

## **JEFFERSON COUNTY, ALABAMA**

### **Series Designations and CUSIP Numbers on Attached Schedule A**

#### **MATERIAL EVENT NOTICE**

**June 27, 2013**

The following information is provided by Jefferson County, Alabama (the "County") pursuant to certain Continuing Disclosure Agreements executed and delivered by the County in connection with the issuance of certain of the obligations set forth on the attached Schedule A (the "Obligations"), in compliance with Securities and Exchange Commission Rule 15c2-12. Although the County has no Continuing Disclosure Agreement with regard to certain of the Obligations described in Schedule A (due to their exemption from the continuing disclosure obligations of SEC Rule 15c2-12), the County has nonetheless determined to include such Obligations in this Material Event Notice.

On November 9, 2011, the County filed a petition for relief under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Proceeding") in the United States Bankruptcy Court for the Northern District of Alabama. The Bankruptcy Proceeding is styled *In re: Jefferson County, Alabama, Case No. 11-05736-9*.

#### **Execution of Plan Support Agreements and Approval of the Plan of Adjustment**

In an effort to propose and pursue confirmation of a consensual plan of adjustment in the Bankruptcy Proceeding, the Jefferson County Commission has adopted the attached resolution (the "Resolution") at a meeting held on June 27, 2013. The Resolution approved the execution and delivery of two separate Plan Support Agreements by and among the County and certain holders of the Warrants. The Resolution also approved the filing of the County's Chapter 9 Plan of Adjustment (the "Plan of Adjustment") and a related Disclosure Statement (the "Disclosure Statement"). Copies of the executed Plan Support Agreements are attached to this Notice. The County will submit a subsequent Material Event Notice providing the Plan of Adjustment and the Disclosure Statement once those documents have been filed in the Bankruptcy Proceeding (expected to occur on June 30, 2013).

## Schedule A

### Jefferson County, Alabama Sewer Revenue Warrants

#### Fixed Rate Warrants

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*Series 1997 A*

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**CUSIP**

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472682NV1  
472682NW9  
472682NX7  
472682MC4  
472682MD2

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*Series 2001 A*

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**CUSIP**

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472682JF1  
472682JG9  
472682JH7  
472682JJ3  
472682JL8  
472682JM6  
472682JN4

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*Series 2003-B-8*

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**CUSIP**

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472682MP5  
472682MQ3  
472682MR1  
472682MS9

[Continued on following page]

**Jefferson County, Alabama  
Sewer Revenue Warrants**

**Variable Rate Demand Warrants**

*Series 2002 A*

CUSIP	Subseries
472682PU1	2002 A

*Series 2002 C*

CUSIP	Subseries
472682PV9	2002 C-2
472682PW7	2002 C-3
472682PX5	2002 C-4
472682PY3	2002 C-6
472682PZ0	2002 C-7

*Series 2003 B*

CUSIP	Subseries
472682QA4	2003 B-2
472682QB2	2003 B-3
472682QC0	2003 B-4
472682QD8	2003 B-5
472682QE6	2003 B-6
472682QF3	2003 B-7

**Auction Rate Warrants**

*Series 2002 C*

CUSIP	Subseries
472682KA0	2002 C-1-A
472682KB8	2002 C-1-B
472682KC6	2002 C-1-C
472682KD4	2002 C-1-D
472682KH5	2002 C-5

*Series 2003 B*

CUSIP	Subseries
472682LH4	2003 B-1-A
472682LJ0	2003 B-1-B
472682LK7	2003 B-1-C
472682LL5	2003 B-1-D
472682LM3	2003 B-1-E

*Series 2003 C*

CUSIP	Subseries
472682NA7	2003 C-1
472682NB5	2003 C-2
472682NC3	2003 C-3
472682ND1	2003 C-4
472682NE9	2003 C-5
472682NF6	2003 C-6
472682NG4	2003 C-7
472682NH2	2003 C-8
472682NJ8	2003 C-9
472682NK5	2003 C-10

**Jefferson County, Alabama  
General Obligation Warrants**

**Fixed Rate Warrants**

Series 2003-A

CUSIP

472628PH3  
472628PJ9  
472628PK6  
472628PL4  
472628PM2

Series 2004-A

CUSIP

472628PT7  
472628PU4  
472628PV2  
472628PW0  
472628PX8  
472628PY6  
472628PZ3  
472628QA7  
472628QB5  
472628QC3  
472628QD1

**Variable Rate Demand Warrants**

Series 2001-B

CUSIP

472628NS1

[Continued on following page]

**Jefferson County, Alabama  
Limited Obligation School Warrants**

**Fixed Rate**

*Series 2004-A*

CUSIP
472653AH7
472653AJ3
472653AK0
472653AL8
472653AM6
472653AN4
472653AP9
472653AQ7
472653AR5
472653AS3
472653AT1
472653AU8

**Auction Rate Warrants**

*Series 2005-A*

CUSIP	Subseries
472653BA1	2005-A-1
472653BB9	2005-A-2
472653BC7	2005-A-3
472653BD5	2005-A-4

**Variable Rate Demand Warrants**

*Series 2005-B*

CUSIP
472653BE3

[Continued on following page]

**Alabama Water Pollution Control Authority**

**Revolving Fund Loan Refunding Bonds**

*Series 2003-B*

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CUSIP

010653QY2

010653QZ9

010653RA3

**Jefferson County Public Building Authority**

**Lease Revenue Warrants**

*Series 2006*

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CUSIP

47267PAG8

47267PAH6

47267PAJ2

47267PAK9

47267PAL7

47267PAM5

47267PAN3

47267PAP8

47267PAQ6

## **Attachments**

## RESOLUTION OF THE JEFFERSON COUNTY COMMISSION

WHEREAS, Jefferson County, Alabama (the "County") has engaged in negotiations with various creditors and reached consensual settlements with respect to its outstanding debt, including certain general obligation warrants, certain limited obligation school warrants, and certain limited obligation sewer revenue warrants; and

WHEREAS, negotiation of a reduced debt burden on the County's general fund, tax revenues, and the revenues from the County's sewer system (the "System") is in the best interests of the County and benefits all residents of the County; and

WHEREAS, as a result of the ongoing negotiations with certain creditors, the Commission by prior resolution has approved five Plan Support Agreements (the "Plan Support Agreements") and other settlement agreements with various creditors; and

WHEREAS, further pursuant to such negotiations the Commission has received and reviewed a Plan Support Agreement dated as of June 27, 2013 (the "Liquidity Bank Plan Support Agreement"), proposed to be entered into by and among the County and The Bank of Nova Scotia, The Bank of New York Mellon, as liquidity bank, and State Street Bank and Trust Company, a copy of which is attached to the minutes of this meeting; and

WHEREAS, the Commission has determined that entry into the Liquidity Bank Plan Support Agreement is in the best interests of the County and will assist the County in its efforts to propose and pursue confirmation of a plan of adjustment to be filed in the County's Chapter 9 bankruptcy case; and

WHEREAS, further pursuant to ongoing negotiations with certain creditors, the Commission has received and reviewed a Plan Support Agreement dated as of June 27, 2013 (the "National Plan Support Agreement"), proposed to be entered into by and among the County and National Public Finance Guarantee Corporation, together with and as reinsurer of and administrator for MBIA Insurance Corporation, a copy of which is attached to the minutes of this meeting; and

WHEREAS, the Commission has determined that entry into the National Plan Support Agreement is in the best interests of the County and will assist the County in its efforts to propose and pursue confirmation of a plan of adjustment to be filed in the County's Chapter 9 bankruptcy case; and

WHEREAS, the Commission has approved by prior resolution a financing plan containing assumptions regarding an issuance amount, costs of issuance, issuance proceeds, rate and revenue forecasts, and assumptions concerning elasticity, operating expenditures and capital expenditures, subject to compliance with procedures required by state law, as a predicate component of the transactions described in the Plan Support Agreements relating to the County's sewer debt (the "Financing Plan"); and

WHEREAS, consistent with the foregoing, the Commission has received and reviewed a draft Chapter 9 Plan of Adjustment for Jefferson County, Alabama (the "Plan of Adjustment"), a copy of which is attached to the minutes of this meeting; and

WHEREAS, the Commission has determined that filing and pursuing confirmation of the Plan of Adjustment is in the best interests of the County and necessary to effectuate the settlements, Plan Support Agreements, Liquidity Bank Plan Support Agreement, and National Plan Support Agreement described above; and

WHEREAS, consummation of the Plan of Adjustment and the Financing Plan will require the County to retain one or more investment banking firms to serve as underwriters for the sale of the refunding sewer warrants described in the Plan of Adjustment and the Financing Plan and to confirm legal counsel to the County necessary in connection therewith; and

WHEREAS, the Commission proposes to solicit proposals from qualified investment banking firms by means of a Request for Proposals (the "Request for Proposals"), a copy of which is attached to the minutes of this meeting, which includes the scope of services required by the County, the process for submission of proposals to the County and the criteria for evaluation of proposals by the County; the Request for Proposals shall be distributed to national investment banks capable of underwriting, or managing the underwriting of, the County's refunding sewer warrants.

NOW THEREFORE BE IT RESOLVED BY THE COUNTY COMMISSION that the Liquidity Bank Plan Support Agreement is hereby approved. The President of the Commission is hereby authorized and directed to execute the Liquidity Bank Plan Support Agreement in substantially the form presented to this meeting, with such changes thereto and deletions therefrom as he may approve as necessary and appropriate, his execution thereof to be conclusive evidence of his approval of such changes or deletions.

NOW THEREFORE BE IT RESOLVED BY THE COUNTY COMMISSION that the National Plan Support Agreement is hereby approved. The President of the Commission is hereby authorized and directed to execute the National Plan Support Agreement in substantially the form presented to this meeting, with such changes thereto and deletions therefrom as he may approve as necessary and appropriate, his execution thereof to be conclusive evidence of his approval of such changes or deletions.

NOW THEREFORE BE IT RESOLVED BY THE COUNTY COMMISSION that the Plan of Adjustment is hereby approved. The President of the Commission is hereby authorized and directed to execute and direct counsel to file and take such steps as are necessary and appropriate to pursue confirmation of the Plan of Adjustment in substantially the form presented to this meeting, with such changes thereto and deletions therefrom as he may approve as necessary and appropriate, his execution thereof to be conclusive evidence of his approval of such changes or deletions.

NOW THEREFORE BE IT RESOLVED BY THE COUNTY COMMISSION that the President of the Commission is hereby authorized and directed to execute (or cause to be executed), and to direct counsel to file all other necessary motions or pleadings with respect to the Plan of Adjustment (including, without limitation, regarding solicitation of votes on the Plan of Adjustment and the disclosure statement with respect thereto) in such form as is appropriate and not inconsistent in any material fashion with the form of Plan of Adjustment presented to this meeting.

NOW THEREFORE BE IT RESOLVED BY THE COUNTY COMMISSION that the Request for Proposals and the procedure for selection of an underwriter or syndicate of underwriters contained therein are hereby approved. The President of the Commission is hereby authorized and directed to approve the Request for Proposals in substantially the form presented to this meeting, with such changes thereto and deletions therefrom as he may approve as necessary and appropriate.

