an Authorized Issuer Representative.

(2) If money on deposit with the Trustee in the related Debt Service Fund is not sufficient for the timely payment of Debt Service due on Secured Obligations, the Trustee may transfer money from the Capital Improvement Fund to the related Debt Service Fund to the extent necessary for payment of such Debt Service.

(3) If money on deposit in the Operating Account is not sufficient for the timely payment of Operating Expenses, the County may direct the Trustee to transfer money from the Capital Improvement Fund to the Operating Account for the payment of Operating Expenses.

(4) On the date of issuance of any Secured Obligations, the County may direct the Trustee to transfer money from the Capital Improvement Fund to any related Secured Obligation Reserve Fund, subject to the terms and conditions of Section 8.2(a)(1)(G) of the Indenture.

Costs of Issuance Fund. In the Indenture, there is established with the Trustee a trust fund designated the "Costs of Issuance Fund." The Trustee shall be the depository, custodian and disbursing agent for the Costs of Issuance Fund. The Costs of Issuance Fund shall be part of the General Trust Estate. Money in the Costs of Issuance Fund shall be paid by the Trustee from time to time for the purpose of paying Costs of Issuance with respect to Secured Obligations.

Certain Covenants of the County

The following summarizes certain covenants made by the County under the Indenture. Prospective investors should examine the Indenture for all covenants and other agreements or commitments of the County respecting the Warrants made under the Indenture.

Encumbrance on Trust Estate. The County will not create any pledge, charge, encumbrance or lien of any kind on the Trust Estate or any part thereof prior to or on a parity with the lien of the Indenture, and will not create or permit any other lien on the Trust Estate or any part thereof except as permitted by the Indenture.

Payment of Secured Obligations. The County will pay, out of the Trust Estate, the debt service on the Secured Obligations as and when the same shall become due, and will deposit, from funds constituting a part of the Trust Estate, in the Indenture funds the amounts required to be deposited therein, all in accordance with the terms of the Secured Obligations and the Indenture.

Inspection of Records. The County will at any and all times, upon the request of the Trustee, afford and procure a reasonable opportunity for the Trustee by its representatives to inspect any books, records, reports and other papers of the County relating to the performance by the County of its covenants in the Indenture, and the County will furnish to the Trustee any and all information as the Trustee may reasonably request with respect to the performance by the County of its covenants in the Indenture.

Advances by Trustee. If the County shall fail to perform any of its covenants in the Indenture, the Trustee may, but shall not be required to, at any time and from time to time, make advances to effect performance of any such covenant on behalf of the County. Any money so advanced by the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand and such advances shall be secured under the Indenture prior and senior in right to any Secured Obligations.

Transfer of System. The County may transfer the System substantially as an entirety to another person if

- (1) the person who acquires by conveyance or transfer the System substantially as an entirety (the "Successor") shall execute and deliver to the Trustee an instrument in form recordable and acceptable to the Trustee containing an assumption by such Successor of the due and punctual payment of

the Debt Service on the Secured Obligations and the performance and observance of every covenant and condition of the Secured Obligation Documents to be performed or observed by the County; and

(2) the County shall deliver to the Trustee a Favorable Tax Opinion.

Upon any conveyance or transfer of the System substantially as an entirety in accordance with the provisions of the Indenture as so described, the Successor shall succeed to, and be substituted for, and may exercise every right and power of, the County under the Indenture with the same effect as if such Successor had been named as the County herein. Upon any conveyance or transfer of the System substantially as an entirety as described above, the County shall be released from all further obligations of whatsoever type described under the Indenture.

Compliance with Tax Certificate and Agreement. The County will comply with the covenants and agreements on its part contained in the Tax Certificate and Agreement. Pursuant to Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), the County must monitor and pay over to the U.S. Treasury any Rebate Liability when due. Section 9.2(a)(8) of the Indenture permits the County to make withdrawals from the Revenue Fund for the purpose of paying Rebate Liability with respect to Secured Obligations.

Ownership and Operation of the System

In the Indenture, the County makes certain covenants respecting the ownership and operation of the System, as follows:

Keep the System in Good Repair. The County shall keep the System in good repair and efficient operating condition, making from time to time all needed repairs and replacements thereto, the cost of which shall be paid solely from System Revenues and the Sewer Tax Proceeds, and it will continuously operate the System in an economical and efficient manner. The County shall maintain and operate the System in accordance with all applicable federal and state law, including the Consent Decree, public bid laws and prudent industry practices.

Preservation of Priority of Pledge. The County will protect and preserve the priority of the pledge and assignment of the System Revenues imposed by the Indenture and will not grant or permit any encumbrance, pledge or lien on the System Revenues other than:

- (1) a lien on revenues from any sewer system acquired by the County after the date of delivery of the Indenture if such lien (i) was already in existence at the time of acquisition of such system by the County and (ii) is not renewed or extended by the County so that such lien applies to the System as it existed immediately prior to such acquisition;
- (2) a lien arising in the ordinary course of business described in Section 10.8(c)(1) of the Indenture; and
- (3) a lien that is subject and subordinate to the lien of the Indenture.

Encumbrances on Other System Assets. Liens on the System Revenues are not permitted except as provided in Section 10.8(b) of the Indenture. The County shall not grant or permit any encumbrance, pledge or lien on any other assets constituting part of the System other than:

- (1) liens arising in the ordinary course of business of operating the System (other than liens to secure debt), including (i) pledges or deposits to secure obligations under workmen's compensation laws or similar legislation, including liens of judgments thereunder which are not currently dischargeable, (ii) pledges or deposits to secure performance in connection with bids, tenders, contracts (other than contracts for the payment of money) or leases made in the ordinary course of business to which the County is a party as lessee, (iii) pledges or deposits to secure public or statutory obligations of the County, (iv) materialmen's, mechanics', carriers', workmen's, repairmen's, or other similar liens arising in the ordinary course of business, or deposits to obtain the release of such liens, provided that payment of the amount secured by such lien is not delinquent or payment is being contested in good faith by appropriate proceedings,

(v) liens resulting from any judgment that is being contested in good faith by appropriate proceedings if execution on such judgment is effectively stayed, and pledges or deposits to secure, or provided in lieu of, any surety, stay or appeal obligation with respect to any such judgment, (vi) leases made, or existing on assets acquired, in the ordinary course of business, (vii) zoning restrictions, easements, licenses, restrictions on the use of real property or minor irregularities in title thereto, which do not, in the opinion of the County, materially impair the use of such property in the operation of the business of the County or the value of such property for the purpose of such business, (viii) pledges or deposits to enable the County to maintain self-insurance or to participate in any self-insurance pools or trusts, and (ix) liens on money deposited by users of utility services as security for, or as prepayment of, the cost of utility services to be rendered by the County;

(2) restrictions or other liens on an asset created prior to, or as a condition of, the transfer of such asset to the County by an unrelated entity; and

(3) capitalized leases and other title retention agreements with respect to movable personal property or vehicles entered into in connection with the original acquisition of the asset.

Disposition of Portions of the System. The County shall not convey, transfer, sell, lease or otherwise dispose of any asset constituting part of the System (other than in the ordinary course of business) unless no Indenture Default exists when such disposition is made and such disposition meets one of the following tests:

(1) Such disposition is made pursuant to a transfer of substantially all of the assets of the County permitted by Section 10.6 of the Indenture.

(2) In the judgment of the County, the asset to be disposed of consists of property, plant or equipment that is obsolete, worn out, unprofitable, unsuitable or surplus and such disposition will not materially impair the structural soundness, efficiency or economic value of the remaining operating assets of the System.

(3) The property disposed of is real property, no portion of the County's operating assets are located on the property, and the County receives consideration in an amount not less than the fair market value of such property. The proceeds of such disposition shall either be deposited in the Capital Improvement Fund or used to redeem, Defease or purchase Secured Obligations, in the following order:

(A) First, Senior Lien Obligations; and

(B) Second, Subordinate Lien Obligations.

(4) The property disposed of constitutes part of the County's operating assets, and both of the following conditions are met:

(A) The County receives consideration in an amount not less than the fair market value of the asset disposed of.

(B) If such asset being disposed of has a fair market value on disposition of less than 2.5% of the aggregate value of current and noncurrent assets of the System, prior to the disposition of such asset the County delivers to the Trustee a report of an Independent Consultant (i) expressing the opinion that such disposition will not impair the safe and efficient operation of the remaining portions of the System and (ii) demonstrating expected compliance with the Required Coverage Ratios for the then current and each of the following four Fiscal Years; provided, that if the value of the asset being disposed of is less than \$1,000,000, the County may deliver a report of an Independent Certified Public Accountant. If the value of such asset being disposed of has a fair market value on disposition of an amount equal to or in excess of 2.5% of the aggregate value of current and noncurrent assets of the System, such report shall include a forecast of (x) the amount of Net Income Available for Debt Service to be

realized by the System in the then current and each of the following four Fiscal Years, based on rates and charges for the System already adopted by the County, (y) the projected Debt Service Requirements in the then current and each of the following four Fiscal Years, and (z) the resulting coverage ratios expressed in accordance with the definition of Required Coverage Ratios. Notwithstanding the foregoing, the fair market value of all assets disposed of in any Fiscal Year shall not exceed 5% of the aggregate value of current and noncurrent assets of the System.

The proceeds of such disposition shall either be deposited in the Capital Improvement Fund or used to redeem, Defease or purchase Secured Obligations in the following order:

(Y) First, Senior Lien Obligations; and

(Z) Second, Subordinate Lien Obligations.

Books and Records. The County shall maintain complete books and records pertaining to the System and all receipts and disbursements with respect thereto. All transactions shall be recorded within thirty days after the transaction giving rise to the entry.

Budget and Related Financial Data. Not later than the beginning of each Fiscal Year, the County shall deliver to the Trustee the following:

(1) the operating budget of the System for such Fiscal Year and the County's calculation of the Required Operating Reserve for such Fiscal Year; and

(2) the capital improvement budget of the System for such Fiscal Year.

The budget in effect for any Fiscal Year may be amended or revised by the County in accordance with changed circumstances and conditions at any time during such Fiscal Year. Any revised budget shall be delivered to the Trustee.

Audit Certificate. Not later than 270 days after the end of each Fiscal Year, the County shall deliver to the Trustee audited financial statements of the County for such Fiscal Year, including a report by the County's auditors with respect to such financial statements.

No Free Service. The County shall not furnish any free utility service to any person, including the State or any other political subdivision, provided that the County may waive impact fees for municipal facilities that will be used directly by a municipal governing body for carrying out their governmental functions.

Imposition of Liens for Failure to Pay. To the extent permitted by law, if the account of any customer of utility service supplied by the System shall remain unpaid after such account shall become due (or such longer period, if any, as may be required for compliance with applicable federal and state law), the County, after exhausting all reasonable collection efforts, shall promptly impose a lien upon the real property of such customer, but upon subsequent payment of the account, including any penalties which may be provided for in the applicable schedule of rates and charges, together with all costs associated with imposition of such lien, the County may release the lien imposed upon the real property of such customer.

Insurance. The County shall maintain insurance with respect to the System against such risks as are customarily insured against by utility systems similar in size and character to the System, including:

(1) Insurance against loss or damage by fire or other casualty covered by the standard form of extended coverage endorsement at the time in use in the State, with loss retention or deductible amounts from coverage that, in the judgment of the County are customary and prudent for the System;

(2) Self-insurance against liability for bodily injury to or death of persons (including the operation of vehicles owned or leased by the County and used in connection with the System),

in the minimum amounts of \$100,000 for bodily injury or death for one person in any single occurrence or \$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; provided, however, that the coverage required by the Indenture as described in this paragraph shall be increased should the law limiting the County's liability for such risks be amended to increase the County's exposure to such liability; and

(3) Workmen's compensation insurance respecting all employees of the System in such amount as is customarily carried by utility systems similar in size and character to the System; provided, that the County may, at its election, be self-insured for such risk to the extent customary at the time for utility systems similar in size and character to the System.

Events of Default

Any one or more of the following shall constitute an event of default (an "Indenture Default") under the Indenture (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) failure to pay Debt Service on any Secured Obligation when such Debt Service becomes due and payable, whether at its scheduled due date, by declaration of acceleration or call for redemption or otherwise; or

(b) failure by the County to make any Required Transfer or Deposit for more than 10 days after notice from the Trustee of such failure; or

(c) failure by the County to restore the Reserve Fund Requirement to the required balance within 13 months of the latest withdrawal from any Secured Obligation Reserve Fund; or

(d) default in the performance, or breach, of any covenant or warranty of the County in the Indenture (other than a covenant or warranty a default in the performance or breach of which is elsewhere in the Indenture specifically dealt with), and continuance of such default or breach for a period of 30 days after written notice of such default or breach, stating that such notice is a "notice of default" under the Indenture, has been given to the County by the Trustee, or to the County and the Trustee by the Holders of at least 25% in principal amount of either (1) the Outstanding Secured Obligations or (2) the Outstanding Senior Lien Obligations, unless, in the case of a default or breach that cannot be cured by the payment of money, the County initiates efforts to correct such default or breach within 30 days from the receipt of such notice and diligently pursues such action until the default or breach is corrected; or

(e) an Act of Bankruptcy by the County; or

(f) an event of default, as therein defined, shall occur under any Supplemental Indenture and any applicable grace or notice period shall expire.

