

**NEW ISSUE — FULL BOOK ENTRY**

Ratings:  
Moody's: A1  
Standard & Poor's: AA-

*In the opinion of Bond Counsel, subject to the qualifications described herein under "TAX EXEMPTION," under existing statutes, regulations, rulings and court decisions, interest on the Warrants will be excluded from gross income for federal income tax purposes and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that under existing law interest on the Warrants will be exempt from State of Alabama income taxation. For a discussion of other possible tax consequences of receiving interest on the Warrants, see "TAX EXEMPTION" herein.*

**\$64,940,000**  
**JEFFERSON COUNTY, ALABAMA**  
**General Obligation Refunding Warrants**  
**Series 1993**

**Dated: August 1, 1993**

**Due: April 1, as shown below**

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

Interest on the Warrants will be payable on April 1, 1994, and semiannually thereafter on each April 1 and October 1. The Warrants are issuable only in fully registered form and will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), serving as securities depository for the Warrants. The Warrants will be available to purchasers in denominations of \$5,000 or any integral multiple thereof only under the book-entry system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants (as defined herein). The purchasers of the Warrants will not receive physical delivery thereof.

Payments of principal of, premium, if any, and interest on the Warrants will be paid by AmSouth Bank N.A., Birmingham, Alabama, the paying agent and the registrar for the Warrants, to DTC or its nominee. DTC will credit such payments to the accounts of DTC Participants, which will make payments to the Beneficial Owners (as defined herein) of the Warrants as more fully described herein. For so long as any purchaser is the Beneficial Owner of a Warrant, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of, premium, if any, and interest on such Warrant.

The Warrants are subject to redemption prior to maturity as set forth herein.

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
1994	\$ 795,000	2.60%	2.60%
2001	5,425,000	4.70	4.85
2002	5,685,000	4.75	4.95
2003	5,780,000	5.00	5.05
2004	6,245,000	5.00	5.15
2005	8,960,000	5.10	5.25
2006	6,485,000	5.20	5.35
2007	10,185,000	5.20	5.40
2008	5,815,000	5.25	5.45
2009	6,145,000	5.30	5.50
2010	3,420,000	5.375	5.55

(Accrued interest to be added)

The Warrants are offered when, as and if issued by the County and received by the Underwriters, at the offering prices set forth above, subject to prior sale and to the approval of validity by Haskell Slaughter Young & Johnston, Professional Association, Birmingham, Alabama, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Maynard, Cooper & Gale, P.C., Birmingham, Alabama. It is expected that the Warrants in definitive form will be available for delivery in New York, New York, on or about August 24, 1993.

**First Alabama Investments, Inc.**

**Bank of Alabama**

**Vanguard Capital**

August 12, 1993

**JEFFERSON COUNTY, ALABAMA**

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**JEFFERSON COUNTY COMMISSION**

**MARY BUCKELEW**

President

**GARY WHITE**

Commissioner

**JIM GUNTER**

Commissioner

**JEFF GERMANY**

Commissioner

**CHRIS McNAIR**

Commissioner

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Treasurer

**CHARLOTTE DOMINICK**

Director of Finance

**STEVE SAYLER**

County Attorney

**EDWIN A. STRICKLAND**

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**BOND COUNSEL**

**HASKELL SLAUGHTER YOUNG & JOHNSTON**  
Professional Association

Birmingham, Alabama

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**UNDERWRITERS' COUNSEL**

**MAYNARD, COOPER & GALE, P.C.**

Birmingham, Alabama

No dealer, broker, salesman or any other person has been authorized by Jefferson County, Alabama, or the Underwriters to give any information or to make any representations other than as contained in this Official Statement in connection with the offering of the Warrants described herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Warrants by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained in this Official Statement has been furnished by the County and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create an implication that there has been no change in the affairs of the County since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE WARRANTS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

## TABLE OF CONTENTS

	<u>Page</u>
Introduction .....	1
Purpose of the Warrants and Refunding Plan .....	1
Description of the Warrants .....	2
Book-entry Only System .....	4
Debt Service Schedule .....	6
Security for the Warrants .....	6
County Government and Administration .....	8
County Risk Management .....	12
County Financial System .....	12
Summary of Sources and Uses of County Revenues .....	16
Medicaid Disproportionate Share Program .....	18
Projected Capital Expenditures .....	18
County Sales and Use Taxes .....	19
Special County License Tax .....	20
Ad Valorem Taxation .....	21
County Debt .....	28
Economic and Demographic Information .....	32
Litigation .....	42
Underwriting .....	43
Ratings .....	43
Legal Matters .....	44
Tax Exemption .....	44
Verification of Arithmetical Computations .....	45
Miscellaneous .....	46
Appendix A - Form of Bond Counsel Opinion	
Appendix B - Financial Statements of the County	

## **OFFICIAL STATEMENT**

**\$64,940,000**  
**JEFFERSON COUNTY, ALABAMA**  
**General Obligation Refunding Warrants**  
**Series 1993**

### **INTRODUCTION**

This Official Statement of Jefferson County, Alabama (the "County"), which includes the cover page and the appendices hereto, is being furnished in connection with the sale by the County of its \$64,940,000 principal amount General Obligation Refunding Warrants, Series 1993 (the "Warrants"). The Warrants will be issued for the purpose of refunding a portion of three outstanding series of general obligation warrants of the County. (See "PURPOSE OF THE WARRANTS AND REFUNDING PLAN".) The Warrants will be issued pursuant to a resolution and order (the "Warrant Resolution") adopted by the Jefferson County Commission (the "County Commission") and will be general obligations of the County secured by a pledge of its full faith and credit. (See "SECURITY FOR THE WARRANTS".) The Warrant Resolution will constitute a contract with the holders of the Warrants. The Warrants are being issued pursuant to Act No. 83-75 enacted at the 1983 First Special Session of the Legislature of Alabama, as amended by Act No. 83-921 of the 1983 Fourth Special Session of the Legislature of Alabama (such Acts being codified as Sections 11-28-1 through 11-28-7, inclusive, of the Code of Alabama 1975, as amended).

The information contained in this Official Statement does not purport to be comprehensive or definitive and speaks only as of the date of this Official Statement. All references herein to, or summaries of, the Warrant Resolution or any contracts, resolutions or other documents or official acts related to the Warrants are qualified in their entirety by the exact terms of such documents or official acts, which are items of public record available from the County. All references herein to, or summaries of, the Warrants are qualified in their entirety by the definitive forms thereof and the information with respect thereto included in the Warrant Resolution.

Additional information with respect to the Warrants and the County is available from Steve Saylor, the County Director of Finance, at Room No. 3, Jefferson County Courthouse, 716 North 21st Street, Birmingham, Alabama.

### **PURPOSE OF THE WARRANTS AND REFUNDING PLAN**

The County has heretofore issued (a) its General Obligation Warrants, Series 1988 (the "Series 1988 Warrants"), which are now outstanding in the aggregate principal amount of \$35,736,276 (treating as principal the accreted values as of August 1, 1993, of those of said warrants issued as capital appreciation warrants), (b) its General Obligation Warrants, Series 1989 (the "Series 1989 Warrants"), which are now outstanding in the aggregate principal amount of \$30,700,000, and (c) its General Obligation Warrants, Series 1990 (the "Series 1990 Warrants"), which are now outstanding in the aggregate principal amount of \$38,755,000.

The Warrants will be issued for the purposes of (i) refunding those of the Series 1988 Warrants that mature subsequent to April 1, 2000 (such warrants being herein called the "Refunded Series 1988 Warrants"), (ii) refunding those of the Series 1989 Warrants that mature subsequent to April 1, 1999 (such warrants being herein called the "Refunded Series 1989 Warrants"), and (iii) refunding those of the Series 1990 Warrants that mature subsequent to April 1, 2004 (such warrants being herein called the "Refunded Series 1990 Warrants"). Simultaneously with the issuance and delivery of the Warrants, the County and AmSouth Bank N.A., Birmingham, Alabama, will enter into an Escrow Trust Agreement which will require the County to deposit with said bank substantially all of the principal proceeds to be derived by the County from the sale of the Warrants. Substantially all of such moneys will be invested by said bank in certain United States Treasury obligations. Those obligations, along with certain other available moneys of the County, will be held in the escrow fund to be established under said Escrow Trust Agreement, which will constitute a trust fund to be held by said bank, as trustee, for the benefit of the holders of the Refunded Series 1988 Warrants, the Refunded Series 1989 Warrants and the Refunded Series 1990 Warrants (together, the "Refunded Warrants"). Moneys in such escrow fund will be applied (A) for the payment, when due, of the interest on the Refunded Warrants (except for certain interest on the Refunded Series 1990 Warrants that will be paid from an escrow fund heretofore established) until their respective redemption dates,

(B) for the redemption on April 1, 1998, of all of the Refunded Series 1988 Warrants, (C) for the redemption on April 1, 1999, of all of the Refunded Series 1989 Warrants, and (D) for the redemption on October 1, 2000, of all of the Refunded Series 1990 Warrants.

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

Deposit to escrow fund	\$ 63,001,632.72
Original issue discount	938,157.95
Expenses of issuance (including underwriting discount)	960,027.63
Proceeds to County	<u>40,181.70</u>
Total	<u>\$ 64,940,000.00</u>

## DESCRIPTION OF THE WARRANTS

### General

The Warrants are available in book-entry form only. See "BOOK-ENTRY ONLY SYSTEM." So long as Cede & Co. is the registered owner of the Warrants, as nominee of The Depository Trust Company, New York, New York ("DTC"), references herein to the owners of the Warrants mean Cede & Co. and not the Beneficial Owners (as defined hereinafter) of the Warrants.

The Warrants will bear interest payable on April 1, 1994, and semiannually thereafter on each April 1 and October 1. The Warrants will bear interest at the per annum rates set forth on the cover hereof (computed on the basis of a 360-day year of twelve consecutive 30-day months). The Warrant Resolution will make special provision for the payment of overdue interest, which may be paid to an owner of a Warrant other than the person who was the registered owner thereof at the time such overdue interest became due and payable.

The Warrants will mature in the principal amounts and on the dates set forth on the cover hereof and will be issued in the denominations of \$5,000 or any integral multiple thereof. The principal of and the interest on the Warrants will bear interest after their respective due dates until paid at the respective rates of interest borne by such Warrants prior to maturity.

### Redemption Provisions

The Warrants will be subject to redemption prior to maturity only as hereinafter provided. Written notice of each redemption of the Warrants must be given, not more than sixty (60) nor less than thirty (30) days before the date fixed for redemption, to the registered owners of each of the Warrants being called for redemption by registered or certified mail at their addresses as shown on the registry books of AmSouth Bank N.A., Birmingham, Alabama, the paying agent and registrar for the Warrants (the "Registrar"), pertaining to the Warrants.

*Optional Redemption of Warrants.* Those of the Warrants having stated maturities on April 1, 2004, and thereafter will be subject to redemption, at the option of the County, prior to their respective maturities, as a whole or in part, but if in part, in such maturities as shall be selected by the County, on any date on or after April 1, 2003, at the following respective redemption prices for each Warrant redeemed (expressed as a percentage of the principal amount thereof) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
April 1, 2003, through March 31, 2004	102%
April 1, 2004, through March 31, 2005	101
April 1, 2005, and thereafter	100

Those of the Warrants subject to redemption may be redeemed only in principal amounts of \$5,000 or any integral multiple thereof. In the event that less than all the principal of the Warrants of a particular maturity is to be redeemed, the Registrar shall select by lot that portion of the principal of the Warrants of such maturity to be redeemed.

### **Payment of Principal and Interest**

The principal of and interest on the Warrants will be paid, when due, by the Registrar to Cede & Co.

### **Registration, Transfer and Exchange**

The Warrants will be registered as to both principal and interest and will be transferable only on the registry books of the Registrar pertaining to the Warrants. See "BOOK-ENTRY ONLY SYSTEM" for a description of provisions relating to the registration, transfer and exchange of the Warrants.

### **BOOK-ENTRY ONLY SYSTEM**

The Warrants will be available in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof. Purchasers of the Warrants will not receive certificates representing their interests in the Warrants purchased.