NOW THEREFORE BE IT RESOLVED BY THE COUNTY COMMISSION that Balch & Bingham LLP is hereby designated and confirmed as bond counsel to the County and Bradley Arant Boult Cummings LLP is hereby designated and confirmed as disclosure counsel to the County, all for the issuance of the sewer refunding warrants described in the Plan of Adjustment and the Financing Plan.

APPROVED BY THE  
JEFFERSON COUNTY COMMISSION  
DATE: 6-27-13  
MINUTE BOOK: 165  
PAGE(S): 162-163

## **PLAN SUPPORT AGREEMENT**

**THIS PLAN SUPPORT AGREEMENT DOES NOT CONSTITUTE A VOTE TO ACCEPT OR REJECT ANY CHAPTER 9 PLAN OR A SOLICITATION OF VOTES TO ACCEPT OR REJECT ANY CHAPTER 9 PLAN; ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED OR MADE UNTIL THE BANKRUPTCY COURT APPROVES A DISCLOSURE STATEMENT RESPECTING A PLAN**

This PLAN SUPPORT AGREEMENT (as it may be amended or supplemented from time to time in accordance with the terms hereof, and together with all schedules or exhibits hereto, this "Agreement"), dated as of June 27, 2013, is made and entered into by and among Jefferson County, Alabama (the "County"), on the one hand, and The Bank of Nova Scotia ("Scotia Bank"), The Bank of New York Mellon in its capacity as a liquidity bank with respect to Sewer Warrants (as defined below) and not in any other capacity ("BNY"), and State Street Bank and Trust Company ("State Street" and collectively with Scotia Bank and BNY, the "Liquidity Banks"), on the other hand. Each of the Liquidity Banks and the County are referred to herein as a "Party" and collectively as the "Parties."

### **RECITALS**

**WHEREAS**, pursuant to a Trust Indenture, dated as of February 1, 1997 (as supplemented by eleven supplemental indentures through the date hereof, the "Indenture"), between the County and The Bank of New York Mellon, as indenture trustee and successor to AmSouth Bank of Alabama (in such capacity, the "Trustee"), the County issued approximately \$3.6 billion principal amount of warrants secured by the net revenues of the County's sewer system (the "Sewer Warrants");

**WHEREAS**, in connection with the issuance of certain series of the Sewer Warrants, the County entered into a series of standby warrant purchase agreements (each a "Standby Agreement"), including a separate Standby Agreement with each of Scotia Bank, BNY, and State Street;

**WHEREAS**, on November 9, 2011, the County filed a petition for relief under chapter 9 of title 11 of the United States Code (the "Bankruptcy Code"), thereby commencing Bankruptcy Case No. 11-05736-TBB9 (the "Bankruptcy Case") before the United States Bankruptcy Court for the Northern District of Alabama, Southern Division (the "Bankruptcy Court");

**WHEREAS**, each of the Liquidity Banks has filed claims in the Bankruptcy Case against the County asserting rights to be paid various amounts arising from or in connection with the Sewer Warrants and the respective Standby Agreement, including (i) on account of interest that is alleged to have accrued on the Liquidity Banks' Bank Warrants at a "default" rate; and (ii) all Bank Warrant Claims and (to the extent not otherwise included) Primary Standby Sewer Warrant Claims, in each case as such terms are defined in the Current Plan (as defined below) (collectively and with any and all other claims of the Liquidity Banks, whatever the origin or nature, the "Liquidity Bank Claims");

**WHEREAS**, the County disputes the Liquidity Banks' entitlements with respect to certain of the Liquidity Bank Claims (including with respect to the allowability, secured status, amount, and priority of certain of such claims), and the Liquidity Banks dispute the County's contentions and assert that the Liquidity Bank Claims are valid and allowable in all respects;

**WHEREAS**, the Parties and their representatives have engaged in good faith, arms' length settlement discussions regarding a consensual resolution of disputes among them and, subject to the terms and conditions set forth herein, each Party has agreed to support and implement a restructuring transaction (a "Restructuring") in accordance with the terms and conditions of a chapter 9 plan substantially in the form attached hereto as **Exhibit A** (the "Current Plan")<sup>1</sup> or pursuant to Another Acceptable Plan (as defined below);

**WHEREAS**, the County previously entered into (i) a plan support agreement dated as of June 6, 2013 (the "JPMorgan PSA") with JPMorgan Chase Bank, N.A., JPMorgan Chase Funding, Inc., and J.P. Morgan Securities LLC (collectively, the "JPMorgan Parties"); (ii) a plan support agreement dated as of June 6, 2013 (the "Supporting Sewer Warrantholder PSA") with certain members of an ad hoc group of holders of Sewer Warrants (the "Supporting Sewer Warrantholders"); and (iii) a plan support agreement dated as of June 6, 2013 (the "Sewer Warrant Insurer PSA") with Assured Guaranty Municipal Corp., as successor to Financial Security Assurance, Inc. ("Assured"), Financial Guaranty Insurance Company ("FGIC"), and Syncora Guarantee Inc., f/k/a XL Capital Assurance Inc. ("Syncora"), each of which is referred to as a "Sewer Warrant Insurer" and collectively with the Liquidity Banks, the JPMorgan Parties, and the Supporting Sewer Warrantholders are the "Sewer Plan Support Parties";

**WHEREAS**, in expressing such support and commitment, the Parties recognize that this Agreement is subject to and limited by the solicitation requirements of applicable bankruptcy law;

**NOW, THEREFORE**, in consideration of the foregoing and the promises, mutual covenants, and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows.

## **AGREEMENT**

### **Section 1. Restructuring and Plan Support.**

(a) The County shall file and exercise all reasonable efforts to expeditiously prosecute, confirm, and consummate a chapter 9 plan of adjustment that is an Acceptable Plan. An "Acceptable Plan" means either (i) the Current Plan; or (ii) any other chapter 9 plan of adjustment that otherwise complies with the terms of this Agreement and provides a treatment that is at a minimum economically equivalent in all respects to the treatment specified in the Current Plan on account of the Liquidity Bank Claims, namely, in full, final, and complete settlement, satisfaction, release, and exchange of all such Liquidity Bank Claims and of all of

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<sup>1</sup> All capitalized terms used but not otherwise defined in this Agreement have the meanings ascribed to such terms in the Current Plan.

each Liquidity Bank's other Sewer Released Claims, both against the County and against any of the other Sewer Released Parties (including against the Sewer Warrant Insurers and their respective Related Parties in respect of any of the Sewer Insurance Policies), payment in the aggregate an amount equal to the sum of: (1) 80% of the Adjusted Sewer Warrant Principal Amount of the Liquidity Banks' Bank Warrants (which Adjusted Sewer Warrant Principal Amounts are set forth in Section 3(a) of this Agreement); (2) all non-default rate interest accrued and unpaid on the amount in clause (1) at the "Bank Rate" set forth in the Standby Agreements through and including the Effective Date; and (3) an aggregate Bank Warrant Default Interest Settlement Payment of \$2,764,296.75 in exchange for a release and waiver of Bank Warrant Default Interest Claims asserted in an aggregate amount in excess of \$20 million (such sum of (1), (2), and (3), the "Aggregate Plan Consideration"), and provides for mutual releases with the other Sewer Released Parties (any such other chapter 9 plan, "Another Acceptable Plan").

(b) The County shall exercise all reasonable efforts to meet the deadlines set forth in Section 7.1(o) hereof. The County shall exercise all reasonable efforts to obtain required regulatory and/or third-party approvals, if any, necessary to consummate the Restructuring.

(c) The County shall provide to the professionals representing the Liquidity Banks (the "LB Professionals") draft copies of all pleadings and documents related to any Acceptable Plan, the Restructuring, or any of the transactions contemplated thereby as soon as reasonably practicable with reasonable time to review and comment prior to the filing of same with the applicable court. The LB Professionals will review and provide any comments on all draft pleadings and documents as soon as reasonably practicable with reasonable time for the County to consider and address any comments. Each Party will cooperate, negotiate, and otherwise work with each other Party in good faith to ensure that such pleadings and documents (including any amendments thereto), including an Acceptable Plan, a disclosure statement for an Acceptable Plan (the "Disclosure Statement"), and an order confirming an Acceptable Plan (the "Confirmation Order"), incorporate the provisions of, and are otherwise materially consistent with, this Agreement and acceptable to the Parties.

(d) The County shall not take any action (directly or indirectly) that is inconsistent with this Agreement or an Acceptable Plan, or that would delay or otherwise impede approval of the Disclosure Statement (as defined below) or an Acceptable Plan, or the expeditious confirmation and consummation of an Acceptable Plan including consummation of the Restructuring.

(e) The County shall not file, support, or seek confirmation of any plan of adjustment with respect to the Sewer Warrants under Bankruptcy Code section 1129(b) unless such plan of adjustment is an Acceptable Plan.

(f) Each of the Liquidity Banks shall (i) use all reasonable efforts to support confirmation of an Acceptable Plan; (ii) subject to Bankruptcy Code sections 1125 and 1126, timely vote all Liquidity Bank Claims to accept an Acceptable Plan, make the Commutation Election with respect to all Liquidity Bank Claims, and not change or withdraw (or cause to be changed or withdrawn) such vote or election except pursuant to Section 7.4; and (iii) subject to the occurrence of the Effective Date of an Acceptable Plan, provide a release of all Sewer

Released Parties and receive a release from all Sewer Released Parties in accordance with an Acceptable Plan. For the avoidance of doubt, such releases shall not release any rights of the Liquidity Banks under this Agreement or an Acceptable Plan.

(g) No Party will contest any other Party's ability to appear as a party-in-interest in any matter to be adjudicated in the Bankruptcy Case if such appearance and the positions advocated in connection therewith (i) are not inconsistent with this Agreement, and are not for the purpose of hindering, delaying, or preventing the confirmation or consummation of an Acceptable Plan and the Restructuring; or (ii) are for the purposes of contesting whether any matter, fact, or thing, is a breach of, or inconsistent with, this Agreement or to otherwise enforce this Agreement.

(h) This Agreement is not and shall not be deemed to be a solicitation of or votes for the acceptance or rejection of any chapter 9 plan for the purposes of Bankruptcy Code sections 1125 and 1126 or otherwise. There will be no solicitation of acceptances of the Liquidity Banks or any other creditors with respect to an Acceptable Plan until such parties have received the Disclosure Statement, any supplements thereto, and related ballot, in each case as approved by the Bankruptcy Court, and in each case in accordance with the Bankruptcy Code and negotiated consistent with Section 1(c). Each Party further acknowledges that no securities of the County are being offered or sold hereby and that this Agreement does not constitute an offer to sell or a solicitation of an offer to buy any securities of the County.

(i) If the County amends the Current Plan to increase the percentage of consideration payable by the County under "Option 1" for Class 1-A (or any analogous class or subclass), then the County will amend the Current Plan at the same time to provide a corresponding increase in the percentage of consideration payable by the County under "Option 1" for Class 1-B (or any analogous class or subclass).

(j) Whenever this Agreement provides that any Party has the "right to approve" a document or that a document must be "acceptable" or "satisfactory" to a Party, such requirement shall in each case be subject to a reasonableness qualifier; *provided, however*, that the Acceptable Plan must in all events incorporate the provisions which are stated in this Agreement to be included in an Acceptable Plan.