Remedies and Other Provisions upon Events of Default

In the Indenture the following remedies are available upon an Event of Default:

Acceleration of Maturity by Trustee. If an Indenture Default exists, the Trustee may declare the principal of all Secured Obligations, the interest accrued thereon or the Accreted Value thereof to be due and payable immediately, by notice to the County, and upon any such declaration such Debt Service shall become immediately due and payable. At any time after such a declaration of acceleration has been made pursuant to these provisions, the Holders of a majority in principal amount of the Secured Obligations Outstanding may, by notice to the County and the Trustee, rescind and annul such declaration and its consequences if:

(1) the County has deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest on all Secured Obligations,

(B) the principal of any Secured Obligations which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Secured Obligations,

(C) the Accreted Value of any Secured Obligations which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Secured Obligations,

(D) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Secured Obligations, and

(E) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Indenture Defaults, other than the nonpayment of the principal or Accreted Value of Secured Obligations which has become due solely by such declaration of acceleration, have been cured or have been waived as provided in Section 11.10 of the Indenture; and

(3) no less than a majority in principal amount of the Senior Lien Obligations Outstanding consent to any rescission and annulment of acceleration of the Secured Obligations by the Trustee.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereupon.

Acceleration of Maturity by Holders. If an Indenture Default exists, the Holders of not less than a majority in principal amount of the Outstanding Secured Obligations may declare the principal of all Secured Obligations, the interest accrued thereon or the Accreted Value thereof to be due and payable immediately, by notice to the County and to the Trustee, and upon any such declaration such Debt Service shall become immediately due and payable, provided that no acceleration of any Secured Obligations may be declared by the Holders thereof unless no less than a majority in principal amount of the Outstanding Senior Lien Obligations declare, or consent to a declaration of, acceleration of the Secured Obligations. At any time after such a declaration of acceleration has been made pursuant to these provisions, the Holders of a majority in principal amount of the Secured Obligations Outstanding may, by notice to the County and the Trustee, rescind and annul such declaration and its consequences if

(1) the County has deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest on all Secured Obligations,

(B) the principal of any Secured Obligations which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Secured Obligations,

(C) the Accreted Value of any Secured Obligations which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Secured Obligations,

(D) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Secured Obligations, and

(E) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Indenture Defaults, other than the nonpayment of the principal or Accreted Value of Secured Obligations which has become due solely by such declaration of acceleration, have been cured or have been waived as provided in Section 11.10 of the Indenture; and

(3) no less than a majority in principal amount of the Senior Lien Obligations Outstanding consent to any rescission and annulment of acceleration of the Secured Obligations by the Holders.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereupon.

Receiver. If an Indenture Default exists, the Trustee shall be entitled, upon the order of any court of competent jurisdiction, to the appointment of a receiver for the System and the System Revenues. The court appointing such receiver may grant to such receiver all powers and duties permitted by law, including the power to operate and maintain the System, the power to establish rates and charges for utility services provided by the System, and the power to collect all System Revenues.

Enforcement of the Confirmed Plan of Adjustment. If an Indenture Default exists, the Trustee shall be entitled to petition the Bankruptcy Court or any other court of competent jurisdiction for an order enforcing the requirements of the Confirmed Plan of Adjustment, including an order compelling the County to take one or more of the following remedial actions:

- (1) increase rates charged for System services so that the System generates sufficient revenues to cure any default under the Indenture, or
- (2) specifically perform the terms of the Rate Resolution or the Indenture.

Rights and Remedies Cumulative. No right or remedy in the Indenture conferred upon or reserved to the Trustee or to the Holders of Secured Obligations is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Remedies Subject to Applicable Law. All rights, remedies and powers provided by the Indenture may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of the Indenture comprising remedies are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render the Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Application of Money Collected Prior to Acceleration. So long as an Indenture Default exists and so long as the Trustee or the Holders have not elected the remedies described in Section 11.2(a) of the Indenture (respecting acceleration of maturity by the Trustee) or Section 11.2(b) of the Indenture (respecting acceleration of maturity by the Holders), any money collected by the Trustee from System Revenues and any other sums then held by the Trustee as part of the General Trust Estate, shall be applied by the Trustee in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any), Accreted Value, or interest, on the Secured Obligations:

First: To the payment of all undeducted amounts due the Trustee under Section 12.7 of the Indenture;

Second: To the payment to the Holders entitled thereto of all installments of interest (but not Accreted Value) then due on Senior Lien Obligations, in the order of the maturity of such amounts; and if the amount available shall not be sufficient to pay in full any particular installment or amount then due, then to payment ratably, according to the amounts due on such installment, to the Holders entitled thereto, without any preference or priority;

Third: To the payment to the Holders entitled thereto of the unpaid principal (or premium, if any), Accreted Value or redemption price of any Senior Lien Obligations which shall have become due (other than Senior Lien Obligations called for redemption for which moneys are held pursuant to the provisions of Section 7.6 of the Indenture) in the order of their due dates; and if the amount available shall not be sufficient to pay in full all principal (or premium, if any) or Accreted Value due whether at maturity or by call for redemption on any particular date, then to the amount of such principal (or premium, if any) or Accreted Value, ratably, according to the amount of principal (or premium, if any) or Accreted Value due on such date, to the Holders entitled thereto, without any preference or priority;

Fourth: To payment of all amounts described in Section 9.2(a)(2) of the Indenture (See paragraph (2) under "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS—Application of System Revenues" above), without regard to references to amounts due the Trustee, provided that, in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such amounts described in Section 9.2(a)(2) of the Indenture, then to the payment of such amounts due, without any preference or priority, ratably according to the aggregate amount so due;

Fifth: To the payment to the Holders entitled thereto of all installments of interest (but not Accreted Value) then due on Subordinate Lien Obligations, in the order of the maturity of such amounts; and if the amount available shall not be sufficient to pay in full any particular installment or amount then due, then to payment ratably, according to the amounts due on such installment, to the Holders entitled thereto, without any preference or priority;

Sixth: To the payment to the Holders entitled thereto of the unpaid principal (or premium, if any), Accreted Value or redemption price of any Subordinate Lien Obligations which shall have become due (other than Subordinate Lien Obligations called for redemption for which moneys are held pursuant to the provisions of Section 7.6 of the Indenture) in the order of their due dates; and if the amount available shall not be sufficient to pay in full all principal (or premium, if any) or Accreted Value due whether at maturity or by call for redemption on any particular date, to the amount of such principal (or premium, if any) or Accreted Value, ratably, according to the amount of principal (or premium, if any) or Accreted Value due on such date, to the Holders entitled thereto, without any preference or priority;

Seventh: To payment of all amounts described in Section 9.2(a)(4) of the Indenture (See paragraph (4) under "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS—Application of System Revenues" above), without regard to references to amounts due the Trustee, provided that, in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such amounts described in Section 9.2(a)(4) of the Indenture, then to the payment of such amounts due, without any preference or priority, ratably according to the aggregate amount so due; and

Eighth: To payment of amounts described in Sections 9.2(a)(5) through 9.2(a)(10) of the Indenture (See paragraphs (5) through (10) under "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS—Application of System Revenues" above), in the order specified in such Sections.

Application of Money Collected Upon Acceleration. So long as an Indenture Default exists, and only upon acceleration of maturity of all Secured Obligations and only for so long as such acceleration is not rescinded or annulled, any money collected by the Trustee from System Revenues and any other sums then held by the Trustee as part of the General Trust Estate, shall be applied by the Trustee in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any), Accreted Value or interest, on the Secured Obligations:

First: To the payment of all undeducted amounts due the Trustee under Section 12.7 of the Indenture;

Second: To the payment of the whole amount then due and unpaid upon the Outstanding Senior Lien Obligations for principal or Accreted Value and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Senior Lien Obligations) on overdue principal or Accreted Value and on overdue installments of interest (including amounts due any provider of Credit Enhancement); and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Senior Lien Obligations, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

Third: To the payment of the whole amount then due and unpaid upon the Outstanding Subordinate Lien Obligations for principal or Accreted Value and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Subordinate Lien Obligations) on overdue principal or Accreted Value and on overdue installments of interest (including amounts due any provider of Credit Enhancement); and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Subordinate Lien Obligations, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

Fourth: To the payment of the remainder, if any, to the County or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

So long as an Indenture Default exists, if money in the General Trust Estate shall be insufficient to pay in full the whole amount so due and unpaid upon such Secured Obligations, then such amounts collected shall be applied by the Trustee in the order specified in paragraphs First through Fourth above (Section 11.3(b)(1) through (4) of the Indenture) to the payment of such amounts, and once such funds are insufficient to fully satisfy the County's obligation with respect to amounts payable in the order specified, then such remaining funds shall be distributed by the Trustee on a pro rata basis to persons entitled thereto, without any preference or priority according to the aggregate amount so due. Payments with respect to Security Obligations owned by or on behalf of the County shall be made only after all other Secured Obligations have been Defeased.

Any money held by the Trustee as part of the Trust Estate that is for the sole benefit of a specified series of Secured Obligations (including the Series 2013 Senior Lien Trust Estate and the Series 2013 Subordinate Lien Trust Estate) shall be applied to the amount due for principal (and premium, if any) and interest on such Secured Obligations without any preference or priority, ratably according to the aggregate amount so due on Secured Obligations of such series. The Trustee may apply funds on deposit for the sole benefit of a specified series of Secured Obligations prior to applying funds on deposit in the General Trust Estate to such series of Secured Obligations.

Notwithstanding the provisions of the preceding three paragraphs or the application of System Revenues as described above under "SECURITY FOR PAYMENT OF THE WARRANTS; ADDITIONAL SECURED OBLIGATIONS—Application of System Revenues," if an Indenture Default exists and is continuing, the Trustee (or a receiver on behalf of the Trustee) in its discretion may apply System Revenues to the extent necessary to (1) allow the County to preserve, maintain and operate the System prior to the payment of Debt

Service on Secured Obligations and prior to payment of amounts owed providers of Credit Enhancement, or (2) pay Rebate Liability (as defined in the Indenture).

Trustee May Enforce Claims without Possession of Secured Obligations. All rights of action and claims under the Indenture or the Secured Obligations may be prosecuted and enforced by the Trustee without the possession of any of the Secured Obligations or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Secured Obligations subject to and pursuant to the terms of the Indenture.

Limitation on Suits. No Holder of any Secured Obligation shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless

(a) such Holder has previously given notice to the Trustee of a continuing Indenture Default;

(b) the Holders of not less than a majority in principal amount of the Outstanding Secured Obligations shall have made request to the Trustee to institute proceedings in respect of such Indenture Default in its own name as Trustee under the Indenture;

(c) the Holders of not less than a majority in principal amount of the Senior Lien Obligations Outstanding deliver such request, or consent to any request, to the Trustee to institute proceedings in respect of an Indenture Default;

(d) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(e) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(f) no direction inconsistent with such request has been given to the Trustee during such 60-day period by either (1) the Holders of a majority in principal amount of the Outstanding Senior Lien Obligations or (2) the Holders of a majority in principal amount of the Outstanding Secured Obligations;

it being understood and intended that no one or more Holders of Secured Obligations shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights or priority of any other Holders of Secured Obligations, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under the Indenture, except in the manner herein provided and, except as otherwise expressly provided in the Indenture, for the equal and ratable benefit of all Outstanding Secured Obligations according to their respective priority under the Indenture.

Unconditional Right of Holders of Secured Obligations to Payment. Notwithstanding any other provision in the Indenture, the Holder of any Secured Obligation shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Secured Obligation on the Maturity Date expressed in such Secured Obligation (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Restoration of Positions. If the Trustee or any Holder of a Secured Obligation has instituted any proceeding to enforce any right or remedy under the Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Holder, then and in every such case the County, the Trustee and the Holders of Secured Obligations shall, subject to any determination in such proceeding, be restored to their former positions under the Indenture, and thereafter all rights and remedies of the Trustee and the Holders of Secured Obligations shall continue as though no such proceeding had been instituted.

Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of Secured Obligations to exercise any right or remedy accruing upon an Indenture Default shall impair any such right or remedy or constitute a waiver of any such Indenture Default or an acquiescence therein. Every right and remedy given by the remedies provisions of the Indenture or by law to the Trustee or to the Holders of Secured Obligations may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by such Holders, as the case may be.

