

JEFFERSON COUNTY COMMISSION



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Press Release

FOR IMMEDIATE RELEASE

Statement by Jim Carnis in Favor of Bankruptcy

Birmingham, Alabama, October 6, 2008 – This morning, Commissioner Bobby Humphries and I voted in favor of and passed out of committee a resolution authorizing and directing the filing on behalf of Jefferson County a petition for relief under Chapter 9 of Title 11 of the United States Code, the Bankruptcy Act.

This resolution should come before the Commission for consideration on Tuesday, October 14, well beyond the one week period that the Governor requested to continue negotiations with Wall Street. I intend to vote for the Resolution on October 14 barring some extraordinary event that resolves the situation without new or extended taxes or further oppression of rate payers. I shall not be unhappy, however, if the fact that we have "loaded and cocked the gun" causes Wall Street to do what it should have done long ago.

As I have stated many times in the past, the financial crisis facing Jefferson County is not entirely of its own making. Certain Wall Street firms participated fully in creating the financial schemes that have caused so much trouble. Further, if the SEC and the US Attorney are to be believed, some of these same firms priced the complex Jefferson County financings in a way that not only burdened Jefferson County rate payers unnecessarily, but made available extra, unearned compensation with which to bribe officials, likely causing them to look the other way on questionable financings. Any settlement will have to be a very good deal for Jefferson County to cause me to vote for releasing these Wall Street firms from liability for their actions.

The filing of bankruptcy will not be the end of the County's problems. Naysayers predict bad things for the County if it enters bankruptcy. Indeed, bankruptcy is a step fraught with risk and uncertainty. Certainly, after a Chapter 9 filing, it is unlikely that Jefferson County will be raising money in the bond market any time soon. On the other hand, I find it difficult to conceive how the County can hurt its reputation any more than it already has. And if bankruptcy works as intended, Jefferson County citizens should get answers to the question of who did what to whom, and these answers may come considerably faster than they are coming from the SEC and the Justice Department. I believe that failures on the part of Jefferson County will be better understood when the failures of other parties to these irresponsible financings are put under the spotlight. Further, it is my hope that the positions of those responsible for the financial fiasco

will be subordinated to those who are innocent of wrong doing, and that a bankruptcy plan will be fairer to all creditors and to the County than the likely result of the current negotiations.

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If you would like more information please contact the Office of Commissioner Jim Carns at 205.325.5503.