## **Section 2. Litigation Standstill.**

(a) For purposes of this Agreement, the following terms shall have the following meanings:

(i) "Litigation" shall mean any litigation that is related to the County, the Bankruptcy Case, the Sewer Warrants (including any financing or other transactions entered into in connection therewith), or insurance issued in respect of the Sewer Warrants (in each case, whether pending before the Bankruptcy Court or before any other court), but excluding (v) any litigation to enforce, interpret, or implement this Agreement, an Acceptable Plan, the Restructuring, or any document executed in connection therewith; (w) the pending adversary proceeding concerning the priority of the Lehman Brothers swap claim, Adv. Proc. No. 12-

00149-TBB; (x) the FGIC rehabilitation proceeding, except for any actions taken in the FGIC rehabilitation proceeding for the purpose of hindering, delaying, or preventing the confirmation or consummation of an Acceptable Plan and the Restructuring; (y) any litigation involving any dispute between a holder of Sewer Warrants (or the Trustee) and a Sewer Warrant Insurer (including litigation in the FGIC rehabilitation proceeding) concerning the rights of such holder as compared to any Sewer Warrant Insurer, with respect to who owns, controls, and may exercise all rights arising out of or in connection with Sewer Warrants that are beneficially owned by such holder and insured by such Sewer Warrant Insurer (but not with respect to any Sewer Warrants or other rights held by any of the Sewer Warrant Insurers as a result of payments made or to be made under any insurance policy); and (z) any litigation permitted by Section 1(g).

(ii) “Reasonable Steps” for purposes of this Agreement shall mean, in furtherance of a suspension or standstill of all Litigation pending on the date hereof that is satisfactory to all the Parties (the “Litigation Standstill”), the Liquidity Banks providing all reasonable support to the County to achieve such Litigation Standstill, but shall exclude (x) any obligation of any Party to cause any person to take any actions which it is not permitted to take under applicable law or by contract; and (y) any action (or inaction), including commencing or continuing any action in the Bankruptcy Court or other court, that could (in the reasonable judgment of any Party) expose any such Party to liability (contingent or otherwise) or unreimbursed material expense.

(b) Each Party agrees that it shall (i) not commence any new Litigation against any other Party or any other Sewer Plan Support Party and shall not prosecute and shall exercise all reasonable efforts to suspend any existing Litigation against any other Party or any other Sewer Plan Support Party and (ii) in connection with any such Litigation, take no action inconsistent with the Restructuring contemplated by this Agreement and an Acceptable Plan; *provided, however*, that no action, matter, or proceeding excluded from the definition of Litigation in Section 2(a)(i) shall be or shall be deemed to be an action inconsistent with the Restructuring or an Acceptable Plan.

(c) The Liquidity Banks shall take Reasonable Steps to obtain and implement the Litigation Standstill that will remain in effect until the earlier of (x) the Effective Date of an Acceptable Plan or (y) termination of this Agreement in accordance with Section 7.

### **Section 3. Representations and Covenants Regarding Claims.**

(a) Scotia Bank represents that as of the date of this Agreement, Scotia Bank owns Bank Warrants in the principal amount of \$47,664,770.54 and retains all rights to vote any claims arising from or related to such Bank Warrants to accept an Acceptable Plan. BNY represents that as of the date of this Agreement, BNY owns Bank Warrants in the principal amount of \$32,334,711.60 and retains all rights to vote any claims arising from or related to such Bank Warrants to accept an Acceptable Plan. State Street represents that as of the date of this Agreement, State Street owns Bank Warrants in the principal amount of \$58,215,355.74 and retains all rights to vote any claims arising from or related to such Bank Warrants to accept an Acceptable Plan.

(b) Each Liquidity Bank represents that as of the date of this Agreement, it has made no prior Transfer (as defined below), and has not entered into any other agreement to assign, sell, participate, grant, convey or otherwise transfer, in whole or in part, any portion of its right, title, or interest in any Liquidity Bank Claims held by such Liquidity Bank that are inconsistent with, or in violation of, the representations and warranties of such Liquidity Bank herein, in violation of its obligations under this Agreement or that would adversely affect in any way such Liquidity Bank's performance of its obligations under this Agreement at the time such obligations are required to be performed.

(c) Each Liquidity Bank covenants that, from the date hereof until the termination of this Agreement in accordance with Section 7 of this Agreement, it will not sell, pledge, hypothecate, or otherwise transfer, assign or dispose of any of its Liquidity Bank Claims (including any Sewer Warrants), or grant any option, right to acquire, or voting, participation, or other interest therein to any person or entity (any such transfer, disposition, or grant, a "Transfer"). Any attempt to Transfer any Liquidity Bank Claims or related rights or interests therein from the date hereof until the termination of this Agreement in accordance with Section 7 of this Agreement shall be deemed ineffective, including with regard to any right to accept or reject an Acceptable Plan or the Restructuring, and shall be deemed void *ab initio*.

(d) This Agreement shall in no way be construed to preclude any Liquidity Bank from acquiring additional Sewer Warrants or any claims directly related thereto; *provided, however*, that any additional Sewer Warrants or claims against the County directly related thereto so acquired by any Liquidity Bank shall automatically be deemed to be subject to the terms of this Agreement, including the voting requirements set forth in Section 1 hereof.

#### **Section 4. Additional County Covenants and Determinations.**

(a) The County represents that as of the date of the County's execution hereof, the County has determined in good faith that based on the financing plan preliminarily approved by the County Commission on June 4, 2013 (the "Financing Plan"), an Acceptable Plan can be consummated through issuance of New Sewer Warrants sufficient to generate cash needed for consummation of an Acceptable Plan. The County agrees that it shall further represent that (i) as of the date on which the Disclosure Statement is approved by the Bankruptcy Court, and (ii) as of the date on which a confirmation hearing begins with respect to an Acceptable Plan, the County in each case has still determined in good faith that based on the Financing Plan (as it may have been amended prior to each such date in accordance with the terms of this Agreement), an Acceptable Plan can be consummated through issuance of New Sewer Warrants sufficient to generate cash needed for consummation of an Acceptable Plan. The County agrees that an Acceptable Plan will provide that the aggregate consideration from issuance of New Sewer Warrants and other sources of cash to be paid under an Acceptable Plan to the Sewer Warrant creditors (including the Sewer Plan Support Parties) shall be approximately \$1.835 billion, plus the distribution of Accumulated Revenues pursuant to an Acceptable Plan.

(b) The County shall provide written notice to the Liquidity Banks of any termination of, amendment to, or written notice of potential termination of the JPMorgan PSA, the Supporting Sewer Warrantholder PSA, the Sewer Warrant Insurer PSA, or any future plan

support agreement between the County and a sewer creditor within one (1) business day of any such termination, amendment, or written notice. The written notice that the County must provide to the Liquidity Banks under the immediately preceding sentence shall include a copy of any applicable amendment, notice of termination, or notice of potential termination.

(c) The County shall provide written notice to the Liquidity Banks of any amendment to the Financing Plan within one (1) business day of any such amendment, which written notice shall include a copy of any such amendment. The County represents that any amendment to the Financing Plan shall be a publicly available document.

**Section 5. Mutual Representations, Warranties, and Covenants.**

Each Party makes the following representations, warranties, and covenants (on a several basis, with respect to such Party only) to each of the other Parties, each of which are continuing representations, warranties, and covenants:

(a) Subject to Bankruptcy Code sections 1125 and 1126 (in the case of the Liquidity Banks), this Agreement is a legal, valid, and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as enforcement may be limited by applicable laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability, and the actions to be taken by such Party, including in respect of the Restructuring contemplated by this Agreement, are within such Party's powers and have been duly authorized by all necessary action on its part.

(b) The execution, delivery, and performance of this Agreement by such Party does not and shall not: (i) violate any law, rule, or regulation applicable to such Party or any of its subsidiaries, as applicable; (ii) violate its certificate of incorporation, bylaws, or other organizational documents or those of any of its subsidiaries, as applicable; or (iii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries, as applicable, is a party.

(c) Subject to the provisions of Bankruptcy Code sections 1125 and 1126 (in the case of the Liquidity Banks), and the approval by the County Commission (in the case of the County, which approval has been obtained as set forth below), the execution, delivery, and performance by such Party of this Agreement does not and shall not require any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any Federal, state, or other governmental authority or regulatory body. The County represents that any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any Federal, state, or other governmental authority or regulatory body that is required before the County Commission can execute, deliver, and perform this Agreement shall have been completed, received, or given, as the case may be, prior to the County's execution and delivery of this Agreement, and the County Commission has duly approved and authorized the execution, delivery, and performance of this Agreement by the County.

**Section 6. Support Commitments.**

(a) In connection with the agreement of the County to support confirmation and consummation of an Acceptable Plan and consummation of the Restructuring, as long as this Agreement has not been terminated in accordance with Section 7, the County shall use all reasonable efforts to:

(i) file a Disclosure Statement and an Acceptable Plan prior to the deadline set forth in Section 7.1(o)(i) of this Agreement;

(ii) prosecute the Disclosure Statement and an Acceptable Plan and implement all steps necessary or appropriate to obtain from the Bankruptcy Court the Confirmation Order prior to the deadlines set forth in Section 7.1(o)(ii)-(iv) of this Agreement, which Confirmation Order shall be satisfactory to the Liquidity Banks;

(iii) cause the Effective Date of an Acceptable Plan to occur prior to December 31, 2013 (the "Outside Date");

(iv) negotiate in good faith with the other Parties each of the definitive agreements and documents referenced in, or reasonably necessary or desirable to effectuate the transactions contemplated by an Acceptable Plan or the Restructuring, including the documents identified in Section 1(c); and

(v) take no action (directly or indirectly) that is inconsistent with this Agreement or an Acceptable Plan, or that would delay or otherwise impede approval of the Disclosure Statement or an Acceptable Plan or the expeditious confirmation and consummation of an Acceptable Plan or consummation of the Restructuring by the deadlines set forth in Section 7.1(o) of this Agreement.

(b) In connection with the agreement of the Liquidity Banks to support confirmation and consummation of an Acceptable Plan and consummation of the Restructuring, as long as this Agreement has not been terminated in accordance with Section 7, each of the Liquidity Banks shall use all reasonable efforts to:

(i) not object to, challenge, or otherwise commence or participate in any proceeding opposing any of the terms of the Restructuring contemplated by this Agreement and an Acceptable Plan;

(ii) not seek or support appointment of a trustee for the County under Bankruptcy Code section 926(a) or dismissal of the Bankruptcy Case;

(iii) to the extent available, without any Party conceding its applicability or its inapplicability, not make or affirmatively reject any election for the application of Bankruptcy Code section 1111(b)(2) to any claims arising from or in connection with the Indenture, any Standby Agreement, or any Sewer Warrants;

(iv) in furtherance of the Litigation Standstill, not seek or support the reinstatement of control over the sewer system or sewer rate-setting in the receiver appointed by the Alabama state court or any other receiver;

(v) negotiate in good faith with the other Parties each of the definitive agreements and documents referenced in, or reasonably necessary or desirable to effectuate the transactions contemplated by an Acceptable Plan or the Restructuring, including the documents identified in Section 1(c); and

(vi) take no action (directly or indirectly) that is inconsistent with this Agreement or an Acceptable Plan, or that would delay or otherwise impede approval of the Disclosure Statement for an Acceptable Plan or the expeditious confirmation and consummation of an Acceptable Plan or consummation of the Restructuring by the deadlines set forth in Section 7.1(o) of this Agreement.