Control by Holders of Senior Lien Obligations. The Holders of a majority in principal amount of the Outstanding Senior Lien Obligations shall have the right, during the continuance of an Indenture Default,

(a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Secured Obligations or otherwise, and

(b) to direct the choice of remedies and the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture, including the power to direct or withhold directions with respect to any remedy available pursuant to Section 11.2 of the Indenture; provided that

(1) such direction shall not be in conflict with any rule of law or the Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders of either Senior Lien Obligations or Subordinate Lien Obligations not taking part in such direction.

Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee, the Holders of not less than a majority in principal amount of the Outstanding Secured Obligations may, by notice to the Trustee and the County, on behalf of all Holders of Secured Obligations waive in writing any past default under the Indenture or under any other Secured Obligation Document and its consequences, except a default

(1) in the payment of Debt Service on any Secured Obligation, or

(2) in respect of a covenant or provision of the Indenture which under Article 13 of the Indenture cannot be modified or amended without the consent of the Holder of each Outstanding Secured Obligation affected;

provided that no waiver of any past default may be effected by the Holders unless not less than a majority in principal amount of the Outstanding Senior Lien Obligations consent to such waiver.

Upon any such waiver, such default shall cease to exist, and any Indenture Default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Suits to Protect the Trust Estate. The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the Holders of Secured Obligations in the Trust Estate and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or

compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the Holders of Secured Obligations or the Trustee.

Amendments

Amendments Without Consent of Holders of Secured Obligations. Under the Indenture, an amendment of the Secured Obligation Documents for any of the following purposes may be made, or consented to, by the Trustee without the consent of the Holders of any Secured Obligations:

(a) to correct or amplify the description of any property at any time subject to the lien of the Secured Obligation Documents, or better to assure, convey and confirm unto any secured party any property subject or required to be subjected to the lien of the Secured Obligation Documents, or to subject to the lien of the Indenture, additional property; or

(b) to evidence the succession of another person to any Financing Participant and the assumption by any such successor of the covenants of such Financing Participant (provided that the requirements of the Indenture for such succession and assumption are otherwise satisfied); or

(c) to add to the covenants of any Financing Participant for the benefit of Holders of Secured Obligations and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants an event of default under the Secured Obligation Documents permitting the enforcement of all or any of the several remedies provided therein; provided, however, that with respect to any such covenant, such amendment may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available upon such default; or

(d) to surrender any right or power conferred upon any Financing Participant other than rights or powers for the benefit of Holders of Secured Obligations; or

(e) to cure any ambiguity or to correct any inconsistency, provided such action shall not adversely affect the interests of the Holders of Secured Obligations; or

(f) to appoint a separate agent of the County or the Trustee to perform any one or more of the following functions: (i) registration of transfers and exchanges of Secured Obligations and (ii) payment of Debt Service on the Secured Obligations; provided, however, that any such agent must be a bank or trust company with long-term obligations, at the time such appointment is made, in one of the three highest rating categories of at least one Rating Agency; or

(g) to facilitate and administer the addition of Credit Enhancement for the benefit of Holders of Secured Obligations, provided that such provisions do not adversely affect the interests of Holders of Secured Obligations not secured by such Credit Enhancement.

Amendments Requiring Consent of all Affected Holders of Secured Obligations. An amendment of the Secured Obligation Documents for any of the following purposes may be entered into, or consented to, by the Trustee only with the consent of the Holder of each Secured Obligation affected:

(a) to change the stated Maturity Date of the principal of, or any installment of interest on, any Secured Obligation, or reduce the principal amount or the interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which any Secured Obligation or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated Maturity Date thereof (or, in the case of redemption, on or after the redemption date); or

(b) to reduce the percentage in principal amount of the Outstanding Secured Obligations, the consent of whose Holders is required for any amendment of the Secured

Obligation Documents, or the consent of whose Holders is required for any waiver provided for in the Secured Obligation Documents; or

(c) to modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(d) to modify any of the provisions of the section of the Indenture hereby summarized or Section 11.10 (regarding waivers of past defaults) of the Indenture, except to increase any percentage provided thereby or to provide that certain other provisions of the Secured Obligation Documents cannot be modified or waived without the consent of the Holder of each Secured Obligation affected thereby; or

(e) to permit the creation of any lien ranking prior to or on a parity with the lien of the Secured Obligation Documents with respect to any of the Trust Estate or terminate the lien of the Secured Obligation Documents on any property at any time subject hereto or deprive the Holder of any Secured Obligation of the security afforded by the lien of the Secured Obligation Documents; or

(f) to change the priority of payment of Secured Obligations, including the provisions of Section 9.2 and Section 11.3 (summarized above under "Application of Money Collected") of the Indenture regarding priority of payment of Senior Lien Obligations and Subordinate Lien Obligations; or

(g) to eliminate, reduce or delay the obligation of the County to make payments at times and in amounts sufficient to pay Debt Service on the Secured Obligations.

Amendments Requiring Majority Consent of Holders of Secured Obligations. An amendment of the Secured Obligation Documents for any purpose not described in the summaries above under Amendments Without Consent of Holders of Secured Obligations or Amendments Requiring Consent of all Affected Holders of Secured Obligations may be entered into, or consented to, by the Trustee only with the consent of both (a) the Holders of a majority in principal amount of Senior Lien Obligations Outstanding, and (b) the Holders of a majority in principal amount of all Secured Obligations Outstanding.

Discretion of the Trustee. The Trustee may in its discretion determine whether or not any Secured Obligations would be affected by any amendment of the Secured Obligation Documents and any such determination shall be conclusive upon the Holders of all Secured Obligations (including persons deemed Holders by another provision of the Indenture), whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith and the Trustee may conclusively rely on an Opinion of Counsel with respect to any such determination, so long as such reliance is in good faith.

Payment of Indenture Indebtedness; Satisfaction and Discharge of Indenture

Whenever all Indenture Indebtedness has been Defeased, then (i) the Indenture and all the liens, rights and interests created thereby shall cease, terminate and become null and void (except as to any surviving rights of transfer or exchange of Secured Obligations as provided for in the Indenture or the terms of such Secured Obligations), and (ii) the Trustee shall, upon the request of the County, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver to the County or upon the order of the County, all cash and securities then held by it under the Indenture as a part of the Trust Estate.

A Secured Obligation shall be deemed "Defeased" if:

(1) such Secured Obligation has been cancelled by the Trustee or delivered to the Trustee for cancellation, or

(2) such Secured Obligation shall have matured or been called for redemption and, on such Maturity Date or redemption date, money for the payment of Debt

Service on such Secured Obligation is held by the Trustee in trust for the benefit of the person entitled thereto, or

(3) a trust for the payment of such Secured Obligation has been established in accordance with Section 14.2 of the Indenture (respecting the establishment of a trust for payment of Debt Service on Secured Obligations).

Indenture Indebtedness other than Debt Service on the Secured Obligations shall be deemed "Defeased" whenever the County has paid, or made provisions satisfactory to the Trustee for payment of, all such Indenture Indebtedness.

Calculation of Percentage of Holders Taking Action

Notwithstanding any provision of the Indenture, the Accreted Value of an Outstanding Capital Appreciation Warrant or of an Outstanding Convertible Capital Appreciation Warrant (prior to the applicable Current Interest Commencement Date) shall be considered principal for the purpose of determining whether the Holders of a particular percentage in principal amount of Outstanding Secured Obligations shall have taken any action, including whether the Holders have given any direction, required any action, exercised any right or remedy, waived any default, removed any Trustee, appointed any successor Trustee or consented to any amendment of the Indenture.

Amounts Due and Unpaid After Act of Bankruptcy

For purposes of the priority as between Senior Lien Obligations and Subordinate Lien Obligations under Section 11.3 (summarized above under "Application of System Revenues") of the Indenture, amounts due and unpaid on the Senior Lien Obligations shall include all interest, fees and expenses accrued or accruing (or that would, absent an Act of Bankruptcy by the County, accrue) after any Act of Bankruptcy by the County in accordance with, at the time contemplated by and at the rate, if any, specified herein, whether or not the claim for such interest, fees or expenses is allowed, allowable, recognized or provable as a claim in any applicable bankruptcy, insolvency, reorganization, or similar proceeding with respect to the County, and whether or not any underlying Senior Lien Obligations are modified in any fashion during such proceeding (including pursuant to 11 U.S.C. § 1129(b)). In the event that the Holders of the Subordinate Lien Obligations receive any payments or funds in an amount in error or inconsistent with the rights of the Holders of the Senior Lien Obligations pursuant to, and in accordance with the priorities set forth in Section 3.1 (respecting the establishment of the security for payment of Secured Obligations) and Section 11.3 (summarized above under "Application of System Revenues") of the Indenture, and the provisions of the Indenture summarized in this paragraph, the Holders of the Senior Lien Obligations shall have a cause of action to collect any such amount.

SUMMARY OF SERIES 2013 RESERVE FUNDS LETTERS OF CREDIT

General

Pursuant to the Indenture, the County has established the Series 2013 Senior Lien Reserve Fund and the Series 2013 Subordinate Lien Reserve Fund, which are held by the Trustee as security for the Series 2013 Senior Lien Obligations and the Series 2013 Subordinate Lien Obligations, respectively. The Indenture requires the County to maintain the Series 2013 Senior Lien Reserve Fund Requirement in the Series 2013 Senior Lien Reserve Fund, and the Series 2013 Subordinate Lien Reserve Fund Requirement in the Series 2013 Subordinate Lien Reserve Fund, for so long as the Warrants are Outstanding.

Pursuant to the terms of the Indenture, in lieu of a cash deposit, the County will deposit the Series 2013 Senior Lien Reserve Fund Letter of Credit as Credit Enhancement to satisfy the Series 2013 Senior Lien Reserve Fund Requirement, and in lieu of a cash deposit, the County will deposit the Series 2013 Subordinate Lien Reserve Fund Letter of Credit as Credit Enhancement to satisfy the Series 2013 Subordinate Lien Reserve Fund Requirement.

The Series 2013 Senior Lien Reserve Fund Letter of Credit and the Series 2013 Subordinate Lien Reserve Fund Letter of Credit will be issued by JPMorgan Chase Bank. For certain information relating to JPMorgan Chase Bank, see the subsection below entitled "Certain Information Respecting JPMorgan Chase Bank".

Series 2013 Senior Lien Reserve Fund Letter of Credit

Series 2013 Senior Lien Reserve Fund Letter of Credit. The Credit Enhancement to be initially deposited into the Series 2013 Senior Lien Reserve Fund is the Series 2013 Senior Lien Reserve Fund Letter of Credit issued by JPMorgan Chase Bank pursuant to that certain Reimbursement Agreement, dated as of December 1, 2013 (as amended and supplemented from time to time, the "Reimbursement Agreement"), by and between the County and JPMorgan Chase Bank. The Series 2013 Senior Lien Reserve Fund Letter of Credit is an irrevocable standby letter of credit that will be issued with a stated amount (as such stated amount may be decreased with each draw permitted and increased with each reinstatement permitted by the Series 2013 Senior Lien Reserve Fund Letter of Credit, the "Stated Amount") equal to the Series 2013 Senior Lien Reserve Fund Requirement and is payable to the Trustee. The Series 2013 Senior Lien Reserve Fund Letter of Credit is set to expire on the tenth (10th) day immediately following the final maturity date of the Series 2013 Senior Lien Obligations.

Draws under the Series 2013 Senior Lien Reserve Fund Letter of Credit. The Series 2013 Senior Lien Reserve Fund Letter of Credit provides for payment on sight of a properly completed draw request by wire transfer in accordance with the written instructions of the Trustee. Pursuant to the terms of the Indenture, if the money on deposit in the Series 2013 Senior Lien Debt Service Fund is insufficient on the twenty-fifth (25th) day next preceding a Warrant Payment Date to pay the regularly scheduled principal and interest coming due on the 2013 Senior Lien Obligations, then the Trustee shall take the following actions in the following order: (1) *first*, withdraw money on deposit in the Series 2013 Senior Lien Reserve Fund (not including the Series 2013 Senior Lien Reserve Fund Letter of Credit or the collateral, if any, posted by JPMorgan Chase Bank, as hereinafter described), and (2) *second*, to the extent that the money on deposit in the Series 2013 Senior Lien Reserve Fund described in *first* above is insufficient to pay such Debt Service on the next succeeding Warrant Payment Date, draw upon the Series 2013 Senior Lien Reserve Fund Letter of Credit in an amount necessary to pay such regularly scheduled principal and interest coming due on the next succeeding Warrant Payment Date, subject, however, to the Stated Amount of the 2013 Senior Lien Debt Service Reserve Fund Letter of Credit in effect on such date. The Trustee shall transfer funds obtained pursuant to the actions described in this paragraph to the Series 2013 Senior Lien Debt Service Fund for the payment of regularly scheduled principal of and interest on the Series 2013 Senior Lien Obligations on the next Warrant Payment Date.

