

# Jefferson County

## Alabama's Debt Crisis

'96	Jefferson County enters into a consent decree with the federal government to rebuild its sewer system, including sewer lines in Birmingham. The county pays a \$750,000 fine and agrees to spend \$30 million to	establish an environmental program. The project is estimated to cost \$1.5 billion. The cost eventually balloons to more than \$3 billion.
'97	Jefferson County sells its first debt to begin the sewer rehabilitation work \$211 million of Sewer Revenue Refunding Warrants. Insured by Financial Guaranty Insurance Co., the lead manager is Raymond James & Associates Inc. with Blount Parrish & Roton Inc., Compass Bank, Gilchrist	Securities Inc., Merchant Capital Corp., and National Bank of Commerce of Birmingham. Bond counsel is Haskell Slaughter & Young LLC.
'01	County sells \$275 million of sewer revenue capital improvement warrants that are insured by FGIC. Lead managers are Sterne, Agee & Leach Inc. and JPMorgan. Swap counterparty is JPMorgan.	
'02	The Federal Bureau of Investigation begins an investigation of the sewer construction program that ends with the conviction of 21 individuals, including former county commissioners, county employees, and sewer contractors. Most of the convictions involved giving or taking bribes. The county sells \$110 million of variable-rate sewer revenue capital improvement warrants insured by FGIC. JPMorgan is lead manager and	swap counterparty. It also issues \$840 million of variable/auction-rate sewer revenue refunding warrants, insured by XL Capital Assurance Inc. (now Syncora Guarantee Inc.). Swap counterparties are JPMorgan, Bank of America NA and Lehman Brothers Special Financing Inc.
'03	The county pursues a complex refinancing of its sewer debt using derivatives to lower costs and avoid sewer-rate increases. It issues \$1.16 billion of fixed, variable and auction-rate sewer revenue refunding warrants insured by FGIC, XL Capital Assurance and Financial Security Assurance Inc. JPMorgan and Sterne, Agee & Leach Inc. are lead managers with JPMorgan as swap counterparty. Blount Parrish participates as a remarketing agent and receives a swap fee. The county also sells \$1.1 billion of Auction-Rate Sewer Revenue Refunding Warrants insured	by FGIC and FSA. JPMorgan and Banc of America Securities LLC are managers and swap counterparties. Blount Parrish receives payments for participating in the deal.
'04	The Bond Buyer reports that sources say the SEC is looking into Jefferson County's bond financings. The county restructures its sewer debt swaps, initiating three swaps with Bear, Stearns & Co. for a total notional amount of \$1.56 billion and one with Bank of America for \$380 million. Blount Parrish receives pay-	ment in connection with the swaps with Bear Stearns. The SEC launches an inquiry into Jefferson County's interest rate swaps.
'06	SEC begins formal investigation to determine whether certain firms or individuals associated with the transactions may have violated securities fraud laws.	Birmingham-based Porter, White & Co. hired as swap and financial adviser.
'07	SEC subpoenas William Blount, chairman of Blount Parrish & Co., and former county commission president Larry Langford. Blount and Langford (later mayor of Birmingham) seek to quash subpoenas in Birmingham federal court. SEC asks federal court in Miami to force Langford	and Blount to testify, saying it has obtained evidence showing Langford received at least \$125,000 in questionable payments from a lobbyist who served as a consultant to Blount's firm.

# '08 February

After FGIC and XL Capital Assurance lose their triple-A ratings, interest rates on the county's sewer debt soar to penalty levels as auctions fail. Banks are forced to buy back \$850 million of variable-rate sewer warrants. Commissioners retain Porter White and the law firm Bradley, Arant, Rose & White LLP to help negotiate with creditors.

**25** Standard & Poor's lowers its underlying rating on the county's \$3.2 billion of outstanding sewer revenue debt three notches

to BBB from A.