## **Section 7. Termination & Default.**

### **7.1. Events of Termination & Default.**

(a) The County and the Liquidity Banks may collectively terminate this Agreement by written agreement.

(b) If the County provides written notice to each other Party that the County, in consultation with its financial advisors, has reasonably determined in good faith that it is not economically possible to consummate an Acceptable Plan in accordance with the Financing Plan without economic modifications (other than as anticipated in the Financing Plan) adverse to the ratepayers or the sewer system in any material respect, which such notice must specify the basis for such a determination, and does not rescind such notice within fifteen (15) calendar days of the date on which such notice is provided, then the County or any of the Liquidity Banks may terminate this Agreement by giving a second written notice to each other Party within twenty (20) calendar days of the first written notice. For the avoidance of doubt and without limitation, except to the extent necessary to address (i) an up to a 50 basis point increase in borrowing rates (yields) from those set forth in the Financing Plan (a "Market Shift"), (ii) a decline in actual or projected revenues from those set forth in the Financing Plan having an economic effect equivalent to or less than a Market Shift, or (iii) some combination of increased borrowing rates (yields) and a decline in actual or projected revenues, in each case from those set forth in Financing Plan and in the aggregate having an economic effect equivalent to or less than a Market Shift, under no other circumstances shall the County be required to proceed with an Acceptable Plan if in order to issue the New Sewer Warrants, in the amount required thereunder, the County must make any pre-Effective Date upward adjustment in the Approved Rate Structure.

(c) If any of the Liquidity Banks or the County provides a written notice to each other Party that such Party has reasonably determined in good faith that an Acceptable Plan cannot be confirmed or that the Effective Date cannot occur, in the case of the County, as a result of events outside the County's control (which notice shall specify the basis for such

determination), and does not rescind such notice within thirty (30) calendar days of the date on which such notice is provided, then such Party may terminate this Agreement by giving a second written notice to each other Party within thirty-five (35) calendar days of the first written notice; *provided, however*, that in any proceeding challenging such a determination, the Party providing the notice bears the burden of proof that the events specified in the notice have occurred and that an Acceptable Plan cannot be confirmed or that the Effective Date cannot occur because of such events.

(d) If any governmental authority, including the Bankruptcy Court or any other regulatory authority or court of competent jurisdiction, enters any final, non-appealable ruling, or order enjoining the consummation of a material portion of the Restructuring, makes a final, non-appealable determination that, or issues a final, non-appealable judgment, order, decree, or ruling to the effect that this Agreement or any material provision of this Agreement or any related document is illegal, invalid, or unenforceable, or enters a final, non-appealable judgment, order, decree, or ruling denying confirmation of an Acceptable Plan, then any of the Liquidity Banks or the County may terminate this Agreement by written notice to each other Party.

(e) If the Supreme Court of the State of New York, County of New York sitting in *In the Matter of the Rehabilitation of Financial Guaranty Insurance Company*, Index No. 401265/2012, fails to approve FGIC's execution and performance of the Sewer Warrant Insurer PSA on or before June 28, 2013, or any later date agreed in writing by the County, FGIC, and the FGIC rehabilitator for obtaining such approval, then any of the Liquidity Banks or the County may terminate this Agreement by written notice to each other Party.

(f) If the Parties are unable to obtain and implement the Litigation Standstill on or before July 8, 2013, or such later date agreed by the Parties in writing (the "Standstill Date"), then any of the Liquidity Banks or the County may terminate this Agreement by giving written notice identifying which provisions of the Litigation Standstill have not been obtained or implemented to each other Party within fifteen (15) calendar days after the Standstill Date.

(g) If (i) the Litigation Standstill fails to remain in effect after the Standstill Date or (ii) any new potentially materially-prejudicial Litigation is commenced by the County, any Sewer Plan Support Party, the Trustee, or any other party against the County, against any Sewer Plan Support Party, or against the Trustee after the Standstill Date, then (x) any of the Liquidity Banks or the County may provide a written notice specifying, with respect to subsection (g)(i), the provisions of the Litigation Standstill that are no longer in effect or, with respect to subsection (g)(ii), the potential material prejudice associated with such new Litigation and, with respect to either such notice, expressing an intent to terminate this Agreement (a "Litigation Termination Notice"). The Litigation Termination Notice must be provided within fifteen (15) calendar days of the discovery (x) by the Party giving such notice provided under subsection (g)(i) of the provisions of the Litigation Standstill that are no longer in effect or (y) of the commencement of the specified new potentially materially-prejudicial Litigation under subsection (g)(ii), as applicable, and if the Litigation Standstill is not reinstated with respect to subsection (g)(i), or a standstill or resolution of the specified new potentially materially-

prejudicial Litigation under subsection (g)(ii) satisfactory to the Party giving such notice does not occur within twenty (20) calendar days of the giving of such notice, then any of the Liquidity Banks or the County, as applicable, may terminate this Agreement by giving a second written notice to each other Party within twenty-five (25) calendar days of the Litigation Termination Notice.

(h) If any Liquidity Bank materially breaches this Agreement and does not remedy such breach within fifteen (15) calendar days of receiving written notice thereof from the County or any non-breaching Liquidity Bank, then, subject to such Party's rights under Section 7.2(a), the County or any non-breaching Liquidity Bank may terminate this Agreement by giving a second written notice to each other Party within twenty (20) calendar days of the first written notice.

(i) If the County materially breaches this Agreement and does not remedy such breach within fifteen (15) calendar days of receiving written notice thereof or within such other period that may be specified elsewhere in this Section 7.1 in the case of any other specified material breach by the County, then any of the Liquidity Banks, but only if such breach adversely affects a right, obligation, or interest of such Liquidity Bank, may terminate this Agreement by giving a second written notice to each other Party within twenty (20) calendar days of the first written notice.

(j) If the County withdraws, files a motion or pleading to withdraw, or publicly announces its intention not to pursue, an Acceptable Plan, or proposes or files a motion with the Bankruptcy Court seeking approval of a plan that is not an Acceptable Plan, or the County modifies an Acceptable Plan such that it is no longer an Acceptable Plan and does not remedy or rescind such action within ten (10) calendar days of receiving written notice thereof, then any of the Liquidity Banks may terminate this Agreement by giving a second written notice to each other Party within fifteen (15) calendar days of the first written notice.

(k) If the County files any motion, pleading, and/or disclosure statement that, in the reasonable judgment of any of the Liquidity Banks, is materially inconsistent with an Acceptable Plan or adversely affects a right, obligation, or interest of the applicable Liquidity Bank under this Agreement or an Acceptable Plan and does not remedy or rescind such action within fifteen (15) calendar days of receiving written notice thereof from any Liquidity Bank, then any of the Liquidity Banks, but only if such action adversely affects a right, obligation, or interest of such Liquidity Bank, may terminate this Agreement by giving a second written notice to each other Party within twenty (20) calendar days of the first written notice.

(l) If any of the Liquidity Banks files any motion or pleading that, in the reasonable judgment of the County or any other Liquidity Bank, is materially inconsistent with an Acceptable Plan or adversely affects a right, obligation, or interest of the County or any other Liquidity Bank under this Agreement or an Acceptable Plan, and does not remedy or rescind such action within fifteen (15) calendar days of receiving written notice thereof from the County or any other Liquidity Bank, then the County or any other Liquidity Bank may terminate this Agreement by giving a second written notice to each other Party within twenty (20) calendar days of the first written notice.

(m) If the County files any motion, application, or adversary proceeding challenging the validity, enforceability, perfection, or priority of, or seeking avoidance or subordination of, any of the Sewer Warrants, the Liquidity Bank Claims, any Standby Agreement, or the liens under the Indenture (or otherwise) securing the Sewer Warrants or asserting any other cause of action against and/or with respect to the Sewer Warrants, any Standby Agreement, or the Liquidity Banks (or if the County supports any such motion, application, or adversary proceeding commenced by any third party or consents to the standing of any such third party), or if the Bankruptcy Court enters an order granting relief with respect to any of the foregoing claims or causes of action, and the County does not remedy or rescind such action within ten (10) calendar days of receiving written notice thereof, then any of the Liquidity Banks may terminate this Agreement by giving a second written notice to each other Party within fifteen (15) calendar days of the first written notice.

(n) If (i) the Bankruptcy Case is dismissed or (ii) control over the sewer system or sewer rate-setting is reinstated in the receiver appointed by the Alabama state court or any other receiver, then the County or any of the Liquidity Banks may terminate this Agreement by giving written notice to each other Party at any time thereafter.

(o) If any of the following deadlines are not satisfied:

(i) the County shall not have filed an Acceptable Plan and Disclosure Statement with the Bankruptcy Court by July 1, 2013, unless such date is extended by the Liquidity Banks in their sole and absolute discretion;

(ii) the Bankruptcy Court shall have failed to enter an order approving the Disclosure Statement by August 30, 2013, unless such date is extended by the Liquidity Banks in their sole and absolute discretion;

(iii) the Bankruptcy Court shall have failed to enter the Confirmation Order by November 25, 2013, unless such date is extended by the Liquidity Banks in their sole and absolute discretion; or

(iv) the Bankruptcy Court shall have failed to enter an order (which may be the Confirmation Order) validating the New Sewer Warrants by November 25, 2013, unless such date is extended by the Liquidity Banks in their sole and absolute discretion;

then, in each case, any of the Liquidity Banks may terminate this Agreement by giving written notice to each other Party at any time thereafter.

(p) If the JPMorgan PSA shall have been terminated or is no longer in full force and effect, then the County or any of the Liquidity Banks may by written notice to each other Party terminate this Agreement at any time thereafter.

(q) If the Supporting Sewer Warrantholder PSA shall have been terminated or is no longer in full force and effect, then the County or any of the Liquidity Banks may by written notice to each other Party terminate this Agreement at any time thereafter.

(r) If the Sewer Warrant Insurer PSA shall have been terminated or is no longer in full force and effect, then the County or any of the Liquidity Banks may by written notice to each other Party terminate this Agreement at any time thereafter.

(s) If any other plan support agreement entered into by the County with respect to the Sewer Warrants shall have been terminated or is no longer in full force and effect, then the County or any of the Liquidity Banks may by written notice to each other Party terminate this Agreement at any time thereafter.

(t) If any condition precedent to confirmation or the Effective Date of an Acceptable Plan is not satisfied, other than occurrence of the Effective Date by the Outside Date, then the County or any of the Liquidity Banks may give written notice of such failure of condition to each other Party and may terminate this Agreement by giving a second written notice to each other Party after the expiration of ten (10) calendar days after such first written notice unless, before the expiration of such ten (10) calendar days, the condition is satisfied or, if waiveable, has been waived in accordance with the terms of such Acceptable Plan.