The Warrants when issued will be registered in the name of Cede & Co., as warrant holder and nominee of DTC. The ownership of one fully registered Warrant for each maturity as set forth on the front cover page hereof, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant either directly or indirectly (the "Indirect Participants").

Ownership interests in the Warrants may be purchased by or through DTC Participants. Such DTC Participants and the persons for whom they acquire interests in the Warrants as nominees will not receive certificated Warrants, but the DTC Participants are expected to receive a credit balance on the records of DTC representing their share of the Warrants purchased. The ownership interest of each actual purchaser of each Warrant (the "Beneficial Owner") is expected to be recorded through the records of DTC Participants and Indirect Participants. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of the Warrants acquired. The Registrar is required to make principal and interest payments to DTC, and DTC is expected to credit those payments to DTC Participants for subsequent disbursements to Beneficial Owners. Transfers of ownership interests in the Warrants may be accomplished by book entries made by DTC and by the DTC Participants and Indirect Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Warrants, except as specifically provided in the Warrant Resolution.

NEITHER THE COUNTY NOR THE REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE WARRANTS IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE WARRANTS, ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO WARRANTHOLDERS UNDER THE WARRANT RESOLUTION, THE SELECTION BY DTC, ANY DTC PARTICIPANT OR INDIRECT

PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE WARRANTS, OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS WARRANTHOLDER.

SO LONG AS DTC OR ITS NOMINEE IS THE REGISTERED OWNER OF THE WARRANTS, REFERENCES HEREIN TO THE WARRANTHOLDERS OR REGISTERED OWNERS OF THE WARRANTS SHALL MEAN DTC, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE WARRANTS.

The County and the Registrar cannot give any assurances that DTC will distribute to DTC Participants payments of principal of, premium, if any, and interest on the Warrants paid to DTC or its nominee or any redemption or other notices given to DTC or its nominee, or that DTC will do so on a timely basis, or that DTC will serve or act in a manner described in this Official Statement. Furthermore, the County and the Registrar cannot give any assurances that DTC Participants or others will distribute to the Beneficial Owners payments of principal of, premium, if any, and interest on the Warrants paid to DTC Participants by DTC or any redemption or other notices received by them from DTC or that they will do so on a timely basis.

For every transfer and exchange of the Warrants, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its services with respect to the Warrants at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, unless another securities depository is selected, the Warrant Resolution requires the County to deliver Warrant certificates to Warrantholders. A Beneficial Owner, upon registration of certificates held in such Beneficial Owner's name, will become a Warrantholder.

In the event that the Book-Entry Only System is discontinued, the principal and redemption price of the Warrants will be payable upon surrender of the Warrants at the principal corporate trust office of the Registrar in Birmingham, Alabama. Interest on the Warrants will be payable on April 1, 1994, and semiannually thereafter on April 1 and October 1 by check or draft mailed to the Warrantholders as of the close of business on the record date as defined in the Warrant Resolution.

So long as DTC or its nominee is the owner of the Warrants, the County and the Registrar will recognize DTC or its nominee as the owner of the Warrants for all purposes, including the giving of notices and the right to vote the Warrants. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. Neither the Registrar nor the County is responsible for sending notices to Beneficial Owners.

For further information concerning DTC procedures, Beneficial Owners should consult banks or securities brokers which are DTC Participants and Indirect Participants.

## DEBT SERVICE SCHEDULE

The following schedule presents the total debt service that will be due and payable on the Warrants:

Fiscal Year Ending September 30	Principal of the Warrants	Interest on the Warrants	Total Debt Service
1994	\$ 795,000.00	\$ 2,190,353.33	\$ 2,985,353.33
1995	0.00	3,264,860.00	3,264,860.00
1996	0.00	3,264,860.00	3,264,860.00
1997	0.00	3,264,860.00	3,264,860.00
1998	0.00	3,264,860.00	3,264,860.00
1999	0.00	3,264,860.00	3,264,860.00
2000	0.00	3,264,860.00	3,264,860.00
2001	5,425,000.00	3,264,860.00	8,689,860.00
2002	5,685,000.00	3,009,885.00	8,694,885.00
2003	5,780,000.00	2,739,847.50	8,519,847.50
2004	6,245,000.00	2,450,847.50	8,695,847.50
2005	8,960,000.00	2,138,597.50	11,098,597.50
2006	6,485,000.00	1,681,637.50	8,166,637.50
2007	10,185,000.00	1,344,417.50	11,529,417.50
2008	5,815,000.00	814,797.50	6,629,797.50
2009	6,145,000.00	509,510.00	6,654,510.00
2010	3,420,000.00	183,825.00	3,603,825.00

## SECURITY FOR THE WARRANTS

### General Obligations

The Warrants will be general obligations of the County, for the payment of which the full faith and credit of the County will be irrevocably pledged.

### Warrant Fund

The Warrant Resolution will provide for the creation of a special fund (the "Warrant Fund") to provide for payment of the principal of and interest and premium (if any) on the Warrants. The Registrar shall be the depository, custodian and disbursing agent for the Warrant Fund, which shall be maintained until the Warrants have been paid in full. The Warrant Resolution will require the County to deposit in the Warrant Fund, not later than the opening of business on each interest payment date, an amount which, when added to the amount held therein, will equal the sum necessary to pay the principal (if any) and interest maturing with respect to the Warrants on such interest payment date and the redemption price of any Warrants due to be redeemed on such date.

### Legal Remedies

The County is, under existing law, subject to suit in the event that it defaults in the payment of the principal of or interest on the Warrants. The remedies available to the holders of the Warrants through suit, mandamus proceedings or other legal process are subject, however, to the provisions of existing Alabama law exempting from levy and sale under any process, judgment or decree all property (real or personal) belonging to counties in Alabama and used for county purposes, and may be subject to, among other things, (i) the provisions of the United States Bankruptcy Code (referred to below), (ii) the obligation of the County imposed by law to pay, prior to the payment of debt service, the expenses of providing necessary governmental services, and (iii) the provisions of



other statutes that may hereafter be enacted by the Congress of the United States or the Alabama Legislature extending the time for payment of county indebtedness or imposing other constraints upon the enforcement of rights of holders of county obligations.

### **Defeasance of the Warrant Resolution**

The Warrant Resolution will provide that any of the Warrants shall be deemed to be paid when there shall have been irrevocably deposited with the Registrar, in trust, cash sufficient to provide for full payment of such Warrants, including the interest that will mature thereon until such payment. In addition, any of the Warrants shall be deemed fully paid if the County and the Registrar (or another bank acting as trustee) enter into an appropriate trust agreement under which there shall be deposited, for payment or redemption of such Warrants and for payment of the interest to mature thereon until maturity or redemption, Permitted Defeasance Obligations (as hereinafter defined) or any combination of cash and Permitted Defeasance Obligations, which together with the income to be derived from such obligations, will produce moneys sufficient to provide for the payment, redemption and retirement of such Warrants. When any of the Warrants are deemed paid under the conditions described above, they shall be payable solely out of the moneys held in trust for the payment thereof and shall no longer constitute general obligations of the County.

Further conditions precedent to any of the Warrants being deemed paid as a result of the creation of a trust for the payment thereof are (i) that there shall have theretofore been adopted all necessary proceedings relating to the redemption of any of such Warrants that are required to be redeemed prior to their respective maturities, (ii) that the County and the trustee under such trust shall have been furnished with an opinion of nationally recognized bond counsel to the effect that the creation of any such trust will not result in subjecting to federal income taxation the interest on any of the Warrants that are to be paid by such trust, and (iii) that the County and the trustee shall have been furnished a certificate of a firm of certified public accountants stating that such trust will produce moneys sufficient to provide for the full payment and retirement of such Warrants.

For purposes of any trust established to provide for the payment and retirement of any of the Warrants, the term "Permitted Defeasance Obligations" shall mean any combination of (i) direct obligations of the United States of America, (ii) obligations unconditionally guaranteed as to the payment of both principal and interest by the United States of America, (iii) custodial receipts evidencing the right to receive payments of principal and interest with respect to underlying obligations of the United States of America, and (iv) obligations issued by any state of the United States of America or political subdivision or instrumentality thereof that bear interest excludable from gross income for purposes of federal income taxation, that are fully payable, as to both principal and interest, from payments of principal or interest on Permitted Defeasance Obligations held in an irrevocable trust, and that are rated not less favorably than AAA by Standard & Poor's Corporation or Aaa by Moody's Investors Service, Inc.

### **The United States Bankruptcy Code**

Chapter 9 of the United States Bankruptcy Code permits political subdivisions and public agencies or instrumentalities that are insolvent or unable to meet their debts to file petitions for relief in a federal bankruptcy court if authorized by state law. While the matter is not entirely free from doubt, prospective purchasers of the Warrants should assume that existing Alabama statutes presently authorize the County and other counties in Alabama to file petitions for relief under the Bankruptcy Code.

Bankruptcy proceedings by the County could have significant adverse effects on holders of the Warrants, including (a) delay in the enforcement of their remedies, (b) subordination of their claims to the claims of those supplying goods and services to the County after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (c) imposition without their consent of a plan for the adjustment of the County's debts that may modify the rights of creditors generally, including the rights of the owners of the Warrants. A plan for the adjustment of the debts of a political subdivision under the Bankruptcy Code, when confirmed by the court having jurisdiction of the bankruptcy proceedings, binds all creditors who had notice or knowledge of the plan and discharges all claims against such political subdivision provided for in the plan when (1) the petitioning subdivision has deposited, with a duly appointed disbursing agent, all money, securities or other consideration required by the plan to be distributed, and (2) the court is satisfied that any securities to be so distributed are valid obligations of such political subdivision and that any provision to pay or secure such obligations is also valid. No plan may, however, be confirmed by the court unless, among other things, (i) the plan has been accepted in writing by two-thirds in amount and fifty percent in number of the allowed claims of each class of creditors which are impaired by the plan and that have accepted or rejected the plan, and (ii) the court determines that the plan is in the best interests of creditors and is feasible, and, if a class that is impaired by the plan has not accepted the plan, the plan does not discriminate unfairly, and is fair and equitable, with respect to any such class of creditors. The effect of

these and other provisions of the Bankruptcy Code cannot be predicted with any certainty and may be significantly affected by judicial interpretation or future action of the Congress of the United States or the Alabama Legislature.

## **COUNTY GOVERNMENT AND ADMINISTRATION**

### **The County Commission**

The governing body of the County is the County Commission. The five commissioners are elected from five districts within the County for four-year terms. The current term of office for the present commissioners, President Mary Buckelew and Commissioners Gary White, Jim Gunter, Jeff Germany and Chris McNair, began on January 14, 1991, and will end on November 15, 1994.

The major responsibilities of the County Commission are to administer the County's finances, serve as custodians of all of the County's property, collect taxes as set by state law, allocate resources for the construction of buildings, roads and other public facilities, provide for the delivery of services that by law are the County's responsibility (such as sewer service, medical care, care for the indigent and law enforcement) and make appointments to various governmental boards and agencies.

As of June 30, 1993, the County employed approximately 4,000 individuals. The County's employees perform tasks in five areas of County government. These areas are the Department of Finance and General Services, the Department of Roads and Transportation, the Department of Environmental Services, the Department of Health and Human Services and the Department of Community and Economic Development. A description of these areas follows:

### **The Department of Finance and General Services**

The Department of Finance and General Services is responsible for the administration of the financial affairs of the County, the management of the public buildings of the County and the maintenance of the accounting records of the County. The department supervises the operations of the County Revenue Department, which collects a number of state and local taxes (such as sales and use taxes and other excise taxes), as well as the Finance Department. See "COUNTY FINANCIAL SYSTEM". For the most part, the activities of the department are supported with moneys from the General Fund of the County. The President of the County Commission, Mary Buckelew, has been assigned the responsibility of the Department of Finance and General Services.

### **The Department of Roads and Transportation**

The Department of Roads and Transportation is responsible for the construction and maintenance within the unincorporated area of the County of public highways, streets and bridges. Commissioner Gary White has been assigned the responsibility of this department. The various divisions which constitute the department, including the Administrative Division, the Design Division, the Right-of-Way Division, the Highway Engineering Division, the Highway Maintenance Division, the Traffic Division and the Equipment Division, are supported with moneys from the Road Fund.