**26** Moody's Investors Service downgrades the county's sewer debt to Baa3 from A3.

**29** Standard & Poor's downgrades the county's sewer debt to junk, lowering the rating to B from BBB.

# March

**4** Moody's slashes to B3 from Baa3 the underlying rating on the sewer debt.

**5** County says that it will not post collateral or provide insurance to avoid termination of 13 swaps with various counterparties. The county has entered into more than a dozen swaps for a notional amount of about \$5.2 billion related to the sewer debt.

**6** Standard & Poor's cuts the sewer debt to CCC from B. Lowers the county's general obligation rating to A from AA.

**12** County commission president Bettye Fine Collins outlines a refinancing strategy that would require the state Legislature

to direct excess revenues from a local one-cent sales tax for schools toward the county's sewer debt service.

**27** Moody's downgrades the county's sewer revenue warrants to Caa3 from B3. Downgrades the county's GO debt to Baa1 from Aa2.

**31** County commissioners approve debt forbearance agreements deferring payments to liquidity providers, bond insurers, and swap counterparties.

# April

**1** Standard & Poor's lowers its underlying rating on the county's Series 2003B-2 through 2003B-7 sewer revenue refunding warrants to D from CCC.

**10** FGIC and XL Capital Assurance release a joint statement that they stand behind their policies insuring the county's warrants. FGIC has net par exposure of about \$1.19 billion to the county's sewer debt and XL Capital Assurance Inc. has \$809 million of exposure. FSA has \$151 million of net par exposure.

**30** SEC files securities fraud charges against Blount, Langford and lobbyist Al LaPierre. It says Langford selected Blount Parrish to participate in \$6.4 billion of county bond offerings and swap transactions during 2003 and 2004, earning Blount Parrish over \$6.7 million in fees. It alleges LaPierre was used as a conduit to funnel \$156,000 in undisclosed payments to Langford. The six-count complaint marks the commission's first enforcement action involving what it calls security-based swap agreements.

# May

**15** Commissioners approve a two-week extension of forbearance agreements, delaying a \$53 million payment required to redeem variable-rate sewer warrants.

**16** A federal grand jury in Alabama begins questioning elected and finance officials involved in Jefferson County bond deals.

**30** Commissioners approve forbearance agreements delaying debt payments until Aug. 1.

# June

**1** The county retains Merrill Lynch & Co. as its adviser for restructuring the county's outstanding sewer debt.

**26** County releases one-page outline prepared by Merrill Lynch stating that the county wants to avoid bankruptcy and repay all principal owed at a reasonable market rate. It suggests the county seek authority to use excess sales tax revenue as well as sewer rate increases and a general fund subsidy to restructure the sewer debt.

**30** Blount, Langford and LaPierre ask the court to throw out charges against them, saying the SEC has no jurisdiction over non-securities-based swaps. SEC maintains the swaps are in fact securities-based but says case could proceed on fraud charges alone.

# July

**8** Commissioners fire Merrill and Bradley, Arant, Rose & White. They appoint Haskell Slaughter Young & Rediker to be lead negotiator with creditors, the same firm that served as bond counsel for the sewer bond deals. The county appoints Citi, Morgan Keegan & Co., and Sterne Agee & Leach Inc. on a contingent basis to underwrite any bonds sold as a result of a restructuring plan.

**21** The new team comes up with a plan that would require approval from the state Legislature to apply other revenues to restructur-

ing the sewer debt.

**24** Alabama's pension fund chief David Bronner suggests he would use Retirement Systems of Alabama funds to buy the county's sewer system, but only if the county files for bankruptcy.

**31** Citi unveils plan to replace floating-rate sewer debt with fixed-rate debt, a plan that requires state approval and a statewide referendum. Moody's drops the county's non-sewer debt to junk status.

## August

**1** Commissioners approve their fourth set of forbearance agreements and agree to pay \$44 million in principal. Standard & Poor's downgrades the county's GO warrants to BBB from A.

**5** Commissioners ask Gov. Bob Riley to call a special session of the Legislature to consider the county's sewer debt crisis. Riley declines to do so unless a majority of lawmakers are ready to pass a plan.