(u) If the County fails to enter into a closing agreement relating to the Sewer Warrants and the New Sewer Warrants with the Internal Revenue Service in form and substance acceptable to the County and the Liquidity Banks on or prior to September 30, 2013, or such later date as may be agreed in writing by the County and the Liquidity Banks, then the County or any of the Liquidity Banks may give a written notice of intent to terminate this Agreement, and if such Party does not rescind such notice within thirty (30) calendar days of the date on which such notice is provided, then such Party may terminate this Agreement by giving a second written notice to each other Party within thirty-five (35) calendar days of the first written notice.

(v) If the Effective Date shall not have occurred on or prior to the Outside Date, then this Agreement shall terminate automatically without further required action or notice.

(w) If the County amends the Financing Plan in any material respect without the written approval of each Liquidity Bank and does not rescind such amendment or obtain the written approval of each Liquidity Bank regarding such amendment within fifteen (15) calendar days of receiving written notice concerning any such amendment from one or more of the Liquidity Banks (which written notice must be provided by the applicable Liquidity Bank within seven (7) calendar days after the County provides the notice required by Section 4(c)), then any of the Liquidity Banks may terminate this Agreement by giving a second written notice to each other Party within twenty (20) calendar days of the first written notice.

(x) If not previously terminated in accordance with the provisions hereof, this Agreement shall terminate automatically without further required action or notice upon the Effective Date of an Acceptable Plan.

Each of the foregoing events set forth in subsections (a) through (x) entitling a Party or Parties to terminate or amend this Agreement, as applicable, shall constitute a "Trigger Event."

## **7.2. Trigger Event Notices.**

(a) Each Party receiving a notice asserting that a Trigger Event has occurred may challenge the accuracy or validity of such notice by commencing a proceeding in Bankruptcy Court within seven (7) calendar days of receiving such notice. All Parties consent to an expedited hearing of any such proceeding. For the avoidance of doubt, this Section 7.2(a) shall only apply to Sections 7.1(b)-(d), (f)-(m), (s), (t), (u) and (w), and a Trigger Event under all other clauses of Section 7.1 will result in termination of this Agreement in accordance with the express terms of the Trigger Event.

(b) The failure of one or more Parties to give a second notice required under Section 7.1 within the time specified for giving such notice (solely to the extent applicable) shall constitute a waiver of the right of such Party or Parties to terminate this Agreement based on the event specified in the first notice (but shall not constitute a waiver with respect to any future new event). Such a potential waiver shall apply only to Trigger Events in Sections 7.1(b)-(c), (g)-(m), (s), (t), (u) and (w), and not the other Trigger Events in Section 7.1.

(c) Each Party hereby waives any requirement under Bankruptcy Code sections 362 or 922 to lift the automatic stays thereunder for purposes of providing a first or second notice of a Trigger Event or termination of this Agreement (and agrees not to object to any non-breaching Party seeking, if necessary, to lift such automatic stays in connection with the provision of any such notice) or commencing a proceeding in the Bankruptcy Court with respect thereto; *provided, however*, that nothing in this Section 7.2(c) shall prejudice any Party's rights to argue that the notice of a Trigger Event or termination of this Agreement was not proper under the terms of this Agreement.

## **7.3. Benefits of Termination.**

The foregoing Trigger Events are intended solely for the benefit of the specified Parties; *provided, however*, that no Party may terminate this Agreement based upon a breach or a failure of a condition (if any) in this Agreement arising solely out of its own actions or omissions. Other than as contemplated in Section 7.2(b), a Trigger Event may be waived only by the Party for whose benefit such a Trigger Event exists.

## **7.4. Effect of Termination.**

Upon termination of this Agreement in accordance with Section 7.1, the obligations and agreements of each Party under this Agreement shall terminate and be of no further force and effect other than those obligations and agreements that expressly survive the termination of this Agreement as set forth in Section 8.14; *provided, however*, that any claim for breach of this Agreement shall survive termination and all rights and remedies with respect to such breach shall be neither waived nor prejudiced in any way by any such termination. Upon termination of this Agreement in accordance with Section 7.1 (other than a termination under Section 7.1(x)), any and all ballots with respect to an Acceptable Plan or the Commutation Election delivered by each Liquidity Bank prior to such date of termination shall be immediately withdrawn, and such ballots shall be deemed to be null and void for all purposes and shall not be considered or

otherwise used in any manner. For the avoidance of doubt, termination of this Agreement in accordance with Section 7 of this Agreement as to one of the Liquidity Banks will result in a termination of this Agreement as to all of the Liquidity Banks. To the extent that an Acceptable Plan has been confirmed prior to the termination of this Agreement, other than a termination under Section 7.1(x), the Confirmation Order and order approving the Disclosure Statement shall be vacated, the Parties will be restored to their rights as if this Agreement was never entered into and all claims and defenses of the Parties (subject to Section 8.10) shall be fully reserved.

## **Section 8. Miscellaneous Terms.**

### **8.1 Communications.**

This Agreement shall not, and shall not be deemed to, impair, prohibit, limit, or restrict any Liquidity Bank or its officers or representatives from engaging in discussions with or among any or all of: the County, the JPMorgan Parties, any Supporting Sewer Warrantholder, any Sewer Warrant Insurer, any other Liquidity Bank, any potential or actual underwriter, or any of the foregoing parties' respective officers, representatives, or advisors.

### **8.2 No Third Party Beneficiaries.**

Nothing in this Agreement, express or implied, shall give to any person or entity, other than the Parties, and their respective successors, assigns, and representatives, any benefit or any legal or equitable right, remedy, or claim under this Agreement.

### **8.3 Effectiveness of Agreement; Savings Clause.**

This Agreement shall become effective once (i) duly executed by the County after being duly approved by the County Commission and (ii) duly executed by each of the Liquidity Banks. Notwithstanding the foregoing, the treatment under an Acceptable Plan shall become effective only on the Effective Date. If any provision hereof is construed to constitute an agreement to take any step or action that would violate any provision of applicable bankruptcy law or any other applicable law, such provision shall be deemed stricken herefrom and of no force and effect without liability to any of the Parties and without constituting a Trigger Event except as provided in Section 7.1(d), and shall not affect the validity, legality, or enforceability of any other provision of this Agreement unless the deletion of such provision results in the Plan no longer being an Acceptable Plan.

### **8.4 Headings.**

The headings of all sections of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit, or aid in the construction or interpretation of any term or provision hereof.

## **8.5 Governing Law.**

**THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ALABAMA, WITHOUT REGARD TO THE “CHOICE OF LAW” PRINCIPLES OF THAT OR ANY OTHER JURISDICTION.** By its execution and delivery of this Agreement, each of the Parties hereby irrevocably and unconditionally agrees that any dispute with respect to this Agreement shall be resolved by the Bankruptcy Court, which shall have non-exclusive jurisdiction and power to enforce the terms of this Agreement. Each of the Parties irrevocably consents to service of process by mail at the addresses listed for such Party in Section 8.13 hereof. Each of the Parties agrees that its submission to jurisdiction and consent to service of process by mail is made for the sole and express benefit of each of the other Parties to this Agreement.

## **8.6 Complete Agreement; Interpretation; Amendment, Modification and Waiver.**

(a) This Agreement, together with all exhibits and schedules attached hereto, constitutes the complete agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, between or among the Parties with respect to the subject matter hereof.

(b) This Agreement is the product of negotiation by and among the Parties. Any Party enforcing or interpreting this Agreement shall interpret it in a neutral manner. There shall be no presumption concerning whether to interpret this Agreement for or against any Party by reason of that Party having drafted this Agreement, or any portion thereof, or caused it or any portion thereof to be drafted.

(c) This Agreement may not be modified, amended, or supplemented except in a writing signed by the County and each Liquidity Bank.

(d) Other than waivers contemplated by Section 7.2(b), no waiver of any provision of this Agreement or any default, misrepresentation, or breach of any representation, warranty, or covenant hereunder, whether intentional or not, shall be valid unless that waiver is made in a writing signed by the Party making such waiver, nor will such waiver be deemed to extend to any prior or subsequent default, misrepresentation, or breach of any representation, warranty, or covenant hereunder, or affect in any manner any rights arising by virtue of any prior or subsequent default, misrepresentation, or breach of any representation, warranty, or covenant.

## **8.7 Specific Performance.**

This Agreement is intended as a binding commitment enforceable in accordance with its terms. Each Party acknowledges and agrees that the exact nature and extent of damages resulting from a breach of this Agreement are uncertain at the time of entering into this Agreement and that any such breach of this Agreement would result in damages that would be difficult to determine with certainty. It is understood and agreed that any non-breaching Party shall be entitled to seek specific performance, mandamus, and injunctive relief as its sole remedies for any such breach, and each Party further agrees to waive, and to cause each of their

representatives to waive, any requirement for the securing or posting of any bond in connection with requesting such remedy. Such remedies shall be the exclusive remedies for the breach of this Agreement by any Party.

### **8.8 Execution of the Agreement.**

This Agreement may be executed and delivered (by facsimile, PDF, or otherwise) in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Delivery of an executed signature page of this Agreement by telecopier or email shall be as effective as delivery of a manually executed signature page of this Agreement. Each Party represents that each individual executing this Agreement on behalf of such Party has been duly authorized and empowered to execute and deliver this Agreement on behalf of such Party

### **8.9 Independent Due Diligence and Decision-Making.**

Each Party hereby confirms that its decision to execute this Agreement has been based upon its independent investigation of the operations, businesses, financial and other conditions and prospects of the County. Each Party acknowledges that, except as provided in Section 4(a), any materials or information furnished to it by any other Party has been provided for informational purposes only, without any representation or warranty by such other Party.

### **8.10 Settlement Discussions.**

This Agreement and the Restructuring are part of a proposed settlement of claims and disputes among the Parties and are the product of good faith, arm's length negotiations among the Parties and their respective representatives. Nothing herein shall be deemed an admission of any kind and no act or agreement in furtherance of the provisions hereof shall be construed in any way as an admission of fault, wrongdoing, or liability on the part of any Party; *provided, however*, that, consistent with the final two sentences of this Section 8.10, this Agreement and the Financing Plan may be admitted for the purposes identified therein. If the transactions contemplated herein are not consummated, or following the termination of this Agreement as set forth herein, if applicable, nothing shall be construed herein as a waiver by any Party of any or all of such Party's rights and the Parties expressly reserve any and all of their respective rights other than as set forth in the final two sentences of this Section 8.10. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Agreement and all negotiations relating hereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce or interpret the terms of this Agreement. Subject to any otherwise applicable rules in the Federal Rules of Evidence (other than Federal Rule of Evidence 408), this Agreement and the Financing Plan may be admitted into evidence in any proceeding arising as a result of or in connection with a Party's breach of this Agreement or in which breach of this Agreement is alleged as a relevant fact.

**8.11 Successors and Assigns; Severability.**

This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors and permitted assigns.