### **The Department of Environmental Services**

The Department of Environmental Services is responsible for the construction, operation and maintenance within the County of sewage disposal plants and sewage lines. Commissioner Chris McNair has been assigned the responsibility of this department. The activities of this department are financed through the Sanitary Operations Fund.

## **The Department of Health and Human Services**

The Department of Health and Human Services, which is the responsibility of Commissioner Jeff Germany, supervises certain health care institutions and agencies of the County. Two of the institutions subject to the supervision of the department are the County nursing home in Ketchikan, Alaska (the "County Home") and Cooper Green Hospital, which provides medical care for indigent residents of the County. Cooper Green Hospital and the County Home are supported from the Indigent Care Fund of the County.

## **The Department of Community and Economic Development**

The Department of Community and Economic Development is responsible for the activities of the County in a number of different areas related to the growth and development of the County. Commissioner Jim Gunter has been assigned the responsibility for this department, which includes the County's offices for land development and inspection services. The department also supervises the Office of Community Development, which administers federal community development funds for capital improvements in the County, and the Office of Senior Citizens' Activities, which is responsible for the development and implementation of programs to provide services for the elderly residents of the County. The department is also responsible for ensuring that certain housing facilities for persons of low or moderate income are operated in compliance with the requirements of the Internal Revenue Code applicable to private activity bonds issued to finance the costs of such facilities.

[insert organizational chart for County]

## COUNTY RISK MANAGEMENT

The County maintains a risk management program in order to minimize its exposures to loss. Risk financing is accomplished through a wide variety of methods including: self-insurance, traditional insurance, crime and fidelity bonding, excess insurance and participation in industry trust funds. The following is a summary of the risk financing method used for each given exposure:

**Property Insurance** — Traditional insurance coverage is purchased in the amount of \$50,000,000 per occurrence including earthquake and flood exposures.

**Boiler and Machinery Insurance** — Traditional insurance coverage is purchased in the amount of \$30,000,000 per occurrence.

**Workers' Compensation** — Self-insured with a self-insured retention of \$300,000 and excess coverage for statutory amounts above the retention.

**General, Auto, Public Officials, and Law Liability** — Self-insured with an established internal service fund to finance losses in accordance with GASB 10 requirements.

**Hospital and Nursing Home Medical Malpractice and General Liability** — Insured through the County's participation in the Alabama Hospital Association Trust Fund with limits of \$1,000,000 per occurrence/\$3,000,000 per report year aggregate.

**Crime and Fidelity Bonding** — Public employee dishonesty traditionally bonded with a limit of \$505,000 per occurrence. Theft, disappearance, or destruction of money, securities, and other property on premises traditionally bonded with a limit of \$150,000, except checks other than payroll. Theft, disappearance, or destruction of money, securities, and other property off premises traditionally bonded with a limit of \$100,000, except checks other than payroll. Checks other than payroll are bonded in the amount of \$2,000,000 per occurrence.

## COUNTY FINANCIAL SYSTEM

The Department of Finance and General Services is responsible for the administration of the financial affairs of the County and the maintenance of its accounting records. The Finance Department, a division of the Department of Finance and General Services, directs the County's financial program by assembling, maintaining and preparing the County's financial records and statements and by assisting in budget hearings.

Pursuant to Alabama law, the County is audited annually by the State Department of Examiners of Public Accounts. Historically, the emphasis of the state audit has been on compliance with applicable state law. Such audits are generally completed one to three years after the end of the audit period. The most recent available state audit is for the fiscal year ended September 30, 1991. In addition to the state audit, the Director of Finance of the County prepares internal financial statements which conform to the format of the state audit.

The financial information contained herein was taken from the state audits with respect to the fiscal year ended September 30, 1991, and the fiscal years prior thereto and from internal audits with respect to the fiscal year ended September 30, 1992. Portions of the County's financial statements for the fiscal year ended September 30, 1991, as audited by the State Department of Examiners of Public Accounts, are attached hereto as Appendix B.

## **Budget System**

The budget for the County consists of an operating budget for each of the funds maintained by the County. Together, these separate operating budgets constitute a complete financial plan for the County and reflect the projection of the receipts, disbursements and transfers from all sources.

All of the operating budgets are developed by the Office of Budget and Management under the direction of the members of the County Commission respectively responsible for the operation of the individual County departments. The budgets are based on estimates of the amount and cost of work to be performed together with historical costs of operations as submitted by the head of each office and department. Estimated revenues are detailed according to source, and estimated expenditures are detailed according to function and type.

Upon submission of the proposed budgets by the Office of Budget and Management, the County Commission holds public hearings at which the requests of the individual County departments and the recommendations of the Office of Budget and Management are fully reviewed. After conclusion of the hearings, the County Commission may add new expenditures or increase, decrease or delete expenditures in the proposed budgets, provided that expenditures for debt service or any other expenditures required by law to be included may not be deleted from the budgets. The County Commission is prohibited by law from adopting budgets in which the total of expenditures exceeds the estimated total receipts and available surplus.

The County Commission is required to adopt the annual budgets on or before the first Tuesday in October of the fiscal year in which the budgets are to take effect. Upon adoption by the County Commission, the budgets are printed for distribution to all departments of the County, as well as financial institutions and the general public. Appropriations in addition to those in the original budgets may be made by the County Commission if unencumbered and unappropriated moneys sufficient to meet such appropriations are available.

## **Accounting System**

The County maintains a number of separate funds, some of which should be categorized as governmental funds and the remainder of which are more appropriately considered to be proprietary or fiduciary funds. For at least the last six fiscal years, these funds have been maintained and reported by the County in accordance with the standards of the Government Finance Officers Association. The following paragraphs contain brief descriptions of certain of the funds maintained by the County.

*General Fund.* The General Fund is the primary operating fund of the County. Its revenues are not earmarked and may be utilized for any purpose authorized by state or local law. Primary sources of revenue for the General Fund are property taxes, county sales taxes and commissions and revenues collected by the State and shared with the County. For the most part, the General Fund supports the operation of the County's basic governmental functions, including management, personnel, accounting, taxation, purchasing, data processing, building services, elections, law enforcement, the judiciary, land utilization and solid waste disposal.

*Special Revenue Funds.* The County maintains a number of special revenue funds in order to account for revenues from specific sources which are regulated and restricted to expenditures for specific purposes. The following are brief descriptions of the special revenue funds of the County.

The Indigent Care Fund is used to support the operation of Cooper Green Hospital. Revenue sources for the Indigent Care Fund include alcoholic beverage taxes and sales taxes.

The Road Fund is used to support County road and street construction and maintenance. Revenue sources for the fund include County ad valorem taxes and a County gasoline tax, together with the County's portion of the state gasoline taxes and drivers' license and motor vehicle tag fees.

The Bridge and Public Building Fund is used to account for expenditures of ad valorem taxes designated for the maintenance and repair of County bridges and public buildings. Expenditures from this fund include transfers of moneys to the Road Fund to support the County road maintenance program and payments of debt service on County obligations incurred for road and public building purposes.

The Community Development Fund is used to account for the receipt and disbursement of certain federal grant funds received by the County. Typical grants received are Community Development Block Grants, Farmers' Home Administration Grants and Housing and Urban Development Grants. Moneys from such fund are used for housing development and community revitalization projects, including related road and sewer developments.

The Senior Citizens Activities Fund is used in connection with a federally-sponsored program to help senior citizens obtain prepared meals, medical care and transportation.

*Debt Service Funds.* The debt service funds are a group of accounts into which the proceeds of pledged taxes and interest income are deposited for the payment of the County's long-term debt.

*Capital Project Funds.* The capital project funds are used to receive transfers from other funds and interest income and proceeds from the sale of certain bonds, warrants or other securities of the County and to make capital outlay expenditures. Brief illustrative descriptions of such funds are presented below.

The Environmental Services Construction Fund is used to support contracts for renovation and construction of sewage disposal facilities and landfills that are funded through borrowed moneys and any available matching funds. Moneys in this fund consist primarily of proceeds of sewer revenue warrants, sewer impact fees and revenues of the Sanitary Operations Fund in excess of expenditures (including operating costs and debt service).

The Capital Improvements Fund is used to support a variety of capital projects undertaken by the County, including construction of new buildings, renovation of existing buildings and major equipment purchases.

The Road Construction Fund is used to account for the expenditures related to a number of road construction and improvement projects. Moneys in this fund consist primarily of warrant proceeds, contributions from other governmental entities and proceeds of grants.

*Enterprise Funds.* The enterprise funds are used to account for activities where the intent of the County is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the County has decided that periodic income determination is appropriate for capital maintenance, public policy, management control accountability or other purposes. A major County enterprise fund is the Sanitary Operations Fund, which is used to support the operation and maintenance of sewage disposal facilities in the County. Sewer service charges constitute the primary revenue source for such fund. Other major enterprise funds are maintained with respect to Cooper Green Hospital, the County Home and the County landfill.

*Trust and Agency Funds.* The County maintains trust and agency funds to account for expendable trust funds and agency funds which the County is charged with maintaining.

## **Pension and Retirement Plan**

The General Retirement System for Employees of Jefferson County (the "Pension System") is established under Act No. 497 of the 1965 Regular Session of the Legislature, as amended (the "Pension Act"). With certain limited exceptions, all employees of the County who are subject to the Civil Service System are members of the Pension System. County officers and those County employees who are not subject to the Civil Service System may elect to be members of the Pension System. As of September 30, 1992, there were 4,167 participants in the Pension System (including both present and retired employees).

Benefits payable under the Pension System are funded through a trust to which both the County and the members of the Pension System (the "Members") are required to contribute. With certain exceptions, each Member is required to make contributions to the Pension System, by means of regular payroll deductions, at a rate equal to 6.00% of the Member's compensation. The County is required to make a monthly contribution to the Pension System in an amount equal to the contributions made by Members for the month.

The Pension Act requires periodic review of the Pension System by a reputable actuary. The most recent actuarial valuation of the Pension System was prepared as of September 30, 1992, by Towers Perrin (the "Actuary"). According to that valuation, the Pension System had as of September 30, 1992, total liabilities of approximately \$352,500,000. The assets of the Pension System as of September 30, 1992, consisted of present assets valued at approximately \$257,300,000 and future contributions of the County and the Members with a present value of approximately \$120,200,000. On the basis of that valuation and certain actuarial assumptions, the Actuary concluded that the Pension System is actuarially sound.

### **SUMMARY OF SOURCES AND USES OF COUNTY REVENUES**

The principal sources of revenue for the County are property taxes, sales and use taxes, an occupational tax, charges for services provided by the County, certain tax revenues collected by the State and allocated to the County, and federal grants. County moneys are expended to pay the operating expenses of the County, debt service on the County's debt and the costs of capital improvements. The following table summarizes the sources and uses of County moneys for the three most recently completed fiscal years and sets forth the budgeted figures for the fiscal year ending September 30, 1993. All references to or summaries of financial information are qualified in their entirety by reference to such financial statements which are available in reasonable quantities from the Director of Finance of the County. The figures in the following table related to the fiscal year that ended September 30, 1992, have not been audited.



