

**County Appeal of District Court Ruling Granting Hearing on Legality of Federal Bankruptcy Court Enforcement of Amendment 73 lien to foreclose real property of sewer ratepayers for failure to pay entire \$14.4 billion in rate increases**

1. Before the Bankruptcy the County only pledged “Net Revenues” from sewer fees before operating costs to pay \$3.2 Billion in sewer debt which had about \$1.4 million of interest. So the total lien granted to sewer warrant holders was \$4.6 billion of Net Revenues. County could not be forced by the sewer warrant holder to raise sewer fees or foreclose on real property of Ratepayers.
2. When County failed to raise sewer fees sewer warrant holders had a receiver appointed with the power to raise sewer fees.
3. Receiver had no authority to force BWWB, and other water utilities to shut off water for nonpayment or foreclose a lien under Amendment 73 on Ratepayer’s real property.
4. In Bankruptcy County pledged “Gross Revenues” set forth in Exhibit A to sewer warrant holders which total \$14.405 billion whereas prior “Net Revenue” pledge was only \$4.6 billion (\$3.2 billion principal and \$1.4 billion interest).
5. The \$14.4 billion in Bankruptcy imposed Rate increases includes (1) \$6.6 billion principal and interest for \$1.8 billion of refunding warrants (Exhibit B), (2) \$5 billion for operating costs, and (3) \$2.8 billion for new facilities but only if not needed to pay the \$6.6 billion debt.
6. Amendment 73 to the Alabama Constitution imposes a lien on sewer ratepayers real property but only if the expenditure for extension and improvements and operation and maintenance is approved by a majority vote (Exhibit C)
7. County took the position that its authority to fix fair sewer rates also allows County to foreclose a lien without a majority vote (Exhibit D) and this position was approved by the Bankruptcy Court.
8. The Bankruptcy Court then reserved exclusive authority to foreclose the lien for no-payment of the \$14.4 billion.(Exhibit E) The wealth levels of the majority of the sewer users (about \$30,000 Median Household Income) make repayment of the \$14.4 billion impossible.
9. The District Court granted hearing on legality and feasibility of the \$14.4 billion rate increase. The County has appealed to the 11<sup>th</sup> Circuit this grant to Ratepayers of a public hearing on the Rate increase backed by foreclosure liens.

**County Commission should withdraw the 11<sup>th</sup> Cir Appeal and stop blocking the Federal District Court public hearing on the fairness, feasibility and constitutionality of Sewer Rate Increases**