**8.12 Several Liability; Individual Status; No Fiduciary.**

All obligations and liabilities of the Parties hereunder are several and not joint, and no party to this Agreement shall be liable for any breach or non-performance by any other party to this Agreement. Each Liquidity Bank hereby agrees that it is (i) executing and delivering this Agreement in its individual capacity and (ii) making its own determination as to whether to execute this Agreement and support the Restructuring. It is understood and agreed that no Liquidity Bank has any duty of trust or confidence in any form with any other Liquidity Bank.

**8.13 Notices.**

All notices hereunder (including any termination notice), shall be deemed given if in writing and delivered, if sent by telecopy, electronic mail, courier, or by registered or certified mail (return receipt requested) to the following addresses and telecopier numbers (or at such other addresses or telecopier numbers as shall be specified by like notice):

If to the County:

Jefferson County, Alabama  
Attn: County Manager  
Room 251, Jefferson County Courthouse  
716 Richard Arrington Jr. Boulevard North  
Birmingham, Alabama 35203  
Facsimile: (205) 731-2879

-and-

Jefferson County, Alabama  
Attn: County Attorney  
Room 280, Jefferson County Courthouse  
716 Richard Arrington Jr. Boulevard North  
Birmingham, Alabama 35203  
Facsimile: (205) 325-5840

-and-

Bradley Arant Boult Cummings LLP  
One Federal Place  
1819 Fifth Avenue North  
Birmingham, Alabama 35203  
Attn: J. Patrick Darby, Esq.

Facsimile: (205) 521-8500  
Email: pdarby@babco.com

-and-

Klee, Tuchin, Bogdanoff & Stern LLP  
1999 Avenue of the Stars, 39th Floor  
Los Angeles, California 90067  
Attn: Kenneth N. Klee, Esq.; Lee R. Bogdanoff, Esq.; Whitman L. Holt, Esq.  
Facsimile: (310) 407-9090  
E-mail: kklee@ktbslaw.com; lbogdanoff@ktbslaw.com; wholt@ktbslaw.com

If to Scotia Bank:

The Bank of Nova Scotia  
One Liberty Plaza  
New York, New York 10006  
Attn: Steven S. Kerr  
Facsimile: (212) 225-5166  
Email: steven\_kerr@scotiacapital.com

-and-

Chapman and Cutler LLP  
111 West Monroe Street  
Chicago, Illinois 60603  
Attn: James E. Spiotto  
Facsimile: (312) 516-1900  
Email: spiotto@chapman.com

If to BNY:

Edward J. DeSalvio  
Managing Director  
The Bank of New York Mellon  
One Wall Street – 16th Floor  
New York, NY 10286  
Fax: 212-635-7290  
E-mail: edward.desalvio@bnymellon.com

If to State Street:

State Street Corporation  
One Lincoln Street – SFC5  
Boston, MA 02111  
Attn: Timothy L. Batler

Facsimile: (617) 350-4020  
Email: tlbattler@statestreet.com

-and-

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.  
One Financial Center  
Boston, MA 02111  
Attn: William W. Kannel  
Facsimile: (617) 542 2241  
Email: wkannel@mintz.com

Any notice given by delivery, mail, or courier shall be effective when received. Any notice given by telecopier shall be effective upon oral or machine confirmation of transmission. Any notice given by electronic mail shall be effective upon oral or machine confirmation of receipt. For the avoidance of doubt, any references in this Agreement to a “notice” shall mean a written notice sent in accordance with this Section 8.13.

#### **8.14 Survival.**

Notwithstanding any termination of this Agreement pursuant to Section 7.1 hereof, the agreements and obligations of the Parties in Sections 7.3, 7.4, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.9, 8.10, 8.11, 8.12, 8.13, 8.15, 8.16, and this Section 8.14 shall survive such termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof.

#### **8.15 Time Is of the Essence.**

Time is of the essence with respect to all dates and deadlines specified in this Agreement.

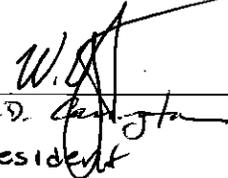
#### **8.16 Use of “Including”.**

Whenever this Agreement uses the word “including,” such reference shall be deemed to mean “including, without limitation.”

[remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

**JEFFERSON COUNTY, ALABAMA**

  
\_\_\_\_\_  
By: *W.D. Livingston*  
Its: *President*

**THE BANK OF NOVA SCOTIA**

\_\_\_\_\_  
By:  
Its:

**THE BANK OF NEW YORK MELLON**

\_\_\_\_\_  
By:  
Its:

**STATE STREET BANK AND TRUST COMPANY**

  
\_\_\_\_\_  
By: **Timothy L. Butler**  
Its: **Senior Vice President**

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

**JEFFERSON COUNTY, ALABAMA**

\_\_\_\_\_  
By:  
Its:

**THE BANK OF NOVA SCOTIA**

  
\_\_\_\_\_  
By:  
Its:  
**MANAGING DIRECTOR**

**THE BANK OF NEW YORK MELLON**

\_\_\_\_\_  
By:  
Its:

**STATE STREET BANK AND TRUST COMPANY**

\_\_\_\_\_  
By:  
Its:

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

**JEFFERSON COUNTY, ALABAMA**

---

By:  
Its:

**THE BANK OF NOVA SCOTIA**

---

By:  
Its:

**THE BANK OF NEW YORK MELLON**

  
By: **EDWARD J. DeSALVIO**  
Its: **MANAGING DIRECTOR**

**STATE STREET BANK AND TRUST COMPANY**

---

By:  
Its:

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

**JEFFERSON COUNTY, ALABAMA**

\_\_\_\_\_  
By:  
Its:

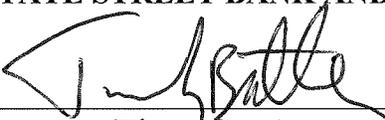
**THE BANK OF NOVA SCOTIA**

\_\_\_\_\_  
By:  
Its:

**THE BANK OF NEW YORK MELLON**

\_\_\_\_\_  
By:  
Its:

**STATE STREET BANK AND TRUST COMPANY**

  
\_\_\_\_\_  
By: **Timothy L. Batler**  
Its: **Senior Vice President**

**Exhibit A**

**Current Plan**

**Plan of Adjustment to be provided after filing (expected to occur on June 30, 2013).**

## **PLAN SUPPORT AGREEMENT**

### **THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF ANY CHAPTER 9 PLAN; ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THE BANKRUPTCY COURT APPROVES A DISCLOSURE STATEMENT**

This PLAN SUPPORT AGREEMENT (as it may be amended and supplemented from time to time, this “Agreement”), dated as of June 27, 2013, is made and entered into by and among Jefferson County, Alabama (the “County”), on the one hand, and National Public Finance Guarantee Corporation, together with and as reinsurer of and administrator for MBIA Insurance Corporation (“National”), on the other hand (each a “Party” and collectively, the “Parties”).

### **RECITALS**

**WHEREAS**, pursuant to that certain *Resolution and Order*, including any documents annexed thereto, adopted by the Jefferson County Commission (the “County Commission”) at a meeting held on March 6, 2003 (the “GO Resolution 2003-A”), the County authorized and thereupon issued the General Obligation Capital Improvement and Refunding Warrants, Series 2003-A (the “Series 2003-A GO Warrants”);

**WHEREAS**, pursuant to that certain *Resolution and Order Authorizing the Issuance of General Obligation Warrants, Series 2004-A*, including any documents annexed thereto, adopted by the County Commission at a meeting held on July 27, 2004 (the “GO Resolution 2004-A”) (the GO Resolution 2003-A and the GO Resolution 2004-A are sometimes together referred to as the “GO Resolutions”), the County authorized and thereupon issued the General Obligation Warrants, Series 2004-A (the “Series 2004-A GO Warrants” and, together with the Series 2003-A GO Warrants, the “Warrants”);

**WHEREAS**, in connection with the issuance of the Series 2003-A GO Warrants and the Series 2004-A GO Warrants, National issued that certain *Financial Guaranty Insurance Policy* number 40587 on or around March 19, 2003; and that certain *Financial Guaranty Insurance Policy* number 44671 on or around August 10, 2004 (together, the “GO Insurance Policies”);

**WHEREAS**, on November 9, 2011 (the “Petition Date”), the County filed a voluntary petition for relief under chapter 9 of title 11 of the United States Code (the “Bankruptcy Code”), thereby commencing Bankruptcy Case No. 11-05736-TBB9 (the “Bankruptcy Case”) before the United States Bankruptcy Court for the Northern District of Alabama, Southern Division (the “Bankruptcy Court”);

**WHEREAS**, during the Bankruptcy Case the County has failed to timely pay regularly scheduled interest and principal on the Warrants;

**WHEREAS**, as used herein, any defaults or breaches by the County of either of the GO Resolutions, including, without limitation, any failure of the County to pay amounts due and owing on any of the Warrants when due are referred to as the “GO Events of Default”;

**WHEREAS**, during the Bankruptcy Case National has honored its obligations under the GO Insurance Policies, for which it has not received reimbursement from the County;

**WHEREAS**, as used herein, any and all claims on account of fees, expenses, or costs incurred by National prior to the effectiveness of the Plan (the “Effective Date”) that arise from or are related to the Bankruptcy Case, the Warrants, the GO Resolutions, or the GO Insurance Policies, including National’s attorneys’ and other professionals’ fees and expenses, are collectively referred to as the “National Fees and Expenses Claim”;

**WHEREAS**, as used herein, any and all claims arising under the GO Insurance Policies or the GO Resolutions from or in connection with the County’s failure to pay interest accruing on the Warrants during the period from the Petition Date through the Effective Date are collectively referred to as the “National Reimbursement Claim”;

**WHEREAS**, as used herein, any and all claims arising from or in connection with the GO Insurance Policies, as well as any and all claims of National arising from or in connection with the GO Resolutions, including all claims arising in connection with any Series 2003-A GO Warrants or Series 2004-A GO Warrants held by National as a result of National’s satisfaction of any claim under any of the GO Insurance Policies, including, without limitation, the National Fees and Expenses Claim and the National Reimbursement Claim, and including any and all related reinsurance claims are collectively referred to as the “GO Policy Claims”;

**WHEREAS**, the County will be filing a chapter 9 plan of adjustment (the “Plan”) in the Bankruptcy Case;

**WHEREAS**, National has informally advised the County that absent this Agreement National intends to oppose confirmation of any plan of adjustment that does not pay in full in cash the GO Policy Claims and otherwise leave unimpaired the Warrants;

**WHEREAS**, the Parties and their representatives have engaged in good faith, arms’ length settlement discussions regarding a consensual resolution of certain disputes among them and, subject to the terms and conditions set forth herein, have reached agreement concerning, among other matters, the potential treatment of claims arising from or in connection with the Warrants and the GO Policy Claims;

**NOW, THEREFORE**, in consideration of the foregoing and the premises, mutual covenants, and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

## **AGREEMENT**

### **Section 1. Agreed Terms of the National Acceptable Plan.**

The County shall propose and pursue confirmation of a National Acceptable Plan (as defined below). Subject to the terms of this Agreement, National agrees that, so long as it is the legal or beneficial owner of any GO Policy Claims, and has been properly solicited pursuant to

Bankruptcy Code sections 1125 and 1126, it shall timely vote or cause to be voted all its GO Policy Claims to accept a chapter 9 plan that includes the following provisions, and no provisions inconsistent therewith (the “National Acceptable Plan”):

(a) The treatment of the Warrants and GO Policy Claims shall constitute a compromise and settlement under the National Acceptable Plan under Bankruptcy Rule 9019 of various disputed matters between National and the County and in full, final, complete, and mutual settlement, satisfaction, release, and exchange thereof.