**SOURCES AND USES OF REVENUES**

	Fiscal Year Ended September 30			
	1990	1991	1992*	1993 Budget
<b>SOURCES</b>				
<u>Local Revenues</u>				
Property Taxes	\$ 41,136,703	\$ 41,827,443	\$ 41,598,265	\$ 44,103,580
Sales & Use Taxes	38,556,605	39,434,585	41,295,420	41,890,934
Occupational Tax	31,427,023	32,744,082	33,784,451	34,620,054
Local Taxes and Miscellaneous	10,564,003	11,355,924	13,404,220	11,021,105
Interest Earnings	7,104,390	8,497,792	9,090,558	8,165,003
Subtotal	<u>128,788,724</u>	<u>133,859,826</u>	<u>139,172,914</u>	<u>139,800,676</u>
<u>Charges for Services</u>				
Environmental Services	31,671,016	34,038,775	39,218,174	37,561,673
County Hospital Revenue	33,845,160	50,343,485	39,403,652	42,428,086
County Nursing Home Revenue	6,259,972	7,455,848	9,902,626	9,437,753
Courts & Public Safety	9,456,378	9,820,564	11,334,185	10,597,301
General Government	8,088,504	15,682,169	19,544,642	16,870,392
Subtotal	<u>89,321,030</u>	<u>117,340,841</u>	<u>119,403,279</u>	<u>116,895,205</u>
<u>State Revenue</u>				
Gasoline Tax	4,334,355	5,050,152	4,552,380	4,687,143
Allocated Portion of State Taxes	9,824,751	9,761,404	11,879,563	12,065,661
Subtotal	<u>14,159,106</u>	<u>14,811,556</u>	<u>16,431,943</u>	<u>16,732,804</u>
<u>Federal Revenue</u>	<u>5,978,028</u>	<u>5,888,061</u>	<u>6,150,564</u>	<u>10,808,333</u>
Total Sources	238,246,888	271,900,284	281,158,700	284,257,018
<b>USES</b>				
<u>Operating Services</u>				
General Government	62,283,599	63,087,345	70,289,117	83,365,230
Courts & Public Safety	37,926,488	40,352,251	45,725,924	49,372,622
Health & Public Welfare	71,968,716	84,239,937	81,040,486	82,384,637
Public Works	50,568,277	59,596,109	57,616,904	59,619,614
Subtotal	<u>222,747,080</u>	<u>247,275,642</u>	<u>254,672,431</u>	<u>274,742,103</u>
<u>Debt Service</u>				
Principal	5,417,812	5,825,000	5,950,000	7,460,000
Interest and Fees	8,771,840	10,363,048	12,586,610	14,339,875
Capital Cash Payments	5,301,414	5,326,911	5,349,459	5,378,780
Subtotal	<u>19,491,066</u>	<u>21,514,959</u>	<u>23,886,069</u>	<u>27,178,655</u>
Total Uses	242,238,146	268,790,601	278,558,500	301,920,758
Cash (Outflow) Inflow	(3,991,258)	3,109,683	2,600,200	(17,663,740)
Beginning Fund Balance	126,313,459	122,322,201	125,431,884	128,032,084
Ending Fund Balance	<u>\$ 122,322,201</u>	<u>\$ 125,431,884</u>	<u>\$ 128,032,084</u>	<u>\$ 110,368,344</u>

\* Unaudited.

## **MEDICAID DISPROPORTIONATE SHARE PROGRAM**

During the County's fiscal year ended September 30, 1990, the State of Alabama Medicaid Agency (the "Medicaid Agency") received a waiver from the Healthcare Finance Authority ("HCFA") that allowed the Medicaid Agency to provide additional reimbursements to Alabama hospitals that treated a disproportionately large number of indigent patients. The County's Cooper Green Hospital qualified as a disproportionate share hospital in 1990 and continues to hold such designation.

The Medicaid Agency financed the disproportionate payments in 1990 and 1991 by voluntary contributions from designated hospitals which were matched by federal contributions at the ratio of 3 to 1. In response to a request by HCFA in 1992, the Alabama Legislature instituted a "provider" tax that replaced the voluntary hospital contributions. In 1993, the Legislature repealed the "provider" tax due to new HCFA regulations. The Medicaid Agency now uses transfers from two State of Alabama hospitals to finance the disproportionate share program.

From 1990 through 1993, the County experienced substantial volatility in hospital revenues and expenditures due to the uncertainty in the legal and regulatory environment with respect to the disproportionate share program. However, the County's net revenues from the operation of Cooper Green Hospital have remained relatively constant during this period.

## **PROJECTED CAPITAL EXPENDITURES**

The County's fiscal year 1993 operating budget contains approximately \$8,240,000 for capital outlay, which is consistent with the normal replacement purchases of obsolete and outdated equipment and other recurring capital expenditures for the last several years. In addition to such recurring capital expenditures that are to be paid out of current revenues, the County Commission is now planning to undertake the following capital projects within the next thirty-six months: (i) substantial renovation of the County Courthouse to comply with the requirements of the Americans with Disabilities Act (approximate cost \$8,000,000); (ii) renovation of duct work in various County buildings to conform to the requirements of the Clean Air Act (approximate cost \$4,000,000); and (iii) various County road projects (approximate cost \$5,000,000). The County intends to pay the costs of such projects with proceeds of warrants heretofore issued and other moneys heretofore set aside by the County for capital purposes.

### **Sewer Capital Improvement Program**

The County owns and operates the sanitary sewer system which serves the residents of the County. The majority of customers served by the sewer system are billed through, and make their payments for sewer service charges to, the various municipalities that provide such customers with water, and such municipalities then remit the sewer services charges to the County. The County is required by Amendment No. 73 to the Alabama Constitution to use sewer service charges solely to pay (i) the debt service on obligations issued to finance the costs of additions and improvements to the sewer system and (ii) the expenses of operating and maintaining the sewer system.

For the last ten years, the County has been involved in a major capital improvement program with respect to its sanitary sewer system. Since November 1983, over 110 major sewer projects, having a total cost in excess of \$200,000,000, have been bid for construction. The costs of such capital improvements have been paid primarily with (i) the proceeds of limited obligation warrants payable solely from sewer system revenues, (ii) surplus sewer system revenues in excess of the amounts required to pay operating and maintenance expenses and debt service, and (iii) community development grants from the federal government. The County intends to continue to use moneys from those sources to pay its sewer system capital improvement costs. It is now expected that the aggregate amount of capital expenditures to be incurred by the County for sewer purposes during the current and next four fiscal years will exceed \$175,000,000.

## COUNTY SALES AND USE TAXES

The County levies and collects sales and use taxes pursuant to the provisions of Act No. 405 enacted at the 1967 Regular Session of the Legislature of Alabama, as amended by Act No. 659 enacted at the 1973 Regular Session of the Legislature of Alabama (as previously indicated, the "Tax Act"). The sales and use taxes of the County are levied at one-quarter of the rate at which the State sales and use taxes are levied. The State sales and use taxes are currently levied at the rate of 4% of the gross sales or gross receipts, as the case may be, of all businesses subject to the tax, except that the rate with respect to certain machinery, motor vehicles and trailers is 1-1/2%. The Tax Act provides that certain sales are exempt from both the State tax and the County tax. In the event the present State sales and use tax statutes are repealed, under the Tax Act the sales and use taxes of the County will continue to be imposed as if such repeal had not occurred.

The sales tax is due and payable on or before the twentieth day of the month next succeeding the month during which the tax accrued. The use tax is due and payable on or before the twentieth day of the month next succeeding the quarterly period during which the tax accrued. Both taxes are payable to the County Director of Revenue. Under the Tax Act, on or before the twentieth day of each month, the County Director of Revenue is required to make a division of the total proceeds of the sales and use taxes collected during the immediately preceding month for the following purposes and in the following order:

- (1) The first one-half share of the total tax proceeds is applied as follows:
  - (a) an amount equal to 1-1/2% of the total tax proceeds is paid into the General Fund of the County to pay the costs of administering and enforcing the Tax Act;
  - (b) 9% of the first one-half share is paid directly to the Jefferson County Board of Health; and
  - (c) the balance of such one-half share is paid into the Indigent Care Fund of the County.
- (2) The second one-half share of the total tax proceeds is applied as follows:
  - (a) \$100,000 is paid each month directly to the Birmingham-Jefferson Civic Center Authority (the "Civic Center Authority");
  - (b) in the event that the total of the amounts paid to the Civic Center Authority during the month from the net proceeds of the tobacco tax levied by Act No. 524 enacted at the 1965 Regular Session of the Legislature of Alabama and the lodging tax levied by Act No. 525 enacted at the 1965 Regular Session of the Legislature of Alabama aggregates less than \$100,000, an amount of the second one-half share equal to the difference between \$100,000 and the total amount so paid from the proceeds of such taxes is paid directly to the Civic Center Authority;
  - (c) 22% of the second one-half share is paid directly to the Jefferson County Board of Health;
  - (d) 9% of the second one-half share is payable directly to the Jefferson County Board of Health;  
and
  - (e) the remaining balance of the second one-half share is paid into the General Fund of the County.

### County Sales and Use Tax Revenue

<u>Fiscal Year Ending</u> <u>September 30</u>	<u>Amount Collected</u>
1989	\$ 37,541,000
1990	38,556,605
1991	39,434,585
1992	41,295,419*

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\*Unaudited

### SPECIAL COUNTY LICENSE TAX

The County levies and collects a special privilege or license tax (the "Special County License Tax") at the rate of one-half of one percent (0.5%) of the gross receipts of each person following a vocation, occupation, calling or profession within the County. The County has been authorized by state statute to levy the Special County License Tax since 1967, but actually began to levy such tax on January 1, 1988, pursuant to Ordinance 1120 approved by the County Commission on September 29, 1987. Under the state statute that authorizes the levy of the Special County License Tax, certain professions and occupations are exempt from the requirement to pay such tax. For a description of certain pending litigation respecting the County's levy and collection of the Special County License Tax, see "LITIGATION" herein.

### Special County License Tax Revenue

<u>Fiscal Year Ending</u> <u>September 30</u>	<u>Amount Collected</u>
1989	\$ 29,337,000
1990	31,427,023
1991	32,744,082
1992	33,784,451*

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\*Unaudited

For a description of a purpose for which a portion of the Special County License Tax revenues have been pledged and appropriated, see "Civic Center Financing" under "COUNTY DEBT."

### AD VALOREM TAXATION

#### General

The levy and collection of ad valorem taxes in Alabama are subject to the provisions of the Alabama Constitution, as amended, which, among other things, fixes the percentage of market value at which property can be assessed for taxation, limits the rates of county taxation that can be levied against property, and provides a maximum value for the aggregate ad valorem taxes that can be levied by all taxing authorities on any property in any tax year. Ad valorem taxation in Alabama has been significantly affected in recent years by several judicial decisions and two constitutional amendments which are discussed below.

The amount of any specific ad valorem tax in Alabama is computed by multiplying the tax rate by the assessed value of the taxable property. The assessed value of taxable property is a specified percentage (the "assessment ratio") of its fair and reasonable market value or, in certain circumstances, its current use value. Ad valorem tax rates are generally stated in terms of mills

(one-thousandth of a dollar) per dollar of assessed value. Thus, for any given ad valorem tax, each mill in the rate of taxation represents a tax on property equal to one-tenth of one percent of the assessed value of such property.

### The 1978 Tax Amendment

For several years prior to 1978 it was increasingly evident that the statewide reappraisal program being carried out pursuant to federal court orders would result in an enormous increase in ad valorem taxes. After considering a number of different remedial measures in several legislative sessions, the Alabama Legislature proposed a constitutional amendment and adopted implementing legislation designed to revise substantially ad valorem taxation by all taxing authorities in Alabama. The proposed constitutional amendment became part of the Alabama Constitution as Amendment No. 373 (the "1978 Tax Amendment") after its approval in a statewide election held on November 7, 1978.

The 1978 Tax Amendment required, for tax years beginning on or after October 1, 1978, all taxable property to be divided into the four classes shown below and valued for taxation according to the assessment ratios respectively shown applicable thereto:

Class I	All property owned by utilities and used in the business of such utilities (1)	30%
Class II	All property not otherwise classified (1)	20%
Class III	All agricultural, forest and single-family, owner-occupied residential property and historic buildings and sites	10%
Class IV	Private passenger automobiles and pickup trucks owned and operated by an individual for personal or private use	15%

The 1978 Tax Amendment provides that the owner of Class III property may elect to have such property appraised at its "current use value" rather than its "fair and reasonable market value". In a legislative act implementing the 1978 Tax Amendment, "current use value" has been defined as the value of such property based on the use being made of it on October 1 of the preceding year, without taking into consideration "the prospective value such property might have if it were put to some other possible use".