Reinstatement of the Series 2013 Senior Lien Reserve Fund Letter of Credit. As more fully described below under "Senior Lien Reserve Fund Warrants," if, on or prior to the second anniversary of any draw, JPMorgan Chase Bank is reimbursed in full for such draw on the Series 2013 Senior Lien Reserve Fund Letter of Credit, together with interest, if any, thereon, the Series 2013 Senior Lien Reserve Fund Letter of Credit will be reinstated to the extent of the principal amount of such reimbursement. After the second (2nd) anniversary of any such draw, the Series 2013 Senior Lien Reserve Fund Letter of Credit will not be subject to reinstatement to the extent of the principal amount of the draw that is not reimbursed on or prior to the second (2nd) anniversary.

Senior Lien Reserve Fund Warrants. Pursuant to the terms of the First Supplemental Indenture, upon a draw on the Series 2013 Senior Lien Reserve Fund Letter of Credit, JPMorgan Chase Bank will receive from the Trustee certain Reserve Fund Warrants of the County (the "Senior Lien Reserve Fund Warrants") that will be issued at the time of a draw upon the Series 2013 Senior Lien Reserve Fund Letter of Credit and that will be secured by the General Trust Estate on parity with the Series 2013 Senior Lien Obligations. The Senior Lien Reserve Fund Warrants will not be secured by the Series 2013 Senior Lien Reserve Fund or by the Series 2013 Senior Lien Debt Service Fund. The Senior Lien Reserve Fund Warrants will additionally be secured by the Senior Lien Reserve Fund Warrant Debt Service Fund. In the event at any time there are Senior Lien Reserve Fund Warrants outstanding and there are insufficient moneys to make deposits in full to the Series 2013 Senior Lien Debt Service Fund and to the Senior Lien Reserve Fund Warrant Debt Service Fund, the Trustee shall make pro rata deposits to the Series 2013 Senior Lien Debt Service Fund and the Senior Lien Reserve Fund Warrant Debt Service Fund.

Each Senior Lien Reserve Fund Warrant shall bear interest at tiered interest rates over the term of such Senior Lien Reserve Fund Warrant, and the exact interest rates will be established prior to the sale of the Warrants. Interest on Senior Lien Reserve Fund Warrants shall be repaid starting on the next Warrant Payment Date immediately following issuance of the Senior Lien Reserve Fund Warrants and shall be payable semiannually on April 1 and October 1 of each year thereafter until the Senior Lien Reserve Fund Warrants are paid or redeemed.

Principal of the Senior Lien Reserve Fund Warrants shall generally be payable on an amortization schedule containing forty equal quarterly installments commencing on the later of (1) April 1, 2024 and (2) two

years from the date of the drawing related to the applicable Senior Lien Reserve Fund Warrant; provided that all unpaid principal of any Senior Lien Reserve Fund Warrant shall be payable no later than March 1, 2054.

All Senior Lien Reserve Fund Warrants are subject to redemption at par, plus accrued interest, on any Business Day.

Any Senior Lien Reserve Fund Warrant repaid in full, together with interest, if any, thereon, on or prior to the second (2nd) anniversary of the related draw under the Series 2013 Senior Lien Reserve Fund Letter of Credit will result in reinstatement of the Series 2013 Senior Lien Reserve Fund Letter of Credit in an amount equal to the principal amount of the Senior Lien Reserve Fund Warrant that is repaid. Drawings represented by each Senior Lien Reserve Fund Warrant not repaid, together with interest, if any, thereon, on or prior to the second (2nd) anniversary of the applicable drawing are no longer subject to reinstatement under the Series 2013 Senior Lien Letter of Credit.

As additional drawings are made under the Series 2013 Senior Lien Reserve Fund Letter of Credit, additional Senior Lien Reserve Fund Warrants will be issued in a principal amount equal to the amount of each drawing thereunder. If the Series 2013 Senior Lien Reserve Fund Letter of Credit has been drawn for the full Stated Amount available thereunder, the Series 2013 Senior Lien Reserve Fund Letter of Credit will no longer be available to the Trustee unless and until some or all of the related Senior Lien Reserve Fund Warrants have been repaid and the Stated Amount of the Series 2013 Senior Lien Reserve Fund Letter of Credit is reinstated as provided above.

Conditions for Delivery and Return of Collateral to Secure Series 2013 Senior Lien Reserve Fund Letter of Credit. If the senior long-term debt ratings of JPMorgan Chase Bank fall below certain levels to be determined by the County and JPMorgan Chase Bank prior to the sale of the Warrants and subject to satisfaction of the criteria of the Rating Agencies, JPMorgan Chase Bank will be required to post collateral in the form of cash or Qualified Investments (as defined in the Indenture) to secure the Series 2013 Senior Lien Reserve Fund Letter of Credit in the full Stated Amount then available under the Series 2013 Senior Lien Reserve Fund Letter of Credit. If JPMorgan Chase Bank does not make payment of a properly completed draw request subsequent to the posting of collateral, the Trustee is permitted to use the collateral it has received to fund such payment up to the amount requested in such draw request. Any collateral delivered to the Trustee must be returned to JPMorgan Chase Bank if its senior long-term debt ratings subsequently meet or exceed the levels to be determined. Delivery and return of collateral is expected to be governed by an agreement between the Trustee and JPMorgan Chase Bank (the "Collateral Agreement").

If JPMorgan Chase Bank fails to deliver collateral, the Trustee is authorized to draw in full on the remaining Stated Amount of the Series 2013 Senior Lien Reserve Fund Letter of Credit in accordance with the terms of the Collateral Agreement. This drawing shall constitute a collateral delivery by JPMorgan Chase Bank, to be held by the Trustee without immediate need for reimbursement, unless withdrawn by the Trustee and used to pay Debt Service on the Series 2013 Senior Lien Obligations.

Withdrawals of collateral to pay Debt Service by the Trustee result in the issuance of a Reserve Fund Warrant, which requires repayment by the County (see the subsection above entitled "Senior Lien Reserve Fund Warrants").

At any time, JPMorgan Chase Bank has the option to cancel the Series 2013 Senior Lien Reserve Fund Letter of Credit by fully funding the Senior 2013 Senior Reserve Fund with cash or Qualified Investments.

Series 2013 Subordinate Lien Reserve Fund Letter of Credit

Series 2013 Subordinate Lien Reserve Fund Letter of Credit. The Credit Enhancement to be initially deposited into the Series 2013 Subordinate Lien Reserve Fund is the Series 2013 Subordinate Lien Reserve Fund Letter of Credit issued by JPMorgan Chase Bank pursuant to that certain Reimbursement Agreement, dated as of December 1, 2013 (as amended and supplemented from time to time, the "Reimbursement Agreement"), by and between the County and JPMorgan Chase Bank. The Series 2013 Subordinate Lien Reserve Fund Letter of Credit is an irrevocable standby letter of credit that will be issued with a stated amount (as such stated amount may be decreased with each draw permitted and increased with each reinstatement permitted by the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, the "Stated Amount") equal to the Series 2013 Subordinate Lien Reserve Fund Requirement and is payable to the Trustee. The Series 2013 Subordinate Lien Reserve Fund Letter of Credit is set

to expire on the tenth (10th) day immediately following the final maturity date of the Series 2013 Subordinate Lien Obligations.

Draws under the Series 2013 Subordinate Lien Reserve Fund Letter of Credit. The Series 2013 Subordinate Lien Reserve Fund Letter of Credit provides for payment on sight of a properly completed draw request by wire transfer in accordance with the written instructions of the Trustee. Pursuant to the terms of the Indenture, if the money on deposit in the Series 2013 Subordinate Lien Debt Service Fund is insufficient on the twenty-fifth (25th) day next preceding a Warrant Payment Date to pay the regularly scheduled principal and interest coming due on the 2013 Subordinate Lien Obligations, then the Trustee shall take the following actions in the following order: (1) *first*, withdraw money on deposit in the Series 2013 Subordinate Lien Reserve Fund (not including the Series 2013 Subordinate Lien Reserve Fund Letter of Credit or the collateral, if any, posted by JPMorgan Chase Bank, as hereinafter described), and (2) *second*, to the extent that the money on deposit in the Series 2013 Subordinate Lien Reserve Fund described in *first* above is insufficient to pay such Debt Service on the next succeeding Warrant Payment Date, draw upon the Series 2013 Subordinate Lien Reserve Fund Letter of Credit in an amount necessary to pay such regularly scheduled principal and interest coming due on the next succeeding Warrant Payment Date, subject, however, to the Stated Amount of the 2013 Subordinate Lien Debt Service Reserve Fund Letter of Credit in effect on such date. The Trustee shall transfer funds obtained pursuant to the actions described in this paragraph to the Series 2013 Subordinate Lien Debt Service Fund for the payment of regularly scheduled principal of and interest on the Series 2013 Subordinate Lien Obligations on the next Warrant Payment Date.

Reinstatement of the Series 2013 Subordinate Lien Reserve Fund Letter of Credit. As more fully described below under "Subordinate Lien Reserve Fund Warrants," if, on or prior to the second anniversary of any draw, JPMorgan Chase Bank is reimbursed in full for such draw on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, together with interest, if any, thereon, the Series 2013 Subordinate Lien Reserve Fund Letter of Credit will be reinstated to the extent of the principal amount of such reimbursement. After the second (2nd) anniversary of any such draw, the Series 2013 Subordinate Lien Reserve Fund Letter of Credit will not be subject to reinstatement to the extent of the principal amount of the draw that is not reimbursed on or prior to the second (2nd) anniversary.

Subordinate Lien Reserve Fund Warrants. Pursuant to the terms of the First Supplemental Indenture, upon a draw on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, JPMorgan Chase Bank will receive from the Trustee certain Reserve Fund Warrants of the County (the "Subordinate Lien Reserve Fund Warrants") that will be issued at the time of a draw upon the Series 2013 Subordinate Lien Reserve Fund Letter of Credit and that will be secured by the General Trust Estate on parity with the Series 2013 Subordinate Lien Obligations. The Subordinate Lien Reserve Fund Warrants will not be secured by the Series 2013 Subordinate Lien Reserve Fund or by the Series 2013 Subordinate Lien Debt Service Fund. The Subordinate Lien Reserve Fund Warrants will additionally be secured by the Subordinate Lien Reserve Fund Warrant Debt Service Fund. In the event at any time there are Subordinate Lien Reserve Fund Warrants outstanding and there are insufficient moneys to make deposits in full to the Series 2013 Subordinate Lien Debt Service Fund and the Subordinate Lien Reserve Fund Warrant Debt Service Fund, the Trustee shall make pro rata deposits to the Series 2013 Subordinate Lien Debt Service Fund and the Subordinate Lien Reserve Fund Warrant Debt Service Fund. In accordance with the Indenture, Debt Service payable to the holders of Series 2013 Subordinate Lien Obligations will be subordinate to the payment of Debt Service on any outstanding Senior Lien Reserve Fund Warrants.

Each Subordinate Lien Reserve Fund Warrant shall bear interest at tiered interest rates over the term of such Subordinate Lien Reserve Fund Warrant, and the exact interest rates will be established prior to the sale of the Warrants. Interest on Subordinate Lien Reserve Fund Warrants shall be repaid starting on the next Warrant Payment Date immediately following issuance of the Subordinate Lien Reserve Fund Warrants and shall be payable semiannually on April 1 and October 1 of each year thereafter until the Subordinate Lien Reserve Fund Warrants are paid or redeemed.

Principal of the Subordinate Lien Reserve Fund Warrants shall generally be payable on an amortization schedule containing forty equal quarterly installments commencing on the later of (1) April 1, 2024 and (2) two years from the date of the drawing related to the applicable Subordinate Lien Reserve Fund Warrant; provided that all unpaid principal of any Subordinate Lien Reserve Fund Warrant shall be payable no later than March 1, 2054.

All Subordinate Lien Reserve Fund Warrants are subject to redemption at par, plus accrued interest, on any Business Day.

Any Subordinate Lien Reserve Fund Warrant repaid in full, together with interest, if any, thereon, on or prior to the second (2nd) anniversary of the related draw under the Series 2013 Subordinate Lien Reserve Fund Letter of Credit will result in reinstatement of the Series 2013 Subordinate Lien Reserve Fund Letter of Credit in an amount equal to the principal amount of the Subordinate Lien Reserve Fund Warrant that is repaid. Drawings represented by each Subordinate Lien Reserve Fund Warrant not repaid, together with interest, if any, thereon, on or prior to the second (2nd) anniversary of the applicable drawing are no longer subject to reinstatement under the Series 2013 Subordinate Lien Letter of Credit.