**7** The Securities Industry and Financial Markets Association in a court filing says SEC does not have oversight of interest rate swaps based on the SIFMA municipal swap index, such as those used by Jefferson County, claiming it is an index of interest rates, not securities.

**14** Commissioners decide to ask local voters on Nov. 4 if they want the county to file for bankruptcy, default on debt payments or pay the sewer debt in full.

**15** Alabama pension chief Bronner advises commissioners to authorize their attorney to prepare to file for Chapter 9 municipal bankruptcy to force the county's creditors into "serious negotiations."

**26** Commissioners dismiss Haskell Slaughter, Citi, Morgan Keegan, and Sterne Agee & Leach. They ask Gov. Riley to facilitate negotiations and rehire the law firm Bradley, Arant, Rose & White, au-

thorizing attorneys to prepare for a Chapter 9 bankruptcy filing should negotiations fail to resolve the crisis.

The state attorney general says that the county cannot hold a referendum seeking voter input on a solution to the crisis without approval of the state Legislature.

**27** Standard & Poor's lowers county's general obligation warrants to B from BBB. Downgrades other county debt, including school warrants.

The SEC urges a federal court in Alabama to disregard SIFMA's friend-of-the-court-brief.

**29** Riley reportedly offers a restructuring plan that would require investment banks to buy back some or all auction-rate bonds, exchange variable-rate bonds for longer-term bonds that have fixed interest rates and eliminate swap termination payments calculated to be as much as \$250 million. Riley's plan would be supported by sewer rate increases of up to 2.85% annually. County's forbearance agreements extended until Sept. 30.

## September

**3** JPMorgan announces it will stop structuring interest-rate derivative products for governmental municipal issuers.

**12** The Birmingham News reports that a majority of county commissioners have rejected a counteroffer from creditors that sought other revenues in addition to annual increases in sewer rates to restructure the sewer debt.

**16** Syncora, FGIC., and bondholder trustee The Bank of New York Mellon file suit against the county requesting a federal court appoint a receiver to manage the sewer system. Standard & Poor's drops its ratings to C from CCC on the county's series 1997A, 2001A, 2003 B1A through B1E, 2003 C-1 through C-10 sewer warrants. The agency also revises its CreditWatch outlook for the county to negative.

**24** Standard & Poor's drops its underlying rating on the county's \$120 million of Series 2001B GO variable-rate warrants to D from B because the county failed to make a principal payment on Sept. 15.

**25** County files a counterclaim in response to the legal action taken by its bond insurers and trustee. The county says its financial crisis was caused by the insurers due to their rating downgrades and risky investments. The county seeks a jury trial and compensatory damages and punitive damages of more than \$100 million. Moody's downgrades to B3 from Ba3 its rating on the county's \$270 million of outstanding GO debt, including the variable-rate obligations held by banks. Moody's also downgrades most of the county's other non-sewer debt further into junk territory.

## October

**2** County commissioners approve a seven-day extension of sewer forbearance agreements at the request of Riley.

**6** Municipal Market Advisors analyst Matt Fabian recommends that investors "be highly cautious in purchasing any bonds" issued by Alabama or its localities. County commissioners Jim Carns and Bobby Humphries propose a resolution for consideration on Oct. 14 that would authorize attorneys to file for bankruptcy. Riley sends a letter to U.S. Treasury asking for the newly created Troubled Asset Relief Program to provide a backstop for county's sewer debt restructuring plan. The request is denied.

**9** New York Insurance Department superintendent Eric Dinallo says his agency intervened in the county's negotiations with creditors at the request of Riley and helped secure \$1 billion in concessions, with the contingency that Alabama lawmakers create a control board to oversee the sewer system and allow for the use of excess local sales tax revenues to help pay for the restructuring plan. The commission

approves forbearance extensions until Oct. 31.

**14** The commission votes 3 to 2 against the Carns and Humphries resolution that would have allowed attorneys to file for bankruptcy.