*Assessment Ratio Adjustments.* The 1978 Tax Amendment provides that with respect to local (as distinguished from state) ad valorem taxes, the governing body of any county, municipality or other local taxing authority may, subject to criteria established by legislative act and discussed below, adjust (by increasing or decreasing) the ratio of assessed value of any class of taxable property to its fair and reasonable market value or its current use value (as the case may be), but only if (i) the governing body of such county, municipality or other taxing authority holds a public hearing on the proposed adjustment before authorizing the adjustment, (ii) the Legislature adopts an act approving the adjustment, and (iii) a majority of the electors of such county, municipality or other taxing authority subsequently approve the adjustment in a special election. Any adjustment of assessment ratios is subject to the further requirements that the assessment ratio applicable to each class of taxable property must be uniform within the jurisdiction of each local taxing authority and that no class may be assessed at more than 35% or less than 5% of its fair and reasonable market value or current use value (as the case may be). By virtue of the 1978 Tax Amendment, the Legislature has no power over the adjustment of assessment ratios pertaining to local taxes except to approve or disapprove an adjustment proposed by a local taxing authority.

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(1) In tax years prior to that which began on October 1, 1978, railroad property was classified as utility property and assessed for taxation on the basis of the higher assessment ratio applicable to utility property. The Railroad Revitalization and Regulatory Reform Act of 1976, 49 U.S.C. 11503, prohibits a state from assessing railroad property at a higher percentage of its market value than is used for the assessment of other commercial and industrial property. As interpreted and applied in Alabama Great So. R.R. v. Egerton, 472 F. Supp. 60 (M.D. Ala. 1979), that act requires the assessment ratio for Class II property to be used in the assessment of railroad property for tax years beginning on October 1, 1978, and thereafter.

In addition to the conditions stated therein, the 1978 Tax Amendment provides that the adjustment of assessment ratios is to be subject to criteria established by the Legislature through general laws. The Legislature has provided that the following criteria shall govern the adjustment of assessment ratios:

- (1) if the total assessed value of all of the property of a single class located within the jurisdiction of a local taxing authority exceeds 50% of the total assessed value of all taxable property located within the jurisdiction of such authority, then the assessment ratio with respect to that class of property may be decreased up to a maximum of 5% from the ratio otherwise prescribed for such class;
- (2) if the total assessed value of all of the property of a single class located within the jurisdiction of a local taxing authority is less than 20% of the total assessed value of all taxable property located within the jurisdiction of such authority, then the assessment ratio with respect to that class of property may be increased up to a maximum of 5% from the ratio otherwise prescribed for such class; and
- (3) if the total assessed value of all of the property of a single class located within the jurisdiction of a local taxing authority exceeds 75% of the total assessed value of all taxable property located within the jurisdiction of such authority, then (i) the assessment ratio with respect to that class of property may be decreased up to a maximum of 5% from the ratio otherwise prescribed for such class, and (ii) the respective assessment ratios for all other classes of property may be increased up to a maximum of 5% from the ratios otherwise prescribed for such classes.

The County Commission has not heretofore sought to make any adjustment of the assessment ratio applicable to any class of taxable property in the County, nor has the County Commission any present plans for any such adjustment.

*Rate Adjustments.* The 1978 Tax Amendment authorizes any county, municipality or other local taxing authority to decrease any ad valorem tax rate at any time, provided that such decrease will not jeopardize the payment of any bonded indebtedness secured by such tax. The 1978 Tax Amendment provides that a county, municipality or other local taxing authority may at any time increase the rate at which any ad valorem tax is levied above the limit otherwise provided in the Alabama Constitution, but only if (i) the governing body of such county, municipality or other taxing authority holds a public hearing on the proposed increase before authorizing the increase, (ii) the Legislature adopts an act approving the increase, and (iii) a majority of the electors of such county, municipality or other taxing authority subsequently approve the increase in a special election. The County Commission has no present plans for increasing or decreasing any tax levied by the County.

*Maximum Tax Limitation.* The 1978 Tax Amendment contains a provision which limits the total amount of ad valorem taxes (including all state, county, municipal and other taxes) that may be imposed on any property in any one tax year to an amount not exceeding a specified percentage of the fair and reasonable market value of such property. The percentages applicable to the various classes of property are as follows:

Class I . . . . .	2%
Class II . . . . .	1½%
Class III . . . . .	1%
Class IV . . . . .	1¼%

Whenever the total amount of tax otherwise payable with respect to any property would exceed such maximum tax limit, the millage rate of each separate tax to which such property is subject must be reduced in the same proportion that the millage levied by or for the benefit of each taxing authority bears to the total millage levied by or for the benefit of all taxing authorities. This provision of the 1978 Tax Amendment has had the operative effect of requiring, since October 1, 1979, a reduction in the aggregate ad valorem tax rate on property located in certain municipalities in the County.

*Additional Exemptions.* The 1978 Tax Amendment exempts from all ad valorem taxes household and kitchen furniture, farm tractors, farming implements when used exclusively in connection with agricultural property, and stocks of goods, wares and merchandise. These categories of property were not generally exempt from ad valorem taxation prior to adoption of the 1978 Tax Amendment.

## Homestead Exemption

Act No. 82-789 of the 1982 Second Special Session of the Legislature of Alabama provides for an increase in the State ad valorem tax homestead exemption and authorizes the County Commission (a) to increase the presently applicable \$2,000 homestead exemption against County taxes to an amount not greater than \$4,000 of assessed value, and (b) to extend such homestead exemption to school district taxes. The County Commission has not taken, and does not presently intend to take, any action to effectuate such an increase in the amount of the homestead exemption currently available against County ad valorem taxes, or to extend such exemption to school district taxes, for the current tax year or for any future tax year.

## Ad Valorem Tax Rates in the County

The following ad valorem taxes are presently being levied on property located within the County:

	<u>Rate in Mills</u>
State of Alabama	6.5
Jefferson County	
General	5.6
Sewers	.7
Public Buildings, Bridges and Roads	5.1
Schools	8.2
Rural Roads	2.1
County School Districts (outside Cities of Birmingham, Bessemer, Fairfield, Tarrant City, Vestavia, Midfield, Homewood, Hoover and Mountain Brook)	<u>13.9</u>
Total Mills	<u><u>42.1</u></u>

In addition, most of the municipalities in the County levy ad valorem taxes within their corporate limits at rates which vary from 5 mills to 46.9 mills, producing aggregate tax rates in the County of from 42.1 mills to 89.0 mills, depending on the location of the property.

## Ad Valorem Tax Assessment and Collection

Ad valorem taxes on taxable properties within the County, except motor vehicles and public utility and railroad properties, are assessed by the County Tax Assessor and collected by the County Tax Collector. Ad valorem taxes on motor vehicles in the County are assessed and collected by the County Revenue Director, and ad valorem taxes on public utility and railroad properties are assessed by the State Department of Revenue and collected by the State and by the County Tax Collector. Ad valorem taxes are due and payable on the October 1 following the October 1 as of which they are assessed, and they become delinquent on and after the following December 31.

## Assessed Valuation

The following table shows the assessed value, by category, of properties within the County for the indicated tax years.

<u>Tax Year Ending September 30</u>	<u>Real &amp; Personal Property and Public Utility Property</u>	<u>Motor Vehicles</u>	<u>Total Assessed Values</u>
1992	\$ 3,670,950,407	\$ 281,342,500	\$ 3,952,292,907
1991	3,568,692,287	301,035,920	3,869,728,207
1990	3,521,110,866	320,451,360	3,841,562,226
1989	3,376,964,854	309,706,000	3,686,670,854
1988	3,274,419,456	309,170,200	3,583,589,656
1987	2,590,242,009	297,085,820	2,887,327,829
1986	2,453,541,631	270,080,660	2,723,622,291
1985	2,373,354,836	237,387,040	2,610,741,876
1984	2,302,709,777	205,384,380	2,508,094,157
1983	2,204,289,480	189,439,640	2,393,729,120
1982	2,147,726,801	180,130,760	2,327,857,561

Effective for the tax years ending September 30, 1982, and September 30, 1988, new appraisals of taxable property in the County were placed on the tax rolls. The first tax collections based on such reappraisals occurred in the fall of 1982 and in the fall of 1988, respectively.



## Principal Ad Valorem Taxpayers

The principal ad valorem taxpayers in the County, on the basis of total assessed value of property within the County for the tax year ended September 30, 1992, are shown below:

<u>Name of Taxpayer</u>	<u>Total Assessed Value of Property</u>
1. Alabama Power Company	\$ 360,481,200
2. South Central Bell Telephone Company	194,648,640
3. USX Corporation	123,344,455
4. R.G.A. Ventures	23,672,372
5. C S I Ass'n B'ham	19,547,436
6. Alabama Gas Corporation	18,829,280
7. Harbert International, Inc.	16,281,820
8. Drummond Co., Inc.	14,693,093
9. Brookwood Health Services, Inc.	14,272,044
10. American Telephone & Telegraph Company Interstate Division	13,438,700
11. Birmingham Realty Co., Inc.	12,408,776
12. SouthTrust Bank	10,984,035
13. American Cast Iron Pipe Company	10,682,134
14. American Telephone & Telegraph of SCS, Inc.	10,583,440
15. Bruno's, Inc.	10,552,856
16. Southern Company Services, Inc.	10,485,148
17. Blue Cross-Blue Shield, Inc.	10,442,753
18. Equitable the North Sixty Ass'n	9,078,508
19. Liberty National Life Insurance	8,854,954
20. AmSouth Bank N.A.	8,808,708
21. Southern Natural Gas Company	8,599,100
22. Protective Life Insurance Co.	8,398,074
23. Central Bank of the South	7,652,136
24. U.S. Steel Mining Co., Inc.	7,610,266
25. Stockham Valves & Fittings, Inc.	7,430,776

## Ad Valorem Tax Collection

The Tax Collector of Jefferson County has consistently collected a very high percentage of ad valorem taxes (State, County, municipal and school district), as shown in the following table:

<u>Tax Year Ending September 30</u>	<u>Total Net Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collection To Tax Levy</u>
1992	\$ 207,371,023*	\$ 197,436,955	95.21%	\$ 1,001,402	\$ 198,438,357	95.69%
1991	197,944,712	191,398,996	96.69	1,259,159	192,658,155	97.33
1990	194,873,428	186,701,663	95.81	974,158	187,675,821	96.31
1989	183,109,817	175,960,302	96.10	756,369	176,716,671	96.51
1988	176,968,269	168,471,356	95.20	639,689	169,111,045	95.56
1987	138,260,091	134,941,997	97.60	483,691	135,425,688	97.94
1986	129,234,375	126,945,886	98.23	433,653	127,379,539	98.56
1985	124,277,905	122,012,707	98.18	375,308	122,388,015	98.48
1984	120,687,968	118,697,884	98.35	491,977	119,189,861	98.76
1983	116,957,054	114,673,720	98.05	573,770	115,247,490	98.54
1982	121,910,133	108,858,475	96.41	320,206	109,178,681	96.70
1981	88,200,491	86,993,166	98.63	338,202	87,331,368	99.02

\*In process of collection.

## COUNTY DEBT

### General

The principal forms of indebtedness that the County is authorized to incur include general obligation bonds, general obligation warrants, general obligation bond anticipation notes, special or limited obligation warrants and various revenue anticipation bonds and warrants relating to enterprises. In addition, the County has the power to enter into certain leases which constitute a charge upon the general credit of the County. Under existing law, the County may issue general obligation bonds only after a favorable vote of the electorate of the County. General and special obligation warrants issued for certain specified purposes may be issued without voter approval.

The County Financial Control Act generally prohibits the issuance of warrants by counties unless at the time of such issuance funds are available for their payment. Act No. 83-75 enacted at the 1983 First Special Session of the Legislature of Alabama, as amended by Act No. 83-921 of the 1983 Fourth Special Session of the Legislature of Alabama (such acts being codified as §§11-28-1 through 11-28-7, inclusive, of Code of Alabama 1975), pursuant to which the Warrants are being issued, as well as certain other statutes authorizing Alabama counties to issue general and special obligation warrants for certain specified capital and other similar purposes, expressly negate the application of the County Financial Control Act to such warrants. With certain minor and narrow exceptions, however, Alabama counties may not incur long-term debt for payment of current operating expenses, and the County Financial Control Act has the practical effect of prohibiting deficit financing for current operations.