As additional drawings are made under the Series 2013 Subordinate Lien Reserve Fund Letter of Credit, additional Subordinate Lien Reserve Fund Warrants will be issued in a principal amount equal to the amount of each drawing thereunder. If the Series 2013 Subordinate Lien Reserve Fund Letter of Credit has been drawn for the full Stated Amount available thereunder, the Series 2013 Subordinate Lien Reserve Fund Letter of Credit will no longer be available to the Trustee unless and until some or all of the related Subordinate Lien Reserve Fund Warrants have been repaid and the Stated Amount of the Series 2013 Subordinate Lien Reserve Fund Letter of Credit is reinstated as provided above.

Conditions for Delivery and Return of Collateral to Secure Series 2013 Subordinate Lien Reserve Fund Letter of Credit. If the senior long-term debt ratings of JPMorgan Chase Bank fall below certain levels to be determined by the County and JPMorgan Chase Bank prior to the sale of the Warrants and subject to satisfaction of the criteria of the Rating Agencies, JPMorgan Chase Bank will be required to post collateral in the form of cash or Qualified Investments (as defined in the Indenture) to secure the Series 2013 Subordinate Lien Reserve Fund Letter of Credit in the full Stated Amount then available under the Series 2013 Subordinate Lien Reserve Fund Letter of Credit. If JPMorgan Chase Bank does not make payment of a properly completed draw request subsequent to the posting of collateral, the Trustee is permitted to use the collateral it has received to fund such payment up to the amount requested in such draw request. Any collateral delivered to the Trustee must be returned to JPMorgan Chase Bank if its senior long-term debt ratings subsequently meet or exceed the levels to be determined. Delivery and return of collateral is expected to be governed by an agreement between the Trustee and JPMorgan Chase Bank (the "Collateral Agreement").

If JPMorgan Chase Bank fails to deliver collateral, the Trustee is authorized to draw in full on the remaining Stated Amount of the Series 2013 Subordinate Lien Reserve Fund Letter of Credit in accordance with the terms of the Collateral Agreement. This drawing shall constitute a collateral delivery by JPMorgan Chase Bank, to be held by the Trustee without immediate need for reimbursement, unless withdrawn by the Trustee and used to pay Debt Service on the Series 2013 Subordinate Lien Obligations.

Withdrawals of collateral to pay Debt Service by the Trustee result in the issuance of a Reserve Fund Warrant, which requires repayment by the County (see the subsection above entitled "Subordinate Lien Reserve Fund Warrants").

At any time, JPMorgan Chase Bank has the option to cancel the Series 2013 Subordinate Lien Reserve Fund Letter of Credit by fully funding the Subordinate 2013 Subordinate Reserve Fund with cash or Qualified Investments.

Certain Information Respecting JPMorgan Chase Bank

The information contained in this subsection entitled "Certain Information Respecting JPMorgan Chase Bank" relates to and has been obtained from JPMorgan Chase Bank for use in this Official Statement. No representation is made by the County or the Underwriters as to the accuracy or completeness of this information. The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of JPMorgan Chase Bank since the date hereof, or that the information contained or referred to in this subsection is correct as of any time subsequent to its date.

JPMorgan Chase Bank is a wholly owned subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. JPMorgan Chase Bank offers a wide range

of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of June 30th, 2013, JPMorgan Chase Bank had total assets of \$1,947.8 billion, total net loans of \$604.2 billion, total deposits of \$1,249.5 billion, and total stockholder's equity of \$151.5 billion. These figures are extracted from JPMorgan Chase Bank's unaudited Consolidated Reports of Condition and Income (the "Call Report") as of June 30, 2013, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles. The Call Report including any update to the above quarterly figures is filed with the Federal Deposit Insurance Corporation and can be found at www.fdic.gov.

Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2012, of JPMorgan Chase & Co., the 2012 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the "SEC") by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017 or at the SEC's website at www.sec.gov.

FEASIBILITY STUDY

General

The County has caused to be prepared a Municipal Advisor's Feasibility Study (the "Feasibility Study") respecting certain matters affecting the financial feasibility of the Warrants. The Feasibility Study was prepared by Galardi Rothstein Group (the "Feasibility Consultant") in collaboration with Brown and Caldwell, as consulting engineer to the County ("Brown and Caldwell"), relying on detailed information from the County's Environmental Services Department, which is the County department responsible for managing, operating, controlling and administering the System.

The Feasibility Consultant, in reaching its conclusions in Section 9.2 of the Feasibility Study, is relying on reviews, evaluations and conclusions of Brown and Caldwell, as described in Sections 1.2, 6.3 and 9.1 of the Feasibility Study, that the County's projected operating expenses and capital expenditures are reasonable.

PROSPECTIVE INVESTORS ARE ENCOURAGED TO REVIEW THE FEASIBILITY STUDY IN ITS ENTIRETY PRIOR TO MAKING AN INVESTMENT DECISION RESPECTING THE WARRANTS. The Feasibility Study is attached as Appendix E hereto.

Certain Projections and Forecasts; No Reliance on Plan of Adjustment Forecasts

The Feasibility Study contains, among other things, forecasts and projections (the "Feasibility Study Forecasts") respecting revenues, operating expenses, and capital expenditure requirements of the System for the fiscal years ended September 30, 2014 through and including September 30, 2023 (the "Feasibility Study Forecasts Period"). The major findings and conclusions of the Feasibility Study are set forth in Section 9.2 thereof, relying in part on the findings and conclusions of Brown and Caldwell set forth in Section 9.1 of the Feasibility Study.

On June 4, 2013, and in connection with the negotiation of the Plan of Adjustment, the County preliminarily approved a financing plan (the "Financing Plan"), which Financing Plan was subsequently amended by an amended financing plan preliminarily approved by the Commission on July 23, 2013, and again by a further amended financing plan approved by the Commission on October 31, 2013 (the "Amended Financing Plan"). The Financing Plan and the Amended Financing Plan contain various projections and forecasts, including those of revenues, operating expenses, and capital expenditure requirements of the System for the fiscal years ended September 30, 2014 through and including September 30, 2053 (all such projections and forecasts, the "Plan of Adjustment Forecasts"). Neither the Financing Plan nor the Amended Financing Plan (including, without limitation, the Plan of Adjustment Forecasts) are part of this Official Statement. **The County advises prospective investors that they should not rely on the Amended Financing Plan (including, without limitation, the Plan of Adjustment Forecasts) when deciding whether to purchase the Warrants.** Instead, prospective purchasers should refer solely to the projections contained in the Feasibility Study, which has been prepared specifically for purposes of use in connection with this Official Statement.

THE PLAN OF ADJUSTMENT FORECASTS SHOULD NOT BE CONSULTED, CONSIDERED, RELIED UPON OR OTHERWISE USED BY PROSPECTIVE INVESTORS IN THE WARRANTS.

The Feasibility Study addresses the County's projected capital expenditure requirements only through the term of the Feasibility Study Forecasts Period. Funds to finance capital expenditures for the System following the Feasibility Study Forecasts Period, to the extent not covered by Sewer Revenues, may require additional borrowings by the County, increases in System rates beyond those contemplated in the Rate Resolution, or a combination of both. The County can provide no assurance with respect to such rate increases or that it will be able to effect such additional borrowings. See "RISK FACTORS – Rate Covenant and Limits on Future Rate Increases" and "RISK FACTORS – Limits on Future Borrowing."

Estimated Coverage

Based upon the findings, conclusions and other information hereinabove described in this section the Feasibility Study contains the following table, which presents the projected annual debt service coverage on the proposed Warrants from estimated System Revenues following issuance of the Warrants for the fiscal years of the County ending September 30, 2013 through and including September 30, 2023^{1,2}:

Projected Senior Lien and Subordinate Lien Debt Service Coverage^{1,2}

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Total Revenues	162.4	174.3	184.6	194.3	204.4	217.3	223.6	230.1	236.8	243.6	251.6
- Tax Revenues ³	(5.7)	(6.0)	(6.1)	(6.2)	(6.4)	(6.5)	(6.6)	(6.8)	(6.9)	(7.0)	(7.2)
- Intergovernmental Revenues ⁴	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Total Operating Revenues	\$156.7	\$168.2	\$178.4	\$187.9	\$197.9	\$210.7	\$216.9	\$223.2	\$229.8	\$236.5	\$244.3
Operating Expenses	56.1	67.2	64.7	66.4	68.0	68.2	70.2	71.6	76.1	78.4	80.8
- Tax Revenues ³	(5.7)	(6.0)	(6.1)	(6.2)	(6.4)	(6.5)	(6.6)	(6.8)	(6.9)	(7.0)	(7.2)
Total Operating Expense	\$50.4	\$61.2	\$58.6	\$60.1	\$61.6	\$61.7	\$63.6	\$64.8	\$69.2	\$71.4	\$73.6
Net Revenue Available for Debt Service	\$106.3	\$107.0	\$119.8	\$127.8	\$136.3	\$149.0	\$153.3	\$158.4	\$160.5	\$165.1	\$170.7
Senior Lien Debt Service	-	\$19.0	\$23.0	\$23.0	\$23.0	\$23.0	\$23.0	\$23.0	\$23.0	\$23.0	\$23.0
Projected Senior Lien Coverage⁵		5.62	5.21	5.55	5.92	6.47	6.66	6.89	6.98	7.18	7.42
Net Revenues for Subordinate Debt	-	\$88.0	\$96.8	\$104.8	\$113.3	\$126.0	\$130.3	\$135.4	\$137.5	\$142.1	\$147.7
Subordinate Lien Debt Service	-	\$40.8	\$51.5	\$56.4	\$61.7	\$61.5	\$47.5	\$47.5	\$56.2	\$58.0	\$61.3
Projected Subordinate Lien Coverage⁵		2.15	1.88	1.85	1.83	2.05	2.74	2.85	2.44	2.45	2.41
Senior and Subordinate Lien Debt Service	-	\$59.8	\$74.5	\$79.4	\$84.7	\$84.4	\$70.5	\$70.5	\$79.2	\$81.0	\$84.3
Projected Total Debt Service Coverage⁵		1.78	1.60	1.60	1.60	1.76	2.17	2.24	2.02	2.03	2.02

1 - All numbers in millions of dollars.

2 - Slight calculation discrepancies may exist due to rounding.

3 - Tax revenues may not be included as pledged revenues to establish debt service coverage, but may be shown as an offset to System operating expenses.

4 - Intergovernmental revenues may not be included as pledged revenues to establish debt service coverage.

5 - Debt service coverage metrics rounded down to the second significant digit.

DEBT SERVICE REQUIREMENTS

Estimated Debt Service Requirements

The following table presents the estimated annual debt service requirements of the County on the Warrants, which will be the only obligations of the County payable from the Trust Estate immediately following issuance of the Warrants and the completion of the transactions with respect thereto under the Confirmed Plan of Adjustment.

<u>Fiscal Year</u>	<u>Series 2013 Senior Lien Warrants</u> *	<u>Series 2013 Subordinate Lien Warrants</u> *	<u>Total</u> *
2014	\$19,013,021	\$40,746,699	\$59,759,720
2015	22,968,750	51,439,200	74,407,950
2016	22,968,750	56,378,450	79,347,200
2017	22,968,750	61,670,200	84,638,950
2018	22,968,750	61,394,200	84,362,950
2019	22,968,750	47,439,700	70,408,450
2020	22,968,750	47,439,700	70,408,450
2021	22,968,750	56,144,700	79,113,450
2022	22,968,750	57,945,925	80,914,675
2023	22,968,750	61,196,750	84,165,500
2024	31,773,948	109,357,667	141,131,616
2025	36,473,948	109,357,667	145,831,616
2026	41,373,948	109,357,667	150,731,616
2027	46,448,948	109,357,667	155,806,616
2028	51,723,948	109,357,667	161,081,616
2029	47,853,948	118,617,667	166,471,616
2030	47,853,948	124,207,667	172,061,616
2031	47,848,948	129,997,667	177,846,616
2032	47,853,948	135,977,667	183,831,616
2033	47,853,948	142,152,667	190,006,616
2034	47,848,948	148,537,667	196,386,616
2035	47,853,948	155,132,667	202,986,616
2036	47,848,948	161,992,667	209,841,616
2037	47,855,056	169,072,667	216,927,724
2038	47,852,597	176,437,667	224,290,264
2039	47,847,527	184,005,582	231,853,108
2040	47,854,314	191,867,328	239,721,642
2041	47,850,922	185,231,839	233,082,761
2042	47,855,344	121,539,213	169,394,557
2043	47,848,750	127,872,847	175,721,597
2044	47,854,850	134,424,764	182,279,614
2045	47,852,238	141,191,878	189,044,116
2046	47,850,706	148,201,667	196,052,373
2047	47,849,131	155,537,167	203,386,298
2048	47,851,081	163,103,233	210,954,314
2049	47,854,513	170,993,899	218,848,412
2050	47,852,075	179,104,500	226,956,575
2051	47,851,419	187,585,775	235,437,194
2052	47,854,275	196,380,525	244,234,800
2053	<u>47,851,763</u>	<u>206,077,500</u>	<u>253,929,263</u>
Total	\$1,629,829,656	\$5,043,828,246	\$6,673,657,915

* Preliminary; subject to change. Based on estimated combined True Interest Cost of 6.9%.