(b) A single class will be separately classified comprised of “Series 2003-A GO Claims,” which will be defined to include any and all claims arising from or in connection with the Series 2003-A GO Warrants, other than any Series 2003-A GO Warrants held or acquired by National as a result of National’s satisfaction of any claim under any of the GO Insurance Policies.

(c) A single class will be separately classified comprised of “Series 2004-A GO Claims,” which will be defined to include any and all claims arising from or in connection with the Series 2004-A GO Warrants, other than any Series 2004-A GO Warrants held or acquired by National as a result of National’s satisfaction of any claim under any of the GO Insurance Policies.

(d) As part of the settlement between National and the County, (i) the holders of the Series 2003-A GO Claims and the Series 2004-A GO Claims will retain their legal, equitable, and contractual rights under the GO Resolutions and pursuant to their Warrants, provided that any GO Events of Default that occurred prior to or that were continuing on the Effective Date shall be deemed waived and of no further force or effect, without any requirement that the County take any action to cure or otherwise eliminate any such GO Events of Default; and (ii) based on such treatment and National’s payment during the Bankruptcy Case of all regularly scheduled principal and interest due on the Series 2003-A GO Warrants and on the Series 2004-A GO Warrants, the Series 2003-A GO Claims and Series 2004-A GO Claims shall be deemed unimpaired under the National Acceptable Plan and accordingly the holders of such claims will not be solicited.

(e) The GO Insurance Policies and GO Resolutions will remain in effect, subject to all terms and conditions thereof, until the Warrants are paid in full. To the extent the County fails to make a scheduled principal or interest payment on account of the Warrants after the Effective Date, National may exercise all of its rights and remedies against the County as set forth in the GO Insurance Policies and the GO Resolutions and subject to all terms and conditions thereof.

(f) A single class will be separately classified comprised of the GO Policy Claims and will be satisfied as follows:

**(i) Reimbursement of Prepetition Amounts.**

The County will pay \$503,046.53 to reimburse National for the accrued prepetition interest that National paid under the GO Insurance Policies in April 2012 on April 1, 2014.

**(ii) Reimbursement of Principal Payments.**

- a. The County will pay the \$2,880,000.00 to reimburse National for the principal that National paid under the GO Insurance Policies in April 2012 on April 1, 2014.
- b. The County will pay the \$2,965,000.00 to reimburse National for the principal that National paid under the GO Insurance Policies in April 2013 on April 1, 2015.

**(iii) Reimbursement of the National Fees and Expenses Claim.**

In full, final, and complete settlement, satisfaction, release, and exchange of the National Fees and Expenses Claim, the County will pay National \$1,500,000.00 in cash on the Effective Date.

**(iv) Reimbursement of the National Reimbursement Claim.**

In furtherance of the compromises and settlements set forth in this Agreement, in full, final, and complete settlement, satisfaction, release, and exchange of the National Reimbursement Claim, including, without limitation, National's contention that the National Reimbursement Claim constitutes a right of reimbursement to which National is entitled in accordance with the Bankruptcy Code and applicable law, the County will pay National the following amounts (collectively, the "Reimbursement Payment") on the following dates:

- April 1, 2025: \$2,854,321.62
- April 1, 2026: \$2,854,321.62
- April 1, 2027: \$2,854,321.63

At any time on or after Effective Date, the County shall have the option to prepay the Reimbursement Payment in whole or in part without premium or penalty. This option is exercisable by the County paying to National an aggregate amount equal to the nominal sum of the amount of the Reimbursement Payment that the County elects to prepay discounted to present value as of the prepayment date using a discount rate of 4.90% back from the date of maturity to the prepayment date.

**(v) Post-Effective Date Interest.**

The County's obligations to National under the National Acceptable Plan (other than with respect to payment of the Reimbursement Payment, which obligation will bear no interest) will

bear interest from and after the Effective Date until satisfied at a fixed rate equal to the Wall Street Journal prime rate on the Effective Date plus 1.65% per annum.

**Section 2. Additional Agreements Related to the National Acceptable Plan.**

In connection with the County's proposal of the National Acceptable Plan, the Parties agree to the following:

(i) The County shall include in the National Acceptable Plan and, as appropriate, in the disclosure statement accompanying the National Acceptable Plan, and the County will take all reasonable actions and cooperate in good faith to ensure that the order confirming the National Acceptable Plan includes as conclusions of law, the following provisions (as modified, *mutatis mutandis*, to utilize defined terms that also encompass other categories of claims to which the following language may equally apply), all of which sets forth and is wholly consistent with applicable law;

(ii) The indebtedness evidenced and ordered to be paid on account of the Warrants and, the GO Insurance Policies will constitute a general obligation of the County in support of which the County irrevocably pledged its full faith and credit. This pledge is a commitment to pay and a commitment of the County's revenue generating powers to produce the funds necessary to pay the principal of and interest on the Warrants, and to reimburse National on account of the GO Insurance Policies, as they become due.

(iii) Revenues legally available to the County for payment of debt service on the Warrants, and to reimburse National on account of the GO Insurance Policies, includes ad valorem taxes, sales and business license taxes, and other general fund revenues.

(iv) Pursuant to Section 215 of the Alabama Constitution, as amended by Amendment No. 208, and Sections 11-3-11(a)(2), 11-14-11, and 11-14-16 of the Alabama Code (collectively, "Section 215"), the County may levy and collect a 5.1 mill special ad valorem tax (the "Special Tax"), not to exceed one-fourth of one percent per annum, for the purpose of paying any debt or liability against the County due and payable during the year and created for the erection, repairing, furnishing, or maintenance of public buildings, bridges, or roads, and any remaining proceeds of the Special Tax in excess of amounts payable on bonds, warrants, or other securities issued by the County for such limited purposes may be spent for general county purposes. Section 215 provides that the County may use proceeds of the Special Tax for general county purposes only after all amounts due and payable in any given fiscal year on bonds, warrants, or other securities issued by the County for the erection, repairing, furnishing, or maintenance of public buildings, bridges, or roads (collectively, "Special Tax Obligations") are paid in full, and such proceeds shall be applied first to Special Tax Obligations.

(v) The Special Tax is separate and distinct from the County's 5.6 mill general ad valorem tax, the proceeds of which are used for general county purposes and to support the operation of the County's basic governmental functions, including management, personnel, accounting, taxation, purchasing, data processing, law enforcement, the judiciary, and land utilization.

(vi) The Warrants, and the obligations to reimburse National on account of the GO Insurance Policies, constitute a debt or liability against the County created for the erection, repairing, furnishing, or maintenance of public buildings, bridges, or roads within the scope and meaning of Section 215. As such, all amounts payable on account of or in connection with Warrants, and to reimburse National on account of the GO Insurance Policies, in any given fiscal year must be paid by the County from the proceeds of the Special Tax prior to the County using any such proceeds in such fiscal year for general county purposes, including but not limited to current governmental expenses or any expenditures related to the County's sewer system.

(vii) By virtue of the application of Section 215 with respect to the proceeds of the Special Tax, any and all claims arising from or in connection with the Warrants and the GO Insurance Policies are properly classified separately under the Plan and properly treated in the fashion provided by the Plan.

### **Section 3. Additional Commitments of the Parties Under this Agreement.**

#### **3.1. Support of the National Acceptable Plan.**

Subject to the terms of this Agreement, so long as this Agreement has not been terminated in accordance with its terms, National shall:

(a) not directly or indirectly solicit, support, prosecute, encourage, or respond in the affirmative to any other proposal or offer of refinancing, reorganization, or restructuring of the Warrants or the GO Policy Claims that could reasonably be expected to hinder, block, prevent, delay, or impede the formulation, proposal, or confirmation of the National Acceptable Plan;

(b) not object to, challenge, or otherwise commence or participate in any proceeding opposing any of the terms of the restructuring proposal contemplated by this Agreement and the National Acceptable Plan;

(c) not seek or support appointment of a trustee for the County or dismissal of the Bankruptcy Case;

(d) recommend that holders of the Warrants not oppose the National Acceptable Plan; and

(e) not take any other action inconsistent with the restructuring proposal contemplated by this Agreement and the National Acceptable Plan.

#### **3.2. Transfer of Claims.**

National hereby agrees that it shall not sell, transfer, loan, issue, pledge, hypothecate, assign, or otherwise dispose of (each such action, a "Transfer"), directly or indirectly, all or any of its GO Policy Claims (or any voting rights associated therewith), as applicable, unless the

transferee thereof agrees in writing to assume and be bound by this Agreement and delivers such writing to each of the Parties within five (5) business days of the relevant Transfer (each such transferee becoming, upon a Transfer, a Party hereunder). Any Transfer of any claim against the County that does not comply with the procedure set forth in the first sentence of this Section 3.2 shall be deemed void *ab initio*.

**Section 4. Mutual Representations, Warranties, and Covenants.**

Each Party makes the following representations, warranties, and covenants (on a several basis, with respect to such Party only) to each of the other Parties, each of which are continuing representations, warranties, and covenants:

(a) Subject to the provisions of Bankruptcy Code sections 1125 and 1126, this Agreement is a legal, valid, and binding obligation of such Party, and the actions to be taken by each Party are within such Party's powers and have been duly authorized by all necessary action on its part.

(b) The execution, delivery and performance by such Party of this Agreement does not and shall not: (i) violate the provision of law, rule, or regulations applicable to such Party; (ii) violate its certificate of incorporation, bylaws, or other organizational documents; or (iii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it is a party.

(c) Subject to the provisions of Bankruptcy Code sections 1125 and 1126 and except for the County Commission, the execution, delivery, and performance by such Party of this Agreement does not and shall not require any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any Federal, state, or other governmental authority or regulatory body. Any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any Federal, state, or other governmental authority or regulatory body that is required before the County Commission can execute, deliver, and perform this Agreement shall have been completed, received, or given, as the case may be, prior to the execution and delivery of this Agreement.

**Section 5. Reservation of Rights.**

This Agreement and the National Acceptable Plan are part of a proposed settlement of disputes among the Parties relating to the Warrants and the GO Policy Claims. Except as expressly provided in this Agreement, nothing herein is intended to, does, or shall be deemed in any manner to waive, limit, impair, or restrict the ability of any Party to protect and preserve its rights, remedies, and interests. Without limitation, National reserves all of its rights and remedies (i) in the event that the County files a plan of adjustment that is not the National Acceptable Plan or is not otherwise materially consistent with the plan support agreements entered into on or before June 27, 2013, by the County with other creditors; (ii) if the County withdraws the National Acceptable Plan or modifies the National Acceptable Plan so that it is no longer the National Acceptable Plan; or (iii) if the County modifies the National Acceptable Plan to contain provisions or impose obligations on the County that materially and adversely affect

the County's ability to meet its obligations under the National Acceptable Plan to National or in respect of the Warrants. Subject to the provisions of Federal Rule of Bankruptcy Procedure 3018(a) ("Rule 3018(a)"), National may revoke, modify, or withdraw its vote to accept the National Acceptable Plan upon the occurrence of a Termination Event under Section 7.1 hereof, and the County agrees (i) that any request to revoke, modify, or withdraw a vote on such grounds constitutes "cause" for purposes of Rule 3018(a) and (ii) not to oppose any motion or request that may be filed by National under Rule 3018(a) following the occurrence of a Termination Event under Section 7.1 hereof. Nothing herein shall be deemed an admission of any kind. Nothing in this Agreement shall constitute a modification or amendment of the GO Resolutions, the Warrants, or the GO Insurance Policies.