**15** FGIC and Syncora file a motion in federal court seeking to dismiss the county's counterclaims against them.

**23** The county responds to FGIC and Syncora's motion to dismiss saying the insurers' actions have "caused concrete and particularized injury to the county..."

**27** FGIC and Syncora say the county incorrectly based its counterclaim "on promises and obligations the insurers never made..."

**30** Commissioners approve extending forbearance agreements.

## November

**12** Commissioners approve forbearance agreements delaying swap payments until Dec. 8.

**19** The federal judge in the receivership case says he will appoint special masters to investigate and make recommendations regarding the operation of the sewer system.

**25** John Young, president of American Water Services Co., and John Ames, an attorney with Greenbaum Doll & McDonald PLLC, are appointed by a federal judge as special masters to evaluate the sewer system. They are ordered to produce a report by Jan. 19.

## December

**1** A 101-count indictment is unsealed leveling conspiracy, bribery, fraud, and money laundering charges against Langford, LaPierre, and Blount.

**8** Commissioners extend forbearance agreements on the sewer debt and related swaps until Feb. 20.

**16** Commissioners unanimously vote to suspend automatic sewer rate increases after being told they face rate hikes of nearly 400% to pay debt service.

# '09 January

**12** A local judge strikes down as unconstitutional the county's occupational and business license taxes that support about one-third of the county's general fund budget. The county appeals the ruling.

**14** County commissioners approve a new forbearance agreement on nearly \$120 million of non-sewer general obligation warrants and agree to make partial payments to banks holding the variable-rate demand obligations. The forbearance delays full payment until March 12.

**27** A majority of commissioners approve a controversial 90-day contract with Washington-based Book Hill Partners LLC to lobby for federal financial aid. Book Hill declines to sign the contract three days later noting "a toxic political landscape around Jefferson County."

# February

**4** A judge dismisses eight of nine defendants — most creditors of Jefferson County — from a lawsuit filed in circuit court that sought to use a state law regarding incorporation to invalidate \$2.2 billion of sewer auction-rate securities issued by the county and \$4.2 billion of related swaps. The judge left open the possibility that an amended suit could be filed against Blount Parrish & Co.

**10** Special masters recommend sewer rate increases and other measures to deal with sewer system's financial problems.

**12** County commissioner Carns says the county should immediately file for bankruptcy to foreclose the possibility of a federal

court-appointed receiver for the sewer system.

**17** A federal judge agrees to delay the sentencing of former county commissioner Mary Buckelew, who pleaded guilty to lying to a grand jury about gifts she received from a banker working on the sewer bond issues.

**18-19** FGIC, Syncora, and the Bank of New York Mellon file motions in federal court stating that a receiver should be appointed for the sewer system.

# March

**2** JPMorgan and Bear Stearns & Co. notify the county that they will terminate nine swaps related to the sewer debt. The banks calculate swap termination payments owed by the county at \$648 million and \$9.1 million respectively. All of the sewer-related swaps have now been terminated, including those held with Bank of America and Lehman Brothers. The county estimates swap termination costs total \$748 million. Forbearance agreements are in place delaying swap payments with the counterparties, except Lehman, which is in bankruptcy.

**5** Gov. Riley writes Treasury Secretary Timothy Geithner and Federal Reserve Board chairman Ben Bernanke asking the federal government to help Jefferson County restructure its sewer debt.

**12** Commissioners extend forbearance agreements with creditors on approximately \$120 million of variable-rate GO debt, delaying some payments through June 20. The warrants are held by JPMorgan Chase and Bayerische Landesbank Girozentrale.

**24** Commissioners Carns and Humphries release a five-page statement describing why they think the county should file for bankruptcy.