[PUBLISH]

IN THE UNITED STATES COURT OF APPEALS
FOR THE ELEVENTH CIRCUIT

No. 15-11690

D.C. Docket No. 2:14-cv-00213-SLB,
Bkcy No. 11-bkc-05736-TBB9

ANDREW BENNETT,
Jefferson County Tax Assessor, Bessemer Division,
RODERICK V. ROYAL,
Former Birmingham City Council President,
MARY MOORE,
Alabama State Legislator,
JOHN W. ROGERS,
Alabama State Legislator,
WILLIAM R. MUHAMMAD, et al.,

Plaintiffs - Appellees,

versus

JEFFERSON COUNTY, ALABAMA,

Defendant - Appellant.

Appeal from the United States District Court
for the Northern District of Alabama

(August 16, 2018)

Before TJOFLAT, MARTIN, and JORDAN, Circuit Judges.

JORDAN, Circuit Judge:

Generally speaking, the doctrine of equitable mootness “permits courts sitting in bankruptcy appeals to dismiss challenges (typically to confirmation plans) when effective relief would be impossible.” *Ullrich v. Welt (In re Nica Holdings, Inc.)*, 810 F.3d 781, 786 (11th Cir. 2015). We have applied the doctrine in the Chapter 11 reorganization context, *see, e.g., First Union Real Estate Equity & Mortg. Invs. v. Club Assocs. (In re Club Assocs.)*, 956 F.2d 1065, 1067–71 (11th Cir. 1992), and in Chapter 13 cases, *see, e.g., Hope v. Gen. Fin. Corp. of Ga. (In re Kahihikolo)*, 807 F.2d 1540, 1543 (11th Cir. 1987), and we have assumed without deciding that it applies in Chapter 7 cases, *see Nica Holdings*, 810 F.3d at 786 n.4, but until today we have not been asked to apply the doctrine in a Chapter 9 municipal bankruptcy case.

I

Municipal bankruptcy proceedings are usually complicated affairs, and the Chapter 9 proceeding for Jefferson County, Alabama—involving about \$3.2 billion in total sewer-related debt—has proved to be no different. A detailed chronology can be found in *Bennett v. Jefferson County*, 518 B.R. 613, 616–26 (N.D. Ala. 2014), and *In re Jefferson County*, 474 B.R. 228, 236–45 (Bankr. N.D. Ala. 2012), but the relevant facts and procedural history are set forth below.

A

Jefferson County filed for bankruptcy in November of 2011. In June of 2013, following 18 months of negotiations, the County announced that it had come to an agreement in principle with almost all of its major creditors.

The final settlement, reached in November of 2013, provided that the County would issue and sell in public markets new sewer warrants (through an indenture) in the amount of approximately \$1.785 billion, with the proceeds and other funds being used to redeem and retire the prior sewer warrants (which, again, totaled about \$3.2 billion) at a reduced and compromised amount of about \$1.8 billion.

Pursuant to the settlement, the County would cut over \$100 million in general fund expenditures, the creditors would write off a significant amount in outstanding debt, and the County (or the bankruptcy court if the County failed to act) would implement a series of single-digit-percent sewer rate increases over 40 years. The County would not be able to decrease sewer rates in a given fiscal year unless it could somehow offset the decrease (by, for example, increasing its customer base). Over the course of these 40 years—the planned time period for retiring the new sewer warrants—sewer rates would increase about 365%, which is not far off of the national increase in inflation in the previous 40 years. With respect to non-sewer debt, warrants would be repaid in full on terms favorable to

the County through the exchange of existing general obligation warrants and school warrants for new warrants. *See Bennett*, 518 B.R. at 623–25.

At the confirmation hearing before the bankruptcy court on November 21, 2013, a group of Jefferson County ratepayers objected to the County’s proposed plan. They argued that the plan validated corrupt government activity (e.g., bribery) that procured the execution of some of the prior sewer warrants and led to the debt crisis; that the plan, by taking the ability to set rates out of the hands of elected Jefferson County commissioners, infringed on their rights to vote and to be free from overly burdensome debt without due process; and that the plan was not feasible because it was imposed over a service area with a declining population and falling income levels, and because it increased costs for a long period of time without any consideration of the users’ ability to pay. *See id.* at 626. One of the claims asserted by the ratepayers was that certain of the prior sewer warrants were invalid because they violated provisions of the Alabama Constitution and the United States Constitution. *See id.* at 626–27.

The bankruptcy court entered a confirmation order over the ratepayers’ objections on November 22, 2013, the day following the hearing. The order in part dismissed pending claims, and barred any and all persons from commencing or continuing any action to assert the claims made by the ratepayers prior to the start of, or in, the Chapter 9 bankruptcy proceeding.

In the confirmation order, the bankruptcy court retained jurisdiction for the 40-year life of the new sewer warrants to, among other things, adjudicate controversies regarding the validity of actions taken pursuant to the plan, including implementation or enforcement of the approved rate structure and issuance of the new sewer warrants, and enter any necessary or appropriate orders or relief (including mandamus). *See* Bankr. D.E. 2248 at 67–68. The disclosure statement for the indenture contained similar language describing the bankruptcy court’s retention of jurisdiction.

The plan’s effective date was December 3, 2013. Although Bankruptcy Rule 3020(e) normally imposes an automatic 14-day stay on the operation of a confirmation order, at the confirmation hearing the ratepayers did not object to the County’s motion (filed two weeks earlier) to waive the automatic stay. In the absence of an objection, the bankruptcy court exercised its discretion under Rule 3020(e) to waive the automatic stay when it entered the confirmation order. *See Bennett*, 518 B.R. at 626.

The ratepayers filed their notice of appeal on December 1, 2013, two days prior to the plan’s effective date. But they did not ask the bankruptcy court, or the district court, for a stay of the confirmation order pending appeal. Nor did they request that their appeal be expedited. On December 3, 2013, pursuant to the terms of the order, the County issued the new sewer warrants. The proceeds from the

sale of these warrants went in part towards retiring the prior sewer warrants, with more than \$1.454 billion going into a clearinghouse system to pay individual and institutional investors. *See id.*

B

In the district court, the County moved to dismiss the ratepayers' appeal, arguing in relevant part that any challenges to the confirmation order were constitutionally, statutorily, and equitably moot because the plan had been consummated and the transactions that were completed could not be unwound. The ratepayers responded that their appeal was not moot because, among other things, the bankruptcy court could not constitutionally retain jurisdiction to conform (if necessary) sewer rates to the plan over a 40-year period. In the ratepayers' view, such rates had to be set in compliance with Alabama law. As the district court explained, the ratepayers wanted to "avoid . . . paying rates set by a [County] Commission wh[ich] can be taken to the bankruptcy court if it enacts rates in violation of" the approved rate structure. *Bennett*, 518 B.R. at 631 n.21. The district court rejected each of the County's mootness arguments.

First, the district court concluded that the appeal was not moot under Article III. Although the consummation of the plan might limit the scope of relief available to the ratepayers, the court concluded that it could fashion "some form

of meaningful relief.” *See id.* at 631 (quoting *Church of Scientology v. United States*, 506 U.S. 9, 12 (1992)).

Second, there was no “statutory mootness” under 11 U.S.C. § 364(e). Under Eleventh Circuit precedent, said the district court, § 364(e) protects “only transactions authorized by § 364(c) or (d),” and it did not believe that the issuance of the new sewer warrants to pay off the prior sewer warrants was a transaction authorized by § 364(c) or (d). *Id.* at 632. *See also id.* at 633 (“Neither subsection (c) nor subsection (d) authorizes the bankruptcy court to allow the County to obtain credit or incur debt by giving the lender or the bankruptcy court unlawful or unconstitutional ratemaking authority.”).

Third, the district court ruled that the appeal was not equitably moot despite the failure of the ratepayers to seek, let alone obtain, a stay of the confirmation order. The court thought that the doctrine of equitable mootness, which is prudential in nature, was in some tension with the Supreme Court’s reaffirmation of the principle that federal courts have a “virtually unflagging” obligation to hear and decides cases within their jurisdiction. *See id.* at 634. But it did not need to confront those potential concerns because it held that equitable mootness does not apply to constitutional challenges to a confirmation order in a Chapter 9 proceeding: “In the case of a Chapter 9 reorganization plan[,] finality and reliance may be required to yield to the Constitution and the interests of the public in the

provision of governmental services.” *Id.* at 636. And “applying the doctrine of equitable mootness as the County espouse[d] would prevent *both* state and federal Article III courts from deciding . . . ‘knotty state law’ and constitutional issues and would prevent any review of a federal bankruptcy court’s assumption of jurisdiction to enforce its unreviewed actions.” *Id.* at 637. Although the court recognized that “some part or parts” of the confirmation order might be “impossible to reverse,” the “County’s ceding of its future authority to set sewer rates to the bankruptcy court” as a term of the new sewer warrants was “not one of those parts.” *Id.* If it agreed with the ratepayers that the bankruptcy court’s retention of jurisdiction was unconstitutional, the court could declare that provision invalid and prevent its enforcement. *See id.*

Finally, the district court explained that, even if the doctrine of equitable mootness applied in Chapter 9 bankruptcy proceedings, it would nevertheless deny the County’s motion to dismiss. The court could, as it had noted, grant the ratepayers some relief by striking the terms providing for the bankruptcy court’s retention of jurisdiction and authority to set sewer rates in the future. Moreover, the ratepayers’ failure to obtain a stay, though significant in the equitable mootness analysis, was not dispositive. There had been a rush to consummation, and seeking a stay “was futile and cost-prohibitive.” *Id.* at 639. No stay, reasoned the court, would have been granted. *See id.*

The district court later certified its ruling for interlocutory review, and Jefferson County instituted the present appeal. We conclude that the case is not constitutionally moot, but hold that it is equitably moot, and therefore reverse and remand for dismissal of the ratepayers' appeal from the bankruptcy court's confirmation order. We do not reach statutory mootness as a separate issue, but touch on it briefly in discussing equitable mootness.

II

We first address Article III mootness—i.e., mootness in the jurisdictional and constitutional sense. This doctrine, the Supreme Court has held, emanates from the “case or controversy” requirement of Article III. *See, e.g., Arizona v. Official English v. Arizona*, 520 U.S. 43, 67 (1997).¹

“[T]he party who alleges that a controversy before us has become moot has the ‘heavy burden’ of establishing that we lack jurisdiction.” *Michigan v. Long*, 463 U.S. 1032, 1042 n.8 (1983). *See also Mattern v. Sec’y for the Dep’t of Corr.*, 494 F.3d 1282, 1285 (11th Cir. 2007); *Dupree v. Palmer*, 284 F.3d 1234, 1237 (11th Cir. 2002). The district court held that the ratepayers’ appeal is not constitutionally moot. Exercising plenary review, *see Nat’l Advert. Co. v. City of Miami*, 402 F.3d 1329, 1331 (11th Cir. 2005), we agree.

¹ Not all members of the Supreme Court have agreed with the Article III characterization of mootness. *See Honig v. Doe*, 484 U.S. 305, 331 (1988) (Rehnquist, C.J., concurring) (asserting that any connection between a court’s “unwillingness to decide moot cases” and “the case or controversy requirement of Art. III” is “attenuated”).

The County’s argument is essentially that we (and the district court) lack the legal authority to issue the relief that the ratepayers seek. *See* County’s Opening Br. at 28 (“[T]he dispositive question is . . . whether a reviewing court can provide meaningful relief if it agrees with the [party challenging the bankruptcy court’s order] that the order is erroneous”). “But that argument—which goes to the meaning of the [bankruptcy laws] and the legal availability of a certain kind of relief—confuses mootness with the merits.” *Chafin v. Chafin*, 568 U.S. 165, 174 (2013). *Cf. Moody v. Warden*, 887 F.3d 1281, 1285–87, 1292 (11th Cir. 2018) (holding that death row inmate had Article III standing to challenge his planned execution notwithstanding the court’s ultimate conclusion that he could not obtain legal relief). We note also that, in the one case that we have found in which the Supreme Court addressed mootness in the context of action taken in reliance on an unstayed order in a bankruptcy proceeding, the Court had no trouble concluding that the case presented a justiciable controversy. *See Wayne United Gas Co. v. Owens-Ill. Glass Co.*, 300 U.S. 131, 134–35 (1937).