## **Section 6. Acknowledgments.**

This Agreement is the product of good faith, arm's length negotiations among the Parties and their respective representatives. This Agreement is not and shall not be deemed to be a solicitation of votes for the acceptance of any chapter 9 plan for the purposes of Bankruptcy Code sections 1125 and 1126 or otherwise. Each Party further acknowledges that no securities of the County are being offered or sold hereby and that this Agreement does not constitute an offer to sell or a solicitation of an offer to buy any securities of the County.

## **Section 7. Termination.**

### **7.1. General Termination Events.**

The term "Termination Event," wherever used in this Agreement, means the occurrence of any of the following events (whatever the reason for such Termination Event and whether it is voluntary or involuntary):

- (i) the Bankruptcy Case shall have been dismissed;
- (ii) any court shall enter a final, non-appealable judgment or order declaring this Agreement to be unenforceable;
- (iii) the County (a) determines to or does file a plan that is not the National Acceptable Plan, (b) withdraws the National Acceptable Plan, or (c) modifies the National Acceptable Plan such that it is no longer a National Acceptable Plan (none of which, for the avoidance of doubt and notwithstanding anything to the contrary contained in this Agreement, will constitute a breach of this Agreement) and, in the case of clauses (a) and (c) above, National delivers a Notice of Termination to the County in accordance with Section 7.1 hereof, informing the County of the termination of this Agreement;
- (iv) the Bankruptcy Court denies confirmation of the National Acceptable Plan;

- (v) the Effective Date does not occur on or before December 31, 2013; or
- (vi) any Party has breached any material provision of this Agreement and any such breach remains uncured, or not waived in writing by each of the other Parties, for a period of ten (10) calendar days after any non-breaching Party has delivered a Notice of Termination with respect to such breach (specifically referencing this Section 7.1(vi)) to the breaching Party in accordance with Section 7.1 hereof.

## **7.2. Consent to Termination.**

This Agreement shall be terminated immediately upon written agreement of all the Parties to terminate this Agreement; *provided, however*, that such termination of this Agreement shall not restrict the Parties' rights and remedies with respect to any prior breach of this Agreement by any Party.

## **7.3. Effect of Termination.**

If this Agreement is terminated, then this Agreement will forthwith become null and void as to all Parties, and there will be no continuing liability or obligation on the part of any Party hereunder as of the date of such termination, except as otherwise provided in Section 7.2.

## **Section 8. Effectiveness of this Agreement.**

This Agreement shall become effective once duly executed by each Party. Notwithstanding the foregoing, the provisions of the National Acceptable Plan shall become effective only on the Effective Date.

## **Section 9. Miscellaneous Terms.**

### **9.1. Binding Obligation; Savings Clause.**

Subject to the provisions of Bankruptcy Code sections 1125 and 1126, this Agreement is a legally valid and binding obligation of the Parties, enforceable in accordance with its terms, and shall inure to the benefit of the Parties and their respective successors, assigns, and representatives. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the Parties and their respective successors, assigns, and representatives, any benefit or any legal or equitable right, remedy, or claim under this Agreement. Notwithstanding anything to the contrary contained in this Agreement, this Agreement shall not constitute an agreement by the Parties to take any step or action that would violate any provision of applicable bankruptcy law or any other applicable laws, and to the extent any provision shall be construed as constituting such a violation, such provision shall be deemed stricken herefrom and of no force and effect without liability to any of the Parties.

## **9.2. Headings.**

The headings of all sections of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit, or aid in the construction or interpretation of any term or provision hereof.

## **9.3. Governing Law; Venue and Service.**

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ALABAMA, WITHOUT REGARD TO THE “CHOICE OF LAW” PRINCIPLES OF THAT OR ANY OTHER JURISDICTION. By its execution and delivery of this Agreement, each of the Parties hereby irrevocably and unconditionally agrees that any dispute with respect to this Agreement shall be resolved by the Bankruptcy Court, which shall have non-exclusive jurisdiction and power to enforce the terms of this Agreement. Each of the Parties hereby irrevocably submits to the personal jurisdiction of the Bankruptcy Court solely for purposes of the foregoing sentence and irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of any such action or proceeding. Each of the Parties irrevocably consents to service of process by mail at the addresses listed for such Party in Section 9.10 hereof. Each of the Parties agrees that its submission to jurisdiction and consent to service of process by mail is made for the sole and express benefit of each of the other Parties to this Agreement.

## **9.4. Complete Agreement; Interpretation; Modification and Waiver.**

(a) This Agreement constitutes the complete agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, among the Parties with respect thereto; *provided, however*, that the GO Resolutions, the Warrants, and the GO Insurance Policies shall remain in full force and effect in accordance with their terms (but subject to all limitations now existing under the Bankruptcy Code or otherwise as a result of the commencement of the Bankruptcy Case) until the Effective Date.

(b) This Agreement is the product of negotiation by and among the Parties. Any Party enforcing or interpreting this Agreement shall interpret it in a neutral manner. There shall be no presumption concerning whether to interpret this Agreement for or against any Party by reason of that Party having drafted this Agreement, or any portion thereof, or caused it or any portion thereof to be drafted.

(c) This Agreement may only be modified, altered, amended, or supplemented by an agreement in writing signed by each Party. No waiver of any provision of this Agreement or any default, misrepresentation, or breach of any representation, warranty, or covenant hereunder, whether intentional or not, shall be valid unless the same is made in a writing signed by the Party making such waiver, nor will such waiver be deemed to extend to any prior or subsequent default, misrepresentation, or breach of any representation, warranty, or covenant hereunder, or affect in any manner any rights arising by virtue of any prior or subsequent default, misrepresentation, or breach of any representation, warranty, or covenant.

#### **9.5. Specific Performance.**

The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in addition to any other remedies, each Party shall be entitled to enforce the terms of this Agreement by a decree of specific performance without the necessity of proving the inadequacy of money damages as a remedy and without regard to anything to the contrary contained in applicable law. Each Party hereby waives any requirement for the securing or posting of any bond in connection with such remedy. Each Party further agrees that the only permitted objection that it may raise in response to any action for equitable relief is that it contests that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached.

#### **9.6. Execution of this Agreement.**

This Agreement may be executed and delivered (by facsimile, PDF, or otherwise) in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Each individual executing this Agreement on behalf of a Party has been duly authorized and empowered to execute and deliver this Agreement on behalf of said Party.

#### **9.7. Independent Due Diligence and Decision-Making.**

Each Party hereby confirms that its decision to execute this Agreement has been based upon its independent investigation of the operations, businesses, financial and other conditions and prospects of the County. Each Party acknowledges that any materials or information furnished to it by any other Party has been provided for informational purposes only, without any representation or warranty by such other Party.

#### **9.8. Settlement Discussions.**

This Agreement and the restructuring proposal contemplated by the National Acceptable Plan are part of a proposed settlement of disputes among the Parties relating to the Warrants and the GO Policy Claims. Nothing herein shall be deemed an admission of any kind. If the transactions contemplated herein are not consummated, or following the occurrence of a Termination Event as set forth herein, if applicable, nothing shall be construed herein as a waiver by any Party of any or all of such Party's rights and the Parties expressly reserve any and all of their respective rights. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Agreement and all negotiations relating hereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce the terms of this Agreement.

#### **9.9. Legal and Other Fees.**

All of the Parties shall bear their own respective costs and expenses, including legal and other professional fees, associated with the negotiation and implementation of this Agreement.

**9.10. Notices.**

All notices hereunder (including, without limitation, any Notice of Termination), shall be deemed given if in writing and delivered, if sent by telecopy, electronic mail, courier, or by registered or certified mail (return receipt requested) to the following addresses and telecopier numbers (or at such other addresses or telecopier numbers as shall be specified by like notice):

If to the County:

Jefferson County, Alabama  
Attn: County Manager  
Room 251, Jefferson County Courthouse  
716 Richard Arrington Jr. Boulevard North  
Birmingham, Alabama 35203  
Facsimile: (205) 731-2879

-and-

Jefferson County, Alabama  
Attn: County Attorney  
Room 280, Jefferson County Courthouse  
716 Richard Arrington Jr. Boulevard North  
Birmingham, Alabama 35203  
Facsimile: (205) 325-5840

-and-

Bradley Arant Boult Cummings LLP  
One Federal Place  
1819 Fifth Avenue North  
Birmingham, Alabama 35203  
Attn: J. Patrick Darby, Esq.  
Facsimile: (205) 521-8500  
Email: pdarby@bab.com

-and-

Klee, Tuchin, Bogdanoff & Stern LLP  
1999 Avenue of the Stars, 39th Floor  
Los Angeles, California 90067  
Attn: Kenneth N. Klee, Esq.; Lee R. Bogdanoff, Esq.; Whitman L. Holt, Esq.  
Facsimile: (310) 407-9090  
E-mail: kklee@ktbslaw.com; lbogdanoff@ktbslaw.com; wholt@ktbslaw.com

If to National:

National Public Finance Guarantee Corporation, for itself and as administrator for  
MBIA Insurance Corp.

113 King Street

Armonk, New York 105004

Attn: Daniel E. McManus, Jr., Esq., General Counsel

Facsimile: (914) 765 – 3665

E-mail: daniel.mcmanus@nationalpfg.com

Jones Day

1420 Peachtree Street, N.E.

Suite 800

Atlanta, Georgia 30309

Attn: Amy Edgy Ferber, Esq.

Facsimile: (404) 581-8330

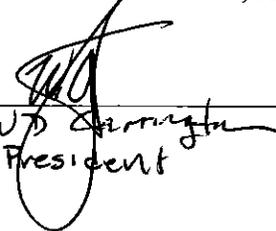
E-mail: aeferber@jonesday.com

Any notice given by delivery, mail, or courier shall be effective when received. Any notice given by telecopier shall be effective upon oral or machine confirmation of transmission. Any notice given by electronic mail shall be effective upon oral or machine confirmation of receipt.

[remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

**JEFFERSON COUNTY, ALABAMA**

By:   
Its: President

**NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION, FOR ITSELF AND AS ADMINISTRATOR FOR MBIA INSURANCE CORPORATION**

\_\_\_\_\_  
By:  
Its:

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

**JEFFERSON COUNTY, ALABAMA**

\_\_\_\_\_  
By:  
Its:

**NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION, FOR ITSELF AND AS  
ADMINISTRATOR FOR MBIA INSURANCE CORPORATION**

  
\_\_\_\_\_  
By: ADAM BERGONZI  
Its: CHIEF RISK OFFICER