**26** A federal judge rules that if a receiver is appointed for the sewer system he or she cannot set rates.

# April

**15** Syncora and FGIC say they intend to sue the county for fraud and at least \$700 million in damages.

**21** Commissioners authorize new sewer debt forbearance agreements delaying payments until May 29.

**27** Syncora — the county's largest sewer bond insurer — suspends all claims payments while it attempts to complete a

comprehensive restructuring. Jefferson County has called on Syncora to make \$133.5 million in principal payments and \$27.4 million in interest payments on the county's sewer warrants. Syncora insures \$1.1 billion of the sewer debt.

**28** County commissioners pass a resolution asking Alabama lawmakers for assistance to help the county pay off its sewer debt.

# May

**7** JPMorgan discloses that the SEC is filing an enforcement action against it for alleged violations of federal securities law and Municipal Securities Rulemaking Board rules involving municipal derivatives transactions with the county in 2002 and 2003. JPMorgan says it has been in discussions with the SEC "in an attempt to resolve the matter prior to litigation."

**15** The legislative session ends without action on a sewer debt restructuring bill or another bill that would reauthorize an occupational tax.

**26** Gov. Riley asks lawmakers in Washington to consider legislation that would provide debt guarantees for a refinancing to help the county avoid a "massive" sewer debt default.

# June

**3** The county asks the SEC to help restructure its sewer debt by making available to it any disgorged ill-gotten gains and penalties the SEC collects from the county's creditors.

**6** The county discloses its first missed payment to sewer warrants owners after defaulting on \$46 million of accelerated principal. The county blames Syncora for failing to pay its bond insurance policy.

**12** A federal judge says Syncora, FGIC, and Bank of New York Mellon can pursue a receiver in state court. He also says the county failed to disclose a critical revenue study before it sold refinancing debt in 2003.

**16** County commissioners vote to close satellite courthouses and go to a four-day work week.

## July

**15** Langford, Blount, and LaPierre ask for their Aug. 31 trial date to be delayed.

**16** Gov. Riley says he cannot legally declare an emergency as requested by county officials, saying such a declaration is for natural disasters, not man made financial crises.

**17** Two federal court-appointed masters in a final report say there should be a “consensual resolution” to dealing with the

defaulted debt.

**30** LaPierre enters a guilty plea in federal court to one count each of conspiracy and filing a false tax return.

**31** Some 900 county employees are furloughed and county offices are shuttered due to the loss of an occupational tax providing significant revenues for the general fund budget.

## August

**3** Bank of New York Mellon files a civil suit in Alabama state court seeking a receiver for Jefferson County’s sewer system after failing to get a federal judge to appoint a receiver.

**14** The Alabama Legislature finishes a special session enacting a revised occupational tax for Jefferson County and requiring

that a county manager be hired.

**18** Blount pleads guilty to one count each of bribery and conspiracy.

**25** Alabama Supreme Court affirms a lower court ruling striking down a previous occupational tax.

## September

**8** County commissioners extend another forbearance agreement with liquidity banks.

**22** Commissioners adopt an \$808 million budget for fiscal 2010 that includes funding to return most of 900 laid-off county employees in October.

## October

**28** Langford is convicted of 60 federal pay-to-play charges mostly related to his tenure as president of the Jefferson County Commission.

## November

**4** The Securities and Exchange Commission settles securities fraud and other charges against JPMorgan in connection with the county’s sewer warrant sales and swap transactions. The bank does not admit or deny the charges but ultimately pays \$75 million to the county and forfeits \$647 million of claimed swap termination fees.

**6** Langford files a motion seeking a new trial and requesting that a federal judge set aside his conviction.

**12** Former commissioner Mary Buckelew is ordered to serve three years on probation, pay a \$20,000 fine, and do 200 hours of community service for accepting expensive gifts from Blount in return for her votes on sewer warrants deals and swaps.

**13** County files a lawsuit against JPMorgan, Blount Parrish & Co., Charles LeCroy, Douglas MacFaddin, Larry Langford, William Blount, and Albert LaPierre for their roles in the county’s troubled sewer financings and swaps. The county demands a jury trial.