Notably, the County does *not* contend—as the respondent did in *Chafin*—that any of the forms of relief sought here (e.g., striking the offending jurisdictional provision from the confirmed plan) would be “ineffectual” with respect to the ratepayers’ harm. *See Chafin*, 568 U.S. at 174–76; *FTC v. Phoebe Putney Health Sys., Inc.*, 568 U.S. 216, 224 n.3 (2013). Nor does it contend that any “law of

physics prevents” us from issuing relief that might provide some relief for the ratepayers in this case. *Chafin*, 568 U.S. at 175. *Cf. Rhodes v. Stewart*, 488 U.S. 1, 4 (1988) (discussing mootness where a plaintiff seeking injunctive relief has died).

In sum, we have a live case under Article III. We proceed to consider the parties’ arguments about another sort of “mootness.”

III

We review de novo the district court’s conclusion that the doctrine of equitable mootness does not apply in the Chapter 9 context. The same standard of review applies to the district court’s alternative ruling that, if the doctrine did generally apply, it would not bar the ratepayers’ appeal. *See In re Club Assocs.*, 956 F.2d at 1069.²

The County argues that the doctrine of equitable mootness bars the ratepayers’ appeal from the bankruptcy court, and that the district court erred in concluding otherwise. We agree. First, we explore what precisely the doctrine is. Second, we explain why the doctrine can apply in a Chapter 9 proceeding like this

² We recognize that some other circuits review the application of the equitable mootness doctrine under an abuse of discretion standard. *See, e.g., R² Investments, LDC v. Charter Commc’ns, Inc. (In re Charter Commc’ns, Inc.)*, 691 F.3d 476, 483 (2d Cir. 2012) (acknowledging a circuit split). If we were writing on a clean slate, we might well use that deferential standard given the equitable and prudential foundations of the doctrine. But we applied a de novo standard in *In re Club Assocs.*, and as a panel we are bound by that earlier ruling.

one. Finally, we conclude that the doctrine bars the ratepayers' appeal from the bankruptcy court's confirmation order.

A

The doctrine of equitable mootness appears to have emerged at least a few decades ago in the various federal courts of appeals. *See, e.g., Am. Grain Ass'n v. Lee-Vac, Ltd.*, 630 F.2d 245, 247–48 (5th Cir. 1980); *Trone v. Roberts Farms, Inc. (In re Roberts Farms, Inc.)*, 652 F.2d 793, 796–98 (9th Cir. 1981); *In re Cont'l Airlines*, 91 F.3d 553, 557–67 (3d Cir. 1996) (en banc); Ross Elgart, *Bankruptcy Appeals and Equitable Mootness*, 19 Cardozo L. Rev. 2311, 2323–27 (1998). As far as we can tell, the Supreme Court has never endorsed it. Nor, however, has the Supreme Court, nor any court of appeals, rejected the concept outright. *See Ochadleus v. City of Detroit (In re City of Detroit)*, 838 F.3d 792, 800 (6th Cir. 2016) (2–1 decision applying equitable mootness in the context of a Chapter 9 municipal bankruptcy and noting that “even if the Supreme Court would abolish equitable mootness, it has not yet done so (nor has any circuit)”). *Cf. Wayne United Gas Co.*, 300 U.S. 131, 133–35 (denying an attempt to dismiss a bankruptcy appeal as moot due to the sale of the debtor's property in a separate state-court proceeding, because the creditors proceeded in state court “with full knowledge” that the debtor was simultaneously seeking reconsideration of the order dismissing its bankruptcy petition).

Essentially, this doctrine provides that reviewing courts will, under certain circumstances, reject bankruptcy appeals if rulings have gone into effect and would be extremely burdensome, especially to non-parties, to undo. The use of the word mootness (and the invocation of the consequences that arise from a mootness finding) in the term equitable mootness is a legal fiction, akin to the use of the word “eviction” (and the analogous invocation of relevant consequences) in the term “constructive eviction.” *See, e.g., Detroit*, 838 F.3d at 798 (“Equitable mootness is not technically ‘mootness’—constitutional or otherwise—but is instead ‘a prudential doctrine . . . ’”); *id.* at 806 (Moore, J., dissenting) (“Despite the name, equitable mootness bears no relation to ‘mootness.’ Indeed, in an equitably moot appeal, the relief sought is the opposite of moot—the consequences of granting it would be so great that they are deemed inequitable.”).

The doctrine, then, does not reference actual mootness at all. As the leading bankruptcy treatises explain, its application turns on equitable and prudential concerns which focus on whether it is reasonable to entertain the contentions of the parties challenging an order of the bankruptcy court. *See* William L. Norton, Jr. & William L. Norton III, 8 Norton Bankr. Law & Practice § 170:87 (3d ed. 2018); 7 Collier on Bankruptcy ¶ 1129.09[1] & n.2 (16th ed. 2018). It would perhaps be more appropriate for us to file the doctrine under the rubrics of forfeiture, waiver, or laches. *See In re One2One Commc’ns, LLC*, 805 F.3d 428, 449–50 (3d Cir.

2015) (Krause, J., concurring) (noting that “there are effective alternatives that do not suffer from the prudential, statutory, and constitutional defects of equitable mootness,” including “the equitable defense of laches”). *Cf. N. Pac. Ry. Co. v. Boyd*, 228 U.S. 482, 508–10 (1913) (explaining that in some scenarios—such as when harm results to others—laches may prevent a delayed challenge by a creditor to a foreclosure sale of the debtor’s assets). But it seems too late to change the nomenclature now.

B

Given that we are being asked to apply equitable mootness in a new setting, it makes sense to take a step back and consider the doctrine’s origins. By the mid-1990s, most federal circuits had applied a version of the doctrine, and some had even referred to it as “equitable mootness.” *See generally Cont’l Airlines*, 91 F.3d at 558 (citing cases from the First, Second, Fourth, Fifth, Seventh, Ninth, Eleventh, and D.C. Circuits).

For our part, we have used variations of the term equitable mootness (including “equitably moot”) in three published opinions involving bankruptcy appeals: *Florida Agency for Health Care Administration v. Bayou Shores SNF, LLC (In re Bayou Shores SNF, LLC)*, 828 F.3d 1297, 1328 (11th Cir. 2016); *Nica Holdings*, 810 F.3d at 786; and *Alabama Department of Economic & Community Affairs v. Ball Healthcare–Dallas, LLC (In re Lett)*, 632 F.3d 1216, 1225 (11th Cir.

2011). In each of these cases, we held that the doctrine did not apply in the particular circumstances presented. But it would be incorrect to say that we have never endorsed or applied the doctrine, because in these three cases we relied on earlier decisions in which we *had* dismissed bankruptcy appeals as “moot” (simpliciter) while overtly relying on equitable considerations. *See, e.g., Club Assocs.*, 956 F.2d at 1069 (“The test for mootness reflects a court’s concern for striking the proper balance between the equitable considerations of finality and good faith reliance on a judgment and the competing interests that underlie the right of a party to seek review of a bankruptcy court order adversely affecting him.”).³

Over the years, we have identified a number of important considerations for deciding whether the doctrine bars an appeal. The facts will weigh in favor of finding equitable mootness when allowing an appeal to go forward will impinge upon actions taken to one’s detriment in “good faith reliance on a [final and unstayed] judgment.” *Id.* at 1069–70. *Cf. Doll v. Grand Union Co.*, 925 F.2d 1363, 1371 (11th Cir. 1991) (discussing the equitable defense of promissory estoppel). Or—all the more—when permitting an appeal will interfere with actions taken without knowledge that any claims are still pending final resolution.

³ For other Eleventh Circuit cases holding that bankruptcy appeals were barred by equitable and prudential considerations, see *Miami Ctr. Ltd. P’ship v. Bank of N.Y.*, 838 F.2d 1547, 1553 (11th Cir. 1988); *Gwinnett Bank & Trust Co. v. Matos (In re Matos)*, 790 F.2d 864, 865–66 (11th Cir. 1986); and *Kahihikolo*, 807 F.2d at 1543.

See, e.g., Markstein v. Massey Assocs., Ltd., 763 F.2d 1325, 1327 (11th Cir. 1985) (holding that foreclosure sale of disputed property to a non-party would not be voided, but remanding for consideration of claim regarding repayment of funds wrongly held by the original creditor). The more substantially the party aggrieved by a judgment has allowed the egg of that judgment to be scrambled—the more that people have acted in ways that render inequitable the relief sought by the aggrieved party—the less likely we will be willing to consider ordering anyone to countenance “the pains that attend any effort to unscramble an egg.” *In re UNR Indus., Inc.*, 20 F.3d 766, 769 (7th Cir. 1994). *See also Bayou Shores*, 828 F.3d at 1328 (“The equitable mootness doctrine seeks to avoid an appellate decision that ‘would knock the props out from under the authorization for every transaction that has taken place and create an unmanageable, uncontrollable situation for the [b]ankruptcy [c]ourt.’”). The more complex a transaction (or a series of transactions) is, and the longer the time that has passed since the confirmation of the plan, the harder it will be to undo the past.

Conversely, if the relief sought does not undermine actions that may have been taken in reliance on the judgment, or if no such actions have been taken, then there will be no reason to conclude that an appeal is equitably moot. *See, e.g., Russo v. Seidler (In re Seidler)*, 44 F.3d 945, 949 (11th Cir. 1995) (matter was not equitably moot because the debtor had not yet recorded satisfaction of putative

creditor's lien that bankruptcy court concluded had been satisfied and had not sold the home); *Markstein*, 763 F.2d at 1327 & n.1, n.2 (dismissing appeal insofar as it challenged the validity of the foreclosure sale of the debtor's asset, but remanding because, "if the [debtor's] property sold at foreclosure for an amount in excess of the mortgage debt[,] the excess [might] go into the debtor's estate").

We are sensitive to the "interests that underlie the right of a party to seek review of a bankruptcy court order adversely affecting him." *Club Assocs.*, 956 F.2d at 1069. Consequently, courts will be less likely to find an appeal equitably moot if the aggrieved party sought a stay (especially if it did so promptly), if a stay was unjustifiably denied or was justifiably not requested, or if appellate review was sought reasonably promptly. *Compare Nica Holdings*, 810 F.3d at 787 (addressing appeal on the merits where the bankruptcy court rejected one motion to stay as too early and, immediately afterward, another one as too late, so that "there was never a time when [the appellant] *could* file a motion to stay"), *with Club Assocs.*, 956 F.2d at 1070–71 (dismissing appeal and endorsing the bankruptcy court's conclusion that the aggrieved party's failure to immediately seek a stay was "deliberate"). Other equitable considerations may also weigh against concluding that an appeal is "equitably moot," as we observe below in weighing the circumstances here. *See, e.g., Dill Oil Co., LLC v. Stephens (In re Stephens)*, 704 F.3d 1279, 1283 (10th Cir. 2013).

We have said that equitable mootness is rooted in the “general [principles] of appellate procedure.” *Lee-Vac*, 630 F.2d at 248. To be sure, Congress has codified one part or another of the doctrine at certain points in time. *See, e.g., id.* at 247–48 (former Bankruptcy Rule 805); *UNR*, 20 F.3d at 769 (enumerating “[s]everal [statutory] provisions . . . provid[ing] that courts should keep their hands off consummated transactions”). But we have since rejected attempts to strictly read any such codifications. *See Lee-Vac*, 630 F.2d at 247–48. And we have not inferred too much from the removal of any such codifications from the Bankruptcy Code. *See UNR*, 20 F.3d at 769 (“Section 1127(b), unlike § 363(m), does not place any limit on the power of the court of appeals, but the reasons underlying §§ 363(m) and 1127(b)—preserving interests bought and paid for in reliance on judicial decisions, and avoiding the pains that attend any effort to unscramble an egg—are so plain and so compelling that courts fill the interstices of the Code with the same approach.”); *Miami Ctr.*, 838 F.2d at 1553 (“The Eleventh Circuit, like other circuits, has recognized the continuing viability and applicability of the mootness standard in situations other than transfers by a trustee under § 363(b) or (c).”) (citing cases); *Sewanee Land, Coal & Cattle, Inc. v. Lamb (In re Sewanee Land, Coal & Cattle, Inc.)*, 735 F.2d 1294, 1296 (11th Cir. 1984) (explaining that the absence of an equivalent to Rule 805 in new bankruptcy rules did not call for a different outcome under the new rules, and holding that an appeal of the sale of

real property was equitably moot because the court was “powerless to grant relief”).⁴

C

We have never addressed whether equitable mootness applies in the Chapter 9 context. Because the doctrine is driven by its principles rather than any particular codification or arbitrary limitation, *see Lee-Vac*, 630 F.2d at 247–48, and because we see no respect in which these principles are bound to come into play any less in the Chapter 9 context than in the contexts of Chapters 11 or 13, we see no reason to reject the doctrine here. Indeed, in ways these principles will sometimes weigh more heavily in the Chapter 9 context precisely because of how many people will be affected by municipal bankruptcies. “‘If the interests of finality and reliance are paramount to [analysis of equitable mootness for] a Chapter 11 private business entity with investors, shareholders, and employees, . . . then these interests surely apply with greater force to the [County’s] Chapter 9 Plan, which affects thousands of creditors and residents.’” *Detroit*, 838 F.3d at 803. Nor do we see any reason why the doctrine’s principles would not be self-cabining in this context as they are in other bankruptcy contexts. We therefore join

⁴ We have, in this respect, perhaps differed somewhat from some other circuits, which have varied in how much they have focused on statutory provisions or rules in interpreting the doctrine. *See, e.g., Detroit*, 838 F.3d at 807–08 (Moore, J., dissenting) (discussing development of the doctrine in several circuits); *Castaic Partners II, LLC v. Daca–Castaic, LLC (In re Castaic Partners II, LLC)*, 823 F.3d 966, 968 (9th Cir. 2016) (“statutory mootness codifies part, but not all, of the doctrine of equitable mootness”).

the two other courts that have addressed this question in concluding that equitable mootness can apply in Chapter 9 cases. *See id.* at 804–05 (2–1 decision); *Franklin High Yield Tax-Free Income Fund v. City of Stockton (In re City of Stockton)*, 542 B.R. 261, 274 (B.A.P. 9th Cir. 2015) (citing an earlier Ninth Circuit case, *Lionel v. City of Vallejo (In re City of Vallejo)*, 551 F. App’x 339 (9th Cir. 2013), which reached the same result but did not indicate that the question was disputed).

