STATEMENT TO JEFFERSON COUNTY’S VENDORS

As you probably know by now, Jefferson County (the “County”) filed a petition for relief under Chapter 9 of the United States Bankruptcy Code on November 9, 2011, with the United States Bankruptcy Court for the Northern District of Alabama. The County has sought relief under Chapter 9 so that it can pursue a plan of readjustment of its debts under the protection of the federal bankruptcy laws.

Chapter 9 of the Bankruptcy Code was established to protect governments from the interruption of their essential governmental services. Chapter 9 provides that, unless the governmental entity consents, the bankruptcy court may not interfere with any of the governmental entity’s property or revenues or with the governmental entity’s use or enjoyment of its income-producing property. Unlike other chapters of the Bankruptcy Code that are applicable to individuals and businesses, Chapter 9 provides that only the governmental entity itself can elect to file the petition and only the governmental entity can submit a plan to resolve the financial issues confronting the government.

The County believes that it is critical to its restructuring efforts to maintain its business relationships with its vendors. Accordingly, it is the County’s desire and intention to continue to pay its debts to each of its critical vendors as and when those debts become due – whether those trade debts arose before or after the County filed for Chapter 9 – so long as that critical vendor agrees to continue to provide goods and /or services to the County during the course of the Chapter 9 case on reasonable credit terms.

The County looks forward to maintaining its relationships with its trade vendors during its Chapter 9 case. The County appreciates the contributions that its vendors have made to the County and its citizens over the years and thanks them in advance for their cooperation as the County works to finalize its long-term restructuring plan and emerge from bankruptcy.

Tony Petelos
Chief Executive Officer