## December

**16** A lawsuit is filed challenging the legality of the county’s new occupational license tax approved by state lawmakers in August.

## '10 January

**19** Alabama federal judge Scott Coogler denies Langford’s motion for a new trial.

## February

**26** Blount is sentenced to 52 months in prison and LaPierre gets 48 months.

<h2>March</h2>	<p><b>5</b> Langford is sentenced to 15 years in federal prison. Attorneys later notify the 11th U.S. Circuit Court of Appeals in Atlanta that Langford will appeal his conviction.</p>	
<h2>April</h2>	<p><b>20</b> Gov. Riley signs a bill placing strict disclosure requirements on Jefferson County's future issuance of debt and use of swaps.</p>	<p><b>26</b> The SEC files a motion in federal court saying it will pursue civil litigation against Langford for securities law violations but not Blount or LaPierre.</p>
<h2>May</h2>	<p><b>4</b> Syncora files a civil suit in New York alleging that the county and JPMorgan fraudulently induced it to provide more than \$1 billion in insurance coverage for the sewer warrants.</p>	
<h2>June</h2>	<p><b>16</b> Assured Guaranty Municipal Corp. files a civil suit in New York alleging it was fraudulently induced by JPMorgan and the county to provide more than \$378 million in insurance coverage for the warrants.</p>	
<h2>July</h2>	<p><b>14</b> A federal judge enters permanent injunctions against Blount and his firm and LaPierre ordering them not to violate securities laws. They agree to the orders without admitting of denying any charges.</p>	<p><b>16</b> The SEC files a motion seeking a summary judgment and permanent injunction against Langford for violating the federal Securities Act. Langford later files a motion seeking a stay while his appeal is pending.</p>
<h2>August</h2>	<p><b>4</b> A federal judge denies motions to dismiss SEC civil charges against two former JPMorgan bankers, Charles LeCroy and Douglas MacFaddin, who were involved in the county's sewer deals.</p>	<p><b>10</b> County commissioners hire Warren, Averett, Kimbrough &amp; Marino LLC to do the audit for fiscal year 2008.</p>
<h2>September</h2>	<p><b>7</b> Trial begins in the Bank of New York Mellon's quest to obtain a receiver to take over control of the county's sewer system.</p> <p><b>22</b> Circuit Judge Albert Johnson orders the county's sewer system into receivership and appoints John Young as receiver with ability to raise rates.</p>	<p><b>27</b> Federal prosecutors file a brief urging the U.S. 11th Circuit Court of Appeals in Atlanta to uphold Langford's conviction.</p>
<h2>October</h2>	<p><b>7</b> The SEC approves a plan allowing the county to receive a \$25 million disgorgement and civil penalty that JPMorgan paid into a fund to compensate harmed investors and issuers.</p>	
<h2>November</h2>	<p><b>2</b> Four new commissioners are elected and a fifth relative newcomer is re-elected. They are sworn in Nov. 10.</p>	
<h2>December</h2>	<p><b>1</b> Montgomery Circuit Judge Charles Price strikes down the county's replacement occupational tax. The county later notifies the state Supreme Court that it is appealing the ruling.</p>	<p><b>21</b> A New York Supreme Court judge rejects JPMorgan's motion to dismiss lawsuits brought by bond insurers Syncora and Assured Guaranty.</p>

# '11 January

**28** Commission President David Carrington and Commissioner Jimmie Stephens meet creditors in New York to discuss the county's debt, including bonds secured by sewer system revenues, sales tax revenues, and general obligation debt.

# March

**9** Commissioner Stephens says expenses will exceed revenues by July if the occupational tax is not restored. The county hires FTI Consulting to review the budget and prepare a plan to file for bankruptcy if the tax is struck down by the Supreme Court.

**16** The Alabama Supreme Court upholds a lower court judge's ruling striking down the county's occupational tax. The high court agrees that the state Legislature enacted the tax improperly during a

special session in 2009.