### Existing Debt

Following the issuance of the Warrants, all other indebtedness of the County [apart from (i) current liabilities incurred in the regular and ordinary operations of the County, (ii) certain capital lease obligations, which in the aggregate do not require payments of more than \$560,000, and (iii) certain conduit financings for which the County has no payment obligation or other liability] will consist of the following outstanding warrants of the County:

	<u>Principal Amount Outstanding as of August 1, 1993</u>
Special Tax Sanitary Sewer Construction Warrants, dated June 1, 1964, maturing annually February 1, 1993, and February 1, 1994	\$ 100,000
Sewer Revenue Warrants, Series 1988, dated November 15, 1988, maturing annually September 1, 1993, through September 1, 1995	5,210,000
Sewer Revenue Warrants, Series 1992, dated September 1, 1992, maturing annually September 1, 1993, through September 1, 2013	53,880,000
Sewer Revenue Warrant, dated August 31, 1992, maturing annually February 15, 1994, through February 15, 2015	58,340,000
Sewer Revenue Warrants, Series 1993, dated March 1, 1993, maturing annually September 1, 1993, through September 1, 2008	46,005,000
General Obligation Tax Pledge Warrants, 1985 Series B, maturing annually April 1, 1994, through April 1, 1997	16,251,007*
General Obligation Warrants, Series 1988, maturing annually April 1, 1994, through April 1, 2000	19,935,791*
General Obligation Warrants, Series 1989, maturing annually April 1, 1994, through April 1, 1999	7,645,000
General Obligation Warrants, Series 1990, maturing annually April 1, 1994, through April 1, 2004	20,005,000
General Obligation Warrants, Series 1992, maturing annually April 1, 1998, through April 1, 2007	38,996,964*

\*Amount shown includes the Compound Accreted Amounts as of August 1, 1993, of those warrants issued as capital appreciation warrants.

### **County Conduit Financings**

In addition to the County's direct indebtedness, the County has participated in two financings as the conduit issuer. On September 30, 1992, the County issued its \$10,000,000 aggregate principal amount of Special Obligation School Warrants, Series 1992 (the "School Warrants"). The School Warrants are limited obligations of the County, payable solely out of payments by the Jefferson County Board of Education (the "School Board") to the County pursuant to a Lease Agreement between the County and the School Board. The School Warrants are secured by an irrevocable direct pay letter of credit issued by Columbus Bank and Trust Company.

On March 31, 1993, the County issued its \$4,025,000 aggregate principal amount of Multi-Family Housing Revenue Warrants, Series 1993-A (First Federal of Alabama, FSB. Projects) (the "Housing Warrants"). The Housing Warrants are limited obligations of the County payable solely from the revenues received by the County as repayment of certain mortgage loans made to multi-family housing developers in the County. The obligation to repay the County is secured by certain federal securities.

## Direct and Overlapping Debt

The following table shows the total principal amount of the County's direct obligations that constitute debt within the meaning of the Alabama Constitution (i.e. general obligation debt or limited obligation debt payable from taxes), together with the outstanding warrants of the Jefferson County Board of Education, that will be outstanding after the issuance of the Warrants:

Total net direct debt of the County (1)	\$ 167,873,762
Overlapping debt of Jefferson County Board of Education (2)	<u>10,000,000</u>
Total net direct and overlapping debt	<u>\$ 177,873,762</u>

(1) This amount excludes all warrants of the County for which an advance refunding escrow has been established to provide for the full payment thereof.

(2) The Jefferson County Board of Education has pledged the proceeds of certain taxes levied for its benefit to secure a contractual obligation incurred by it in connection with the conduit financing described above that was undertaken by the County for the benefit of said Board of Education.

## Debt Service Requirements

The following table sets forth the total debt service payments due to be made by the County (other than payments to be made from escrow funds) with respect to all of its outstanding general obligation indebtedness following the issuance of the Warrants:

Warrant Year Ending April 1	Debt Service on the Warrants	Debt Service on other General Obligation Warrants	Total Debt Service
1994	\$ 2,985,353.33	\$ 9,839,568.75	\$ 12,824,922.08
1995	3,264,860.00	12,086,268.75	15,351,128.75
1996	3,264,860.00	14,370,373.75	17,635,233.75
1997	3,264,860.00	14,331,013.75	17,595,873.75
1998	3,264,860.00	14,966,636.25	18,231,496.25
1999	3,264,860.00	15,598,142.50	18,863,002.50
2000	3,264,860.00	13,952,395.00	17,217,255.00
2001	8,689,860.00	7,853,651.25	16,543,511.25
2002	8,694,885.00	13,062,487.50	21,757,372.50
2003	8,519,847.50	7,837,637.50	16,357,485.00
2004	8,695,847.50	7,822,725.00	16,518,572.50
2005	11,098,597.50	5,180,000.00	16,278,597.50
2006	8,166,637.50	1,975,000.00	10,141,637.50
2007	11,529,417.50	5,625,000.00	17,154,417.50
2008	6,629,797.50		6,629,797.50
2009	6,654,510.00		6,654,510.00
2010	3,603,825.00		3,603,825.00

## Certain Debt Ratios

The following table presents certain ratios which relate the direct and overlapping debt of the County to other economic and demographic data in this Official Statement:

Net direct debt to assessed value of taxable property .....	4.70%
Combined net direct and overlapping debt to assessed value of taxable property .....	4.98%
Per capita net direct debt (1) .....	\$ 257.66
Per capita combined net direct and overlapping debt (1) .....	\$ 273.01

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(1) Based on a population of the County of 651,525 according to the 1990 federal decennial census.

## **Constitutional Debt Limit**

The Alabama Constitution provides that counties may not become indebted in an amount in excess of five percent (5%) of the assessed value of the property situated therein and subject to taxation. The total assessed value of the property in the County as assessed for County taxation (giving effect to all applicable exemptions from such taxation) for the tax year for which taxes became due and payable on October 1, 1992, is \$3,574,076,625. Consequently, the constitutional debt limitation applicable to the County is \$178,703,831.

Under existing law, the amount of any indebtedness chargeable against the constitutional debt limit is reduced by the amount of any escrow or sinking fund held for the payment of such indebtedness. Indebtedness chargeable against the constitutional debt limit does not include obligations payable solely from the revenues derived from a project which was acquired with the proceeds of such obligations.

Excluding obligations which are not chargeable to the constitutional debt limit because advance refunding escrows have been established for their payment and taking into account sinking funds established for obligations not fully refunded, the outstanding debt of the County, after issuance of the Warrants, will be approximately \$156,480,238. Consequently, the County can incur additional indebtedness in the approximate amount of \$22,223,593 (viz., \$178,703,831 - \$156,480,238) without violating its constitutional debt limit.

## **Civic Center Financing**

The Birmingham-Jefferson Civic Center Authority (the "Authority") is a public corporation that owns and operates a civic center complex (the "Civic Center") located in the County. In order to finance the costs of certain improvements and additions to the Civic Center, the Authority issued and sold \$132,380,000 principal amount of tax-exempt bonds in 1989. In order to assist the Authority in this undertaking, the City of Birmingham and the County entered into separate agreements with the Authority in which they pledged and appropriated certain tax revenues to the Authority for the purpose of paying a portion of the debt service on the aforesaid bonds of the Authority. The agreement between the County and the Authority provides for the pledge and appropriation by the County to the Authority of certain proceeds of the Special County License Tax, with no other County revenues being subject to such financial commitment. Under the provisions of said agreement, the County is required to make payments to the Authority out of such proceeds in the amount of \$10,000,000 per year for each calendar year until and including 2008.

## **ECONOMIC AND DEMOGRAPHIC INFORMATION**

### **General**

Jefferson County is Alabama's most populous county and is the principal center of finance, trade, manufacturing, transportation, health care and education in the State. Birmingham, the State's largest city, and 37 other municipalities are located within the County's 1,141 square miles. The County, with a population of 651,525, is the center of the five-county Birmingham Metropolitan Statistical Area (MSA) which covers 4,034 square miles. The Birmingham MSA has a population of 907,810, and is the 59th most populated area among the 320 MSAs in the United States.

### **Population**

The County experienced a population gain of approximately 1.0% during the last 20 years, and the population of the five-county MSA grew by approximately 14.3%. The following table summarizes historical population growth for the County, the City of Birmingham and the Birmingham MSA.

## Population Trends

<u>Year</u>	<u>Jefferson County</u>	<u>City of Birmingham</u>	<u>MSA(1)</u>
1990	651,525	265,968	907,810
1980	671,324	286,799	884,040
1970	644,991	300,910	794,083
1960	634,864	340,887	772,044
1950	558,928	326,037	708,721
1940	459,930	267,583	609,919

(1) The Birmingham Standard Metropolitan Statistical Area (SMSA) was established in 1967, and originally included Jefferson, Shelby and Walker Counties. St. Clair County was added to the SMSA in 1973. Blount County was added in 1983, at which time the official government designation became the Birmingham Metropolitan Statistical Area (MSA). Walker County was removed from the Birmingham MSA in 1993.

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

## Employment and Labor Force

Nonagricultural wage and salary employment in the County grew by 105,400 jobs, or more than 33%, between 1975 and 1991. The gains were uneven; while the number of non-manufacturing jobs increased by 118,700, there was a net loss of 13,300 manufacturing jobs. As of December, 1992, the unemployment rate for the County was 4.9%, as compared to unemployment rates for the State of Alabama and the United States of 6.8% and 7.3%, respectively.

### BIRMINGHAM MSA WAGE AND SALARY NON-AGRICULTURAL EMPLOYMENT (Jobs in Thousands)

	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
<b>Goods Producing</b>	<b>86.7</b>	<b>85.6</b>	<b>87.2</b>	<b>83.8</b>	<b>81.7</b>
Mining	5.3	5.4	5.9	5.6	5.4
Construction	24.4	22.5	23.7	22.4	21.5
Manufacturing	57.0	57.7	57.6	55.8	54.8
Non-Durable Goods	20.4	20.7	20.4	19.8	19.7
Durable Goods	36.6	37.0	37.2	36.0	35.1
<b>Service Producing</b>	<b>314.8</b>	<b>325.4</b>	<b>333.7</b>	<b>337.9</b>	<b>339.1</b>
Transportation and Public Utilities	32.1	32.5	32.6	31.8	31.3
Trade	99.3	100.3	99.6	98.2	100.2
Finance, Insurance and Real Estate	28.5	29.6	30.6	30.6	29.6
Services	93.3	99.5	105.5	109.9	109.0
Government	61.7	63.5	65.4	67.4	69.0
<b>Total</b>	<b>401.5</b>	<b>411.0</b>	<b>420.9</b>	<b>421.7</b>	<b>420.8</b>

SOURCE: State of Alabama, Department of Industrial Relations.

**BIRMINGHAM MSA  
PERCENTAGE DISTRIBUTION OF  
NON-AGRICULTURAL EMPLOYMENT  
(1992 Annual Averages)**

<u>Category</u>	<u>Birmingham MSA</u>	<u>United States</u>
<b>Goods Producing</b>	<b>19.4%</b>	<b>21.6%</b>
Mining 1.2	.6	
Construction	5.1	4.2
Manufacturing	13.0	16.8
<b>Service Producing</b>	<b>80.6</b>	<b>78.4</b>
Transportation & Public Utilities	7.4	5.3
Trade	23.8	23.1
Finance, Insurance & Real Estate	7.0	6.2
Service 25.9	26.7	
Government	16.4	17.1
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

SOURCE: State of Alabama, Department of Industrial Relations.

The fastest growing part of the County's economy is the service sector, employing approximately 109,000 people in 1991. Other fast-growing sectors of the County's economy include transportation and public utilities; government; and wholesale and retail trade.



**BIRMINGHAM MSA  
LARGEST EMPLOYERS  
FEBRUARY 1993**

<u>Employer</u>	<u>Employees<sup>(1)</sup></u>
1. University of Alabama at Birmingham .....	15,696
2. United States Government .....	9,501 <sup>(2)</sup>
3. South Central Bell .....	7,450
4. State of Alabama .....	6,304
5. Birmingham City Schools .....	4,733
6. Alabama Power Company .....	4,611
7. Jefferson County Board of Education .....	4,469
8. City of Birmingham .....	4,355
9. Baptist Medical Centers .....	4,329
10. Jefferson County Government .....	3,166
11. SouthTrust Bank .....	3,019
12. AmSouth Bank .....	2,900
13. Bruno's .....	2,879
14. American Cast Iron Pipe .....	2,850
15. Drummond Company .....	2,250
16. USX .....	2,220
17. Blue Cross/Blue Shield .....	2,216
18. Jim Walter Resources .....	2,106
19. Shelby County Board of Education .....	1,839
20. Carraway Methodist Medical Center .....	1,834
21. University of Alabama Health Services Foundation .....	1,716
22. Pemco Aeroplex .....	1,685
23. St. Vincent's Hospital .....	1,657
24. AMI Brookwood Medical Center .....	1,638
25. Parisian .....	1,520

(1) Includes both full-time and part-time employees.