The district court concluded that Chapter 9 is different in ways that required it to hold that equitable mootness does not apply in this context. The ratepayers, defending the district court’s decision, contend that the doctrine has no role in municipal bankruptcies because Chapter 9 “implicates public concerns” and potentially involves constitutional issues (like the ones they are asserting). *See* Appellees’ Br. at 4. These are important points, and we have duly considered them. Nevertheless, we are still persuaded that equitable mootness can apply in Chapter 9 cases.

The main theme running through the district court’s reasoning, and the ratepayers’ arguments, is that municipalities and their bankruptcies implicate issues of sovereignty, whereas corporations or individuals and their bankruptcies do not—and that, accordingly, it is important for us to tread carefully where self governance is concerned. *See Bennett*, 518 B.R. at 636–38. In a certain sense this observation rings true: the Bankruptcy Code arguably gives more (but certainly

different) protection to government entities under Chapter 9 than to private persons and entities who seek bankruptcy protection. *See Detroit*, 838 F.3d at 803.

But this argument doesn't speak to the threshold question of whether equitable mootness *can* apply in *any* case—it only speaks to whether it applies in particular cases. We see no reason why, for example, if a run-of-the-mill creditor of a municipality (which would have no greater basis in a Chapter 9 case than in any other bankruptcy case for laying claim to any equities of constitutional proportion) objects to a Chapter 9 bankruptcy plan, that creditor should be able to avoid equitable mootness merely because the bankruptcy proceedings happen to be under Chapter 9. Just as in other kinds of bankruptcy proceedings, concerns about finality, reliance, and equity will be at play.

In addition, it is not at all clear in which direction the ratepayers' federalism arguments will cut from one Chapter 9 bankruptcy to the next. Given the interests of the municipality and those of its residents (among others), there is a countervailing argument that a court ought to be *more* solicitous to the municipality that has obtained confirmation of its plan and thus be *especially inclined* to pull the trigger of equitable mootness. In the present case, the ratepayers (to whom a state's or municipality's rights ultimately accrue) are challenging the confirmed bankruptcy plan's alleged trampling of their state-based

rights, but what about the actual state entity (for whose sovereignty Chapter 9 procedures reflect such concern)?

Finally, we recognize that, given the centrality of constitutional rights to the fabric of our republic, there is a fair argument to be made that we should allow some leniency when a party who has allowed a bankruptcy plan to go into effect asserts constitutional claims on appeal. But the mere fact that a potential or actual violation of a constitutional right exists does not generally excuse a party's failure to comply with procedural rules for assertion of the right. A "constitutional right, or a right of any other sort, may be forfeited in criminal as well as civil cases by the failure to make timely assertion of the right before a tribunal having jurisdiction to determine it." *Henderson v. United States*, 568 U.S. 266, 271 (2013) (internal quotation marks omitted). And we generally allow those with constitutional rights to waive them. *See, e.g., Wellness Int'l Network, Ltd. v. Sharif*, 135 S. Ct. 1932, 1944–45 (2015) (permitting litigants to consent to disposition by the bankruptcy court of claims that would have otherwise required an Article III tribunal for adjudication).

Ultimately, we think the correct result is to join the Sixth Circuit and the Ninth Circuit B.A.P. in allowing equitable mootness to apply in the Chapter 9 context. As for federalism concerns, it will be appropriate to note them when

deciding whether the doctrine should bar an appeal in a particular bankruptcy case.

We do precisely this below.

D

Having explained the law that underpins our equitable mootness inquiry, and having concluded that the doctrine can apply in a Chapter 9 case such as this, we now explain why equitable mootness bars the ratepayers' appeal.

First, and critically, the ratepayers here have never asked any court to stay the implementation of the plan that the bankruptcy court confirmed—not the bankruptcy court itself, not the district court, and not this court—and consequently no court has ever stayed the implementation of the plan. Indeed, the ratepayers had the opportunity to defend the automatic 14-day stay when Jefferson County asked the bankruptcy court to waive it, but they raised no objection then either. Nor did the ratepayers ever ask that their appeal be expedited. Consequently, when Jefferson County commenced this appeal, the bankruptcy court's confirmation order (and the plan) had been in effect, never having been stayed, for more than a year.

We acknowledge that the “failure to obtain a stay does not necessarily preclude review of [an] appeal.” *Club Assocs.*, 956 F.2d at 1070. For example, if the relief sought on appeal does not seriously undermine the actions that parties have taken in good faith reliance on the judgment, or with no knowledge at all of

the pending litigation, then there may be no reason to conclude that the appeal is equitably moot. *See, e.g., Seidler*, 44 F.3d at 949 (party which prevailed before the bankruptcy court in dispute over title to home retained the property in question, so the dispute was not equitably moot). We may also be less concerned that a stay was not granted if, for example, a court appears to have refused a stay on inappropriate grounds. *See Nica Holdings*, 810 F.3d at 787.

Claiming this “not necessarily preclude[d]” rubric for themselves, the ratepayers contend (and the district court held) that seeking a stay would have been futile because the ratepayers could never have raised sufficient money to post a supersedeas bond for a plan confirmation with billions of dollars at stake. *See Bennett*, 518 B.R. at 639–40. We see things differently. For starters, even if the bankruptcy court (which had confirmed the plan over the ratepayers’ objections) had been inclined to deny a stay, the same certainly could not be said of the district court (which has agreed with the ratepayers on at least some of their arguments). On this record, we do not think it can fairly be said that seeking a stay and/or requesting that the appeal be expedited were fool’s errands. We come to this conclusion in part by rejecting a premise of the ratepayers’ argument: that a bond would necessarily have been required for a stay of limited duration. Given the unique nature of a Chapter 9 proceeding, the ratepayers could have asked for limited stay relief on another basis, such as meeting the traditional requirements for

obtaining a preliminary injunction—likelihood of success on the merits, irreparable harm, etc. *Cf. Ind. State Police Pension Trust v. Chrysler LLC*, 556 U.S. 960, 960 (2009) (endorsing the application of these factors in deciding whether to stay a bankruptcy court order authorizing the sale of assets); *Poplar Grove Planting & Refining Co. v. Bache Halsey Stuart, Inc.*, 600 F.2d 1189, 1191 (5th Cir. 1979) (discussing alternatives to posting an appeal bond for the full amount of the judgment).

Second, and closely related to the stay question, the County and others have taken significant and largely irreversible steps in reliance on the unstayed plan confirmed by the bankruptcy court. Specifically, the County has issued over one billion dollars' worth of new sewer warrants and has used the proceeds to retire the old sewer warrants. These new warrants were sold based on a commitment—backed up by an unstayed court order—to set sewer rates at particular amounts over the course of the next 40 years. The relief sought here, even if limited to striking the provision giving the bankruptcy court jurisdiction with respect to future rates, would seriously undermine actions taken in reliance on the confirmation order. If the district court were to excise the part of the plan providing the bankruptcy court with jurisdiction to oversee disputes regarding the required future increases in sewer rates, there would be serious uncertainty about what would happen to the value of the new warrants, released into the market in

the absence of a stay of the confirmation order. We think it is fair to assume that, at the very least, whoever ultimately held those warrants would be adversely affected. Were we to do more, as the County insists that we would be required to do, and vacate the confirmation order *in toto*, any concern about the value of these warrants would pale in comparison to the ill effects not just to investors, but to the County and, ultimately, its residents.

This case is, consequently, much like others in which we have refused to allow a party fully to air the merits of its appeal because granting the relief sought would be inequitable or practically impossible. *See, e.g., Club Assocs.*, 956 F.2d at 1069–71 (lender’s appeal of plan reorganizing real estate entity was moot where other parties had stepped in and made investments to revitalize the entity in reliance on the confirmed plan); *Matos*, 790 F.2d at 865–66 (debtor’s appeal of plan that allowed foreclosure sale of the debtor’s home was moot where the mortgage lender had conducted foreclosure sale in reliance on the confirmed plan, even though the lender itself bought the home in the sale). And it is quite unlike the few in which we have considered applying equitable mootness but decided, notwithstanding an unstayed judgment, that the doctrine did not apply. These disputes have typically involved the allocation of money, and have not had any bearing on the rights of non-parties or (other) creditors, nor on the continued

viability of an entity rehabilitated through the bankruptcy process. *See, e.g., Seidler*, 44 F.3d at 949; *Markstein*, 763 F.2d at 1327.

Finally, as with many equitable determinations based on notions of fairness, we look briefly at the merits and the public interest to determine whether or to what extent a decision either way in this case might result in injustice. *See In re Club Assocs.*, 956 F.2d at 1071 (“The concept of mootness is based upon the premise that a court will undertake the task of carefully examining each issue presented on appeal.”). *See also Stephens*, 704 F.3d at 1283 (“Because of the private and public interest in resolving this legal issue, we decline to apply the doctrine of equitable mootness.”). As we noted above, concern for the merits is especially warranted where, as here, the challenged plan is alleged to impinge on municipal sovereignty. Here, however, we see no such injustice.

The core of the ratepayers’ arguments is that, through the plan, the bankruptcy court has allowed County commissioners at one point in time to bind future County commissioners—indeed, the County as a whole—in a way that impermissibly reduces the autonomy of the County and the political voice of the voters of Jefferson County (including the ratepayers). This argument is, in our view, not very strong.

Courts are sympathetic to concerns about end-runs around political processes, *see, e.g., INS v. Chadha*, 462 U.S. 919, 959 (1983), and the ratepayers

have a point that constraining future budgetary decisions in this manner in a sense bypasses the usual procedures. In effect, the County has bound itself to raise rates for decades according to a particular schedule, with limited exceptions/safety valves. But the ratepayers are incorrect in claiming that this constitutes a fundamental change to the way that a municipality governs.

Elected officials can bind their successors—and consequently also their constituents, the people—to all kinds of unavoidably long-lasting financial effects, sometimes irreversibly: they spend budget surpluses; they run deficits; they raise and cut taxes; they expand and contract boundaries; they sign long-term contracts; and they enter into expensive consent decrees to resolve litigation. We know of no authority for the proposition that such government action, which impinges on the rights (or at least limits the ability) of future governments to undo, becomes an illegal end-run around constitutional governance. That a Chapter 9 bankruptcy plan subjects the residents of Jefferson County to rate increases over time, instead of forcing them to bear the financial pain all at once, does not transmogrify it into one that per se violates the ratepayers' constitutional rights. *Cf. Schweitzer v. Comenity Bank*, 866 F.3d 1273, 1277 (11th Cir. 2017) (“the greater power normally includes the lesser”). We need not attempt to engage in subtle line-drawing exercises between permissible and impermissible commitments to future action in this appeal, because the ratepayers have not asked us to do so. They seek

only a per se bar on such future commitments by their elected representatives in accordance with the plan. Having evaluated the factors relevant to an equitable mootness determination, we conclude that dismissing the ratepayers' appeal is appropriate.

We note, in concluding, that no party has so far asked the bankruptcy court to exercise its jurisdiction to force Jefferson County to adjust its sewer rates according to the provisions of the confirmed plan. We therefore express no view on whether the ratepayers (or anyone else) will be able to mount a challenge to aspects of the plan in the future should the bankruptcy court in fact purport to exercise its jurisdiction to compel an increase in rates in compliance with the plan.

IV

We reverse the order of the district court and remand for dismissal of the ratepayers' appeal from the plan confirmed by the bankruptcy court.

REVERSED and REMANDED.