**30** A federal judge denies a motion by Langford to dismiss SEC civil charges against him. The judge also allows the Securities Industry and Financial Markets Association to file a friend-of-the-court brief in the case, which is the commission's first enforcement action involving what it calls security-based swap agreements.

# April

**6** Auditors say the county must restructure its troubled debt or take "other significant reorganization activities." Auditors found that accelerated debt payments and defaults "raise substantial doubt about the county's ability to continue as a going concern."

**14** The county faces a \$77 million deficit by fiscal year end primarily due to the loss of tax revenues while expenses such as accelerated debt payments could render the county insolvent, according

to a report by FTI Consulting.

**15** The Alabama Supreme Court denies a motion by JPMorgan and other defendants to dismiss a lawsuit that was filed against them by the county in November 2009.

**19** Standard & Poor's revises its rating outlook on the county to negative from developing citing greater potential for a bankruptcy filing.

# June

**3** The county discloses that it has received letters from the Internal Revenue Service, which wants to examine \$2.3 billion of sewer warrants issued in 2003.

**9** The Alabama Legislature ends its regular session without providing fiscal relief for Jefferson County.

**14** In a report to the court, the sewer system receiver recommends rate increases to counter a decline in customers, maintain the system and pay outstanding debt. A 25% rate increase would take effect Sept. 1 and would be the first of several annual double-digit increases under the plan.

**22** John Young, the sewer system receiver, discloses that he made a claim last November on the \$50 million the county received from JPMorgan's SEC settlement. He later made a claim for the \$25 million received from the SEC fair fund through the bank. The county relies on the money for liquidity in its general fund.

**29** It is disclosed that Jefferson County threatened to file for bankruptcy due to the sewer receiver's demand for rate increases. The county and receiver then agree to a 30-day "standstill" meaning neither side will take action and allow sewer debt restructuring talks to continue.

# July

**8** A circuit judge issues a clarifying order that gives total control of the sewer system's finances to the court-appointed receiver.

**14** County and state officials submit a sewer debt restructuring plan that asks creditors holding \$3.14 billion of defaulted warrants to take a haircut of \$1.3 billion.

Federal judge Abdul Kallon enters permanent injunctions against Blount and LaPierre requiring them not to violate securities laws and rules of the Municipal Securities Rulemaking Board in the future and settling the

SEC's civil case against them.

**26** The county hires the national bankruptcy law firm Klee, Tuchin, Bogdanoff & Stern LLP to help determine whether to proceed with a Chapter 9 filing.

**28** The county agrees to take the next week to review a counteroffer submitted by sewer warrant creditors who reportedly have offered to take a \$1 billion haircut.

# August

**4** Commissioners announce they are submitting another settlement offer to creditors and delay for a week a decision about whether to file for bankruptcy.

**5** The 11th Circuit Court of Appeals in Atlanta upholds Langford's conviction.

**12** County commissioners reject the latest offer from creditors and decide to take another 30 days to negotiate a settlement to restructure \$3.14 billion of troubled sewer warrants.

**25** Jefferson County's 2009 audit is released. The county's ability to continue as a going concern is in "substantial doubt" without restructuring troubled debt, auditors said, citing defaults on \$4.34 billion of sewer, limited obligation school, and general-obligation warrants.

## September

**2** Former commissioner Larry Langford asks the U.S. 11th Circuit Court of Appeals to rehear the appeal of his pay-to-play conviction. The appellate court previously affirmed his 2009 conviction on 61 counts mostly related to the county's failed sewer warrants.

**16** Commissioners agree to an outline for restructuring the defaulted sewer warrants. Creditors agree to take a \$1.09 billion haircut in return for refinancing \$2.05 billion of new 40-year debt. The deal hinges on actions by the Legislature, including a state moral obliga-

tion pledge to cover debt service shortages on the refinanced bonds.

**21** A federal judge dismisses the SEC's suit against Larry Langford and the agency's claims for penalties.

## November

**9** County commissioners vote 4-1 to file for the largest municipal bankruptcy in U.S. history.

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