(2) Includes 2,285 U.S. Post Office employees, 2,105 Department of Health and Human Services employees and 1,299 VA Medical Center employees.

Source: Personnel Departments, prepared by Business Development & Research Division, Birmingham Area Chamber of Commerce.

**Income**

The following tables present comparative information regarding per capita income and household effective buying income for the County, the State and the Birmingham MSA.

### Per Capita Personal Income (1)

Year	BIRMINGHAM MSA		JEFFERSON COUNTY		ALABAMA	
	Income	% of National Average	Income	% of National Average	Income	% of National Average
1982	\$ 9,941	90%	\$ 10,683	96%	\$ 8,647	78%
1983	10,621	91	11,140	95	9,229	79
1984	11,446	90	11,907	93	9,987	78
1985	12,417	89	12,923	93	10,747	77
1986	13,075	90	13,634	93	11,357	78
1987	13,854	90	14,519	94	12,039	78
1988	14,798	90	15,499	94	12,846	78
1989	16,363	92	17,373	98	14,058	79
1990	17,479	94	18,624	100	14,998	80

(1) Per Capita Personal Income is the current income received by one resident of an area from all sources. It is measured before deduction of income and other personal taxes, but after deduction of personal contributions for social security, government retirement and other social insurance programs.

Source: Business Development and Research Division, Birmingham Area Chamber of Commerce, U.S. Department of Commerce

### Comparison of Median Household Effective Buying Income

	1990 Median Household Effective Buying Income	1990 Percentage of National Average
Jefferson County	\$ 24,759	88.70%
City of Birmingham	19,252	68.97
Birmingham MSA	24,052	86.17
State of Alabama	21,714	77.79
United States	27,912	100.00

Source: "1991 Survey of Buying Power," Sales & Marketing Management, August, 1991.

### Housing and Construction

The following tables present certain information about housing starts and construction activity in the County:

#### BIRMINGHAM AREA HOUSING UNITS

	Housing Units			Percent Change	
	1990	1980	1970	1970-1980	1980-1990
City of Birmingham	117,691	114,503	105,370	8.7%	2.8%
Jefferson County	273,097	259,805	212,937	22.0%	5.1%
Birmingham MSA	376,897	340,968	263,146	29.6%	10.5%

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

**RESIDENTIAL CONSTRUCTION ACTIVITY  
BIRMINGHAM METRO AREA**

Year	Single-Family		Multifamily			Total Residential	
	Permits Issued	Value	Permits Issued	Units	Value	Permits Issued	Value
1983	1,565	\$ 73,448,092	348	2,258	\$ 52,749,668	1,913	\$ 126,197,760
1984	1,616	88,089,695	135	543	14,918,525	1,751	103,008,220
1985	1,947	115,500,345	227	1,443	46,293,418	2,174	161,793,763
1986	2,236	185,468,526	308	2,068	57,442,473	2,544	242,910,999
1987	2,314	170,217,624	219	1,794	45,609,165	2,533	215,826,789
1988	2,031	173,833,824	123	517	15,199,360	2,154	189,033,184
1989	2,210	196,696,338	93	335	16,271,280	2,303	212,967,618
1990	2,140	200,706,246	92	1,202	47,326,690	2,232	248,032,941
1991	2,415	243,496,446	48	517	19,716,236	2,463	263,212,682
1992*	3,036	343,574,411	48	302	12,826,979	3,084	356,401,390

\*Preliminary  
Source: Greater Birmingham Association of Home Builders.

**Education**

The County is the home of six colleges and universities, four business schools and five junior colleges and trade schools. These schools have a combined enrollment of over 35,000.

The largest institution is the University of Alabama at Birmingham (UAB), which includes University College, the Graduate School and the UAB Medical Center. The UAB complex, featuring a wide range of undergraduate, graduate and professional programs, is the third largest educational institution in Alabama, with a total enrollment of approximately 16,780. The UAB Medical Center consists of the schools of medicine, dentistry, nursing, optometry and public health and the School of Community and Allied Health. UAB has an annual payroll exceeding \$320 million and is the largest employer in the County.

**Major Universities and Colleges  
Jefferson County**

<u>Name</u>	<u>Type</u>
University of Alabama at Birmingham	State Supported
Samford University and Cumberland School of Law	Private
Birmingham-Southern College	Private
Miles College	Private
Birmingham School of Law	Private
Southeastern Bible College	Private

**Major Junior and Technical Colleges  
Jefferson County**

<u>Name</u>	<u>Type</u>
Jefferson State Junior College	State Supported
Bessemer Technical College	State Supported
Lawson State Technical Academy	State Supported

The Jefferson County School System consists of 62 schools with an enrollment exceeding 40,000. The City of Birmingham has 79 schools within its system and approximately 42,500 students. There are eight other public school systems in the County encompassing over 40 schools and more than 25,000 students. In addition, the Birmingham MSA has over 40 private and denominational schools with grades ranging from kindergarten through high school.

## National Rankings

The following table shows the ranking of the Birmingham MSA for a number of economic categories in comparison with other MSAs in the nation.

### Birmingham MSA National Ranking for Selected Categories

<u>Category</u>	<u>1991 Rank Among All 320 United States MSAs</u>
Population	59
Effective Buying Income (EBI)	64
Households with EBI of \$50,000 and over	66
Suburban EBI	53
Retail Sales	62
Households	58
Apparel and Accessories Store Sales	46
Automotive Dealer Sales	52
Building Material/Hardware Store Sales	68
Drug Store Sales	50
Eating and Drinking Place Sales	68
Food Store Sales	67
Furniture/Home Furnishings/Appliance Store Sales	75
Gasoline Service Station Sales	64
General Merchandise Store Sales	56

Source: "1992 Survey of Buying Power", *Sales & Marketing Management*.

### JEFFERSON COUNTY, ALABAMA STATISTICAL COMPARISON TO CITY OF BIRMINGHAM, BIRMINGHAM MSA AND STATE OF ALABAMA (As of December 31, 1991 and for the year then ended)

<u>Area</u>	<u>Population(1)</u>	<u>Percent of Alabama</u>	<u>Median Age</u>	<u>Households</u>	<u>Percent of Alabama</u>	<u>Household Median EBI</u>	<u>Percent of Alabama</u>	<u>Percent of National Average</u>
Birmingham	266,300	6.5%	33.2	105,700	6.9%	21,929	84.4%	68.4%
Jefferson County	652,300	16.0%	34.4	252,000	16.5%	28,832	110.9%	89.9%
Birmingham MSA	917,100	22.4%	34.1	349,100	22.9%	29,003	111.6%	90.4%
Alabama	4,089,400	100.0%	33.4	1,525,500	100.0%	25,994	100.0%	81.0%

<u>Area</u>	<u>Total Retail Sales (000s)</u>	<u>Percent of Alabama</u>	<u>Eating &amp; Drinking Sales (000s)</u>	<u>Percent of Alabama</u>	<u>General Merchandise Sales (000s)</u>	<u>Percent of Alabama</u>	<u>Furniture/ Furnishings/ Appliances Sold</u>	<u>Percent of Alabama</u>
Birmingham	2,555,266	9.8%	265,262	12.1%	301,863	8.7%	122,477	10.9%
Jefferson County	5,497,503	21.0%	520,371	23.7%	756,286	21.7%	222,358	19.8%
Birmingham MSA	6,661,038	25.5%	593,074	27.0%	852,180	24.5%	255,484	22.7%
Alabama	26,132,246	100.0%	2,198,114	100.0%	3,478,780	100.0%	1,125,321	100.0%

(1) Population as projected by *Sales & Marketing Management*.

Note: Effective Buying Income ("EBI") is generally known as "disposable personal income" and is equal to personal income less personal taxes (federal, state and local), nontax payments (fines, fees and penalties) and personal contributions to social security.

Source: "1992 Survey of Buying Power," *Sales & Marketing Management*.

## Transportation

Commercial airline service is available through Birmingham's airport, which is served by six major carriers (American, Delta, Northwest, Southwest, United and USAir) as well as seven regional commuter airlines (Airborne, Comair, Condor, Conquest, Mountain Air, TW Express and USAir Express). Domestic enplanements at the Airport were 966,327 during fiscal year 1992.

The Birmingham Airport Authority has completed the first phase of a renovation and expansion of The Birmingham Airport. The project included (1) the construction of a parking deck containing 1,200 additional spaces, (2) separate roadways for enplaning and deplaning passengers and (3) renovation of the existing terminal. This project was financed in part by the issuance of revenue bonds by the Birmingham Airport Authority.

The Birmingham Airport Authority is currently undertaking a major expansion of the North-South Runway System which will lengthen the North-South Runway to 7,100 feet. The \$42 million project is expected to be funded from FAA funds and revenue bonds to be issued by the Birmingham Airport Authority. A new cargo building project is also being planned.

Almost 100 truck lines have terminals in the area. Additionally, Birmingham is served by four major railroads — Norfolk Southern, CSX Corporation, Illinois Central Gulf and Burlington Northern Railway. Amtrak passenger service is also available.

Barge transportation is available through private dock facilities at Port Birmingham in western Jefferson County. These facilities are part of the Warrior-Tombigbee waterway system which provides access to the Port of Mobile in south Alabama. The area is linked with the Tennessee-Tombigbee waterway system, which connects the County with inland ports in midwest America.

## Health Care

The County is a major center for health care and biomedical research. Altogether, 18 hospitals with a total of 5,353 beds are located in the County. The Medical Center of the University of Alabama at Birmingham (UAB) is internationally known for its programs in cardiovascular disease and open heart surgery, as well as cancer, organ transplants, dentistry and diabetes. Other major medical centers such as Baptist Medical Centers, Caraway Methodist Medical Centers, Medical Center East, St. Vincent's Hospital, South Highlands Hospital and Brookwood Medical Center have all undergone recent multi-million dollar expansions. Southern Research Institute (SRI) is one of the largest independent non-profit research and development organizations in the South. In addition to its cancer and virus research, SRI is nationally noted for its industrial research programs.

## LITIGATION

There is no litigation pending or, to the knowledge of the County, threatened, attacking or questioning the validity of the Warrants or the issuance and sale thereof; and there is no litigation pending or, to the knowledge of the County, threatened, relating to the organization or boundaries of the County or the incumbency of any of its officers. Simultaneously with the delivery of the Warrants, the County will deliver a certificate to the effect that no such litigation is pending or, to the knowledge of the County, threatened.

On April 21, 1992, in Jefferson County Circuit Court, two sets of plaintiffs, one of which purports to represent a class consisting only of federal employees and the other of which purports to represent a class consisting of all employees in the County other than federal employees, filed a class action, styled Richards v. Jefferson County, CV-92-03191. The complaint alleges that the Special County License Tax violates the equal protection and due process clauses of the Fourteenth Amendment to the United States Constitution and certain provisions of the Code of Alabama. The plaintiffs claim that the categories of occupations exempt from the tax are arbitrary and capricious and that the tax unfairly discriminates against employees of the federal government since they must pay the tax regardless of their occupation. The plaintiffs seek damages in the amount of taxes collected since January 1, 1988, costs and attorneys' fees and an injunction against the collection of the Special County License Tax in its current form with respect to all taxpayers. The plaintiffs and the County each filed motions for summary judgment, the County's motion being based on the grounds that the plaintiffs' claims were barred by the doctrine of res judicata. The Circuit Court has entered an order in which it partially granted and partially denied the County's motion for summary judgment. In particular, the Circuit Court denied the County's motion for summary judgment with respect to the plaintiffs' claims that the levy and collection of the Special County License Tax violate the equal protection clause of the United States Constitution with respect to both federal employees and employees other than federal employees and the Buck Act (4 USC. § 111) as it pertains to federal employees. Although the Special County License Tax has been challenged unsuccessfully in earlier litigation in both state and federal court, the Circuit Court stated in its aforesaid order that determinations were not made in such earlier litigation with respect to the claims of the plaintiffs referred to in the preceding sentence. If the plaintiffs are successful in this lawsuit, the County could be required to pay a monetary judgment in the amount of the Special County License Tax revenues collected since January 1, 1988, and would suffer a significant decrease in its future revenues. See "SPECIAL COUNTY LICENSE TAX" and "SUMMARY OF SOURCES AND USES OF COUNTY REVENUES" herein.

On February 9, 1993, the County was permitted to intervene in a class action styled Smith v. City of Pleasant Grove, CV-91-P-1052-S, which is now pending in the United States District Court for the Northern District of Alabama. This case involves allegations that The Personnel Board of Jefferson County, which governs certain employment practices of a number of governmental entities (including the County), has engaged in unlawful racially discriminatory employment practices. The District Court has expanded the plaintiff class to include certain employees with jobs in the unclassified service. At this time, it is impossible to predict the ultimate outcome of this litigation or what effect, if any, it may have on the County.

The County is a defendant in numerous other suits and has been notified of numerous claims against it arising from alleged negligence relating to motor vehicles and other matters relating to the normal operation of a county, as well as suits and claims arising from alleged denial of civil rights. Some of such suits and claims demand damages in large amounts. The County believes that any liability resulting from such suits and claims will be covered adequately by the liability insurance and funds of the County which will be available to discharge such liability without impairing its ability to perform any of its other obligations.

The immunity from tort liability formerly enjoyed by local governmental units in Alabama has been largely eroded by recent court decisions. The Code of Alabama 1975, Title 11, Chapter 93, as amended, prescribes certain maximum limits on the liability of Alabama local governmental units (such as the County) for bodily injury, sickness, disease or death sustained by a person and for damage to or destruction of tangible property. Although the general constitutional validity of Chapter 93 has been upheld by the Supreme Court of Alabama, its applicability to causes of action under Section 1983 of Title 42 of the United States Code has not been determined. The County, along with other local governmental units throughout the country, has been increasingly subjected to lawsuits—many of which claim damages in large amounts—for alleged denial of civil rights under the provisions of Section 1983.

## **UNDERWRITING**

The Warrants are to be purchased by First Alabama Investments, Inc., Vanguard Capital and Bank of Alabama (collectively, the "Underwriters"). The Underwriters have jointly and severally agreed to purchase the Warrants at an aggregate discount of \$960,027.63 from the initial public offering prices reflected on the cover hereof. In the Purchase Contract between the County and the Underwriters, the Underwriters have agreed to pay, on behalf of the County, certain of the expenses of issuing the Warrants, which expenses are expected to aggregate approximately \$253,870.00. The initial public offering prices set forth on the cover hereof may be changed by the Underwriters. The Underwriters may offer and sell the Warrants to certain dealers (including dealers depositing Warrants in investment trusts) and others at prices lower than the public offering prices set forth on the cover page. The Purchase Contract between the County and the Underwriters provides that the Underwriters will purchase all the Warrants if any are purchased.

## **RATINGS**

Moody's Investors Service, Inc. and Standard & Poor's Corporation have given the Warrants ratings of A1 and AA-, respectively. Any explanation of the significance of such ratings may be obtained only from the rating agencies assigning the same. Generally, rating agencies base their ratings on the information and materials furnished them by the prospective issuer, as well as on investigations, studies and assumptions by the rating agencies. There is no assurance that such ratings will remain in effect for any given period of time or that they will not be lowered or withdrawn entirely if, in the judgment of the agencies originally establishing such ratings, circumstances so warrant. Any such downward change in or withdrawal of the ratings may have an adverse affect on the market price of the Warrants.

## **LEGAL MATTERS**

The Warrants will be issued subject to the approving opinion of Haskell Slaughter Young & Johnston, Professional Association, Birmingham, Alabama, Bond Counsel. It is anticipated that the approving opinion of Bond Counsel will be in substantially the form attached to this Official Statement as Appendix A. Although Bond Counsel assisted in the preparation of certain portions of this Official Statement and is of the opinion that the statements made herein under the captions "DESCRIPTION OF THE WARRANTS", "SECURITY FOR THE WARRANTS" and "TAX EXEMPTION" fairly summarize the matters therein referred to, Bond Counsel has not been requested to check or verify, has not checked or verified, and will express no opinion with respect to the adequacy, accuracy, completeness or fairness of any other information contained in this Official Statement.

Certain legal matters will be passed upon for the Underwriters by their counsel, Maynard, Cooper & Gale, P.C., Birmingham, Alabama.

## **TAX EXEMPTION**

In the opinion of Bond Counsel under existing statutes, regulations, rulings and court decisions, interest on the Warrants will be excluded from gross income for federal income tax purposes and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the opinion of Bond Counsel, interest on the Warrants will be exempt from income taxation by the State of Alabama under existing statutes.

Prospective purchasers of the Warrants should be aware of the provision included in the Internal Revenue Code of 1986, as amended (the "Code"), which will require that interest on the Warrants received by a corporation (as defined for federal income tax purposes) be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Also, the interest on the Warrants will be subject to the environmental tax imposed on corporations and, in the case of United States branches of foreign corporations, the branch profits tax imposed by the Code. Prospective purchasers of the Warrants should also be aware of the provision included in the Code which will require property and

casualty insurance companies owning Warrants to reduce their loss reserve deduction by 15% of the interest received or accrued on the Warrants.

Furthermore, prospective purchasers of the Warrants should recognize that interest on the Warrants may become subject to federal income taxation from the date of issuance in the event that the County fails to satisfy certain requirements imposed by the Code respecting (i) limitations on the use of Warrant proceeds in the trade or business of, or to make or finance loans to, persons other than governmental units, (ii) restrictions on investment earnings on the proceeds of the Warrants and (iii) the rebate to the federal government of certain arbitrage profits. The County has covenanted that it will not take, or omit to take, any action lawful and within its power to take, if such action or omission would cause interest on any Warrant to become subject to federal income taxes in addition to those federal income taxes to which interest on such Warrant is subject on the date of original issuance thereof.

Although interest on the Warrants will be excluded from gross income for federal income tax purposes as discussed in the preceding paragraphs, the Social Security Amendments of 1983 provide that for tax years after 1983, under certain circumstances, receipt of such tax-exempt interest could subject to federal income taxation a portion of Social Security or railroad retirement benefits received by a warrant holder that would not otherwise be taxable. A prospective purchaser of the Warrants should consult his personal tax advisor in this regard in connection with his decision to purchase any of the Warrants.

### **Accounting Treatment of Original Issue Discount**

Certain of the Warrants are being offered to the public at prices that are less than the amounts payable on such Warrants at maturity. Under present federal income tax law, the difference between the Issue Price (defined below) and the stated amount to be paid at the maturity of a Warrant is original issue discount ("OID"). OID is treated as interest on the Warrants and is not includable in gross income for federal income tax purposes in the case of holders who (i) purchase Warrants at the initial offering price in the initial public offering at which a substantial amount of the Warrants are sold to the public (the "Issue Price"), and (ii) hold such Warrants to maturity.

Generally, a holder who acquires a Warrant in the initial public offering at the Issue Price will be treated as having received, in each taxable year from the date of issuance of that Warrant, an amount of interest on that Warrant equal to the OID accrued daily and compounded semiannually on each April 1 and October 1. The amount of interest representing OID that is treated as having been received is excluded from gross income and is added to the holder's adjusted basis in the Warrant for the purpose of determining gain or loss upon a sale or redemption of such Warrant.

OID on the Warrants will be deemed to have been received in the year of accrual and will be taken into account in determining the respective amounts of the collateral federal taxes referred to herein and, in some cases, state and local income, excise and franchise taxes, even though the holders of the Warrants will not have received corresponding cash payments.

Holders of the Warrants should consult their own tax advisors as to the tax consequences of the purchase of Warrants other than at the Issue Price, and as to the consequences of a sale, transfer, redemption or other disposition of the Warrants prior to their stated maturity, other applications of federal tax law and the application of state, local or foreign laws.

### **VERIFICATION OF ARITHMETICAL COMPUTATIONS**

The accuracy of (a) the arithmetical computations of the adequacy of the maturing principal of and interest on the United States Treasury Obligations to be acquired with proceeds of the Warrants to pay (i) the interest on the Refunded Warrants (other than certain interest to be paid from an escrow fund heretofore established), when due, until their respective redemption dates, and (ii) the respective redemption prices of the Refunded Warrants on their respective redemption dates, and (b) the arithmetical computations supporting the conclusion that the Warrants are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended, will be verified by Ernst & Young, a firm of independent certified public accountants. Such verification shall be based upon information supplied to Ernst & Young by the County.



## MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

References herein to the Alabama Constitution and all legislative acts referred to herein are intended to be only brief outlines of certain provisions of each thereof and do not purport to summarize or describe all provisions thereof.

The distribution of this Official Statement and its use in the offering and sale of the Warrants have been approved by the County Commission.

## JEFFERSON COUNTY, ALABAMA

By /s/ Mary M. Buckelew  
President of the County Commission

August 12, 1993



**APPENDIX A**

**FORM OF OPINION OF BOND COUNSEL**

## APPENDIX A

### FORM OF OPINION OF BOND COUNSEL

Jefferson County Commission  
Birmingham, Alabama

Dear Sirs:

We have examined certified copies of proceedings of the governing body of JEFFERSON COUNTY, ALABAMA (herein called the "County"), pertaining to the authorization, sale and issuance of

**\$64,940,000**

**JEFFERSON COUNTY, ALABAMA**

**General Obligation Refunding Warrants  
Series 1993**

(the said warrants being herein called the "Warrants"). We have not examined any of the executed Warrants, but we have been furnished with appropriate certificates respecting their form and execution. The statements herein made and the opinions herein expressed are based upon our examination of the said proceedings, certificates and other documents.

We are of the following opinion: that the Warrants have been validly authorized, executed and issued pursuant to the applicable provisions of the constitution and laws of the State of Alabama, are in due and legal form and constitute valid orders on the Treasurer of the County for payment thereof as therein provided; that the indebtedness ordered paid by the Warrants is a valid general obligation of the County for the payment of the principal of and the interest on which the County has validly and irrevocably pledged its full faith and credit; that under existing statutes, the interest income on each of the Warrants is exempt from income taxation by the State of Alabama; and that under existing statutes, regulations, rulings and court decisions, the interest on the Warrants (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporation; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) of the next preceding sentence is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (herein called the "Code"), that must be satisfied subsequent to the issuance of the Warrants in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Warrants to be so included in gross income retroactive to the date of issuance of the Warrants. The County has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Warrants.

The opinions hereinabove expressed respecting the Warrants are subject to all applicable bankruptcy, insolvency, moratory and other laws respecting the enforcement of creditors' rights generally, including specifically, but without limitation, the provisions of Chapter 9 of the United States Bankruptcy Code, as amended, relating to the adjustment of debts of political subdivisions and public agencies and instrumentalities of the several states.

We have been employed for the purpose of preparing certain legal documents and supporting certificates, reviewing the transcript of proceedings by which the Warrants have been authorized to be issued and rendering an opinion in conventional form relating solely to the validity and legality of the Warrants and to the exemption of the interest thereon from income taxation. While we have participated in the preparation of the County's Official Statement dated August 12, 1993, with respect to the Warrants and are of the opinion that the statements made therein under the captions "DESCRIPTION OF THE WARRANTS", "SECURITY FOR THE WARRANTS" and "TAX EXEMPTION" fairly summarize the matters referred to therein, we have not been requested

independently to confirm or verify, and have not independently confirmed or verified, the other factual information contained therein, and we therefore express no opinion with respect to any other information in such Official Statement.

Yours very truly,

**APPENDIX B**

**JEFFERSON COUNTY, ALABAMA**

**Financial Statements  
For Fiscal Year Ended  
September 30, 1991**