



Jefferson County 2024 Sewer Refinancing



Overview

- Overview of the System
- System Performance
- 2013 Debt Structure
- 2024 Debt Structure and Savings
- System Expenses
- Sewer Rates
- Customer Assistance Program

The Sewer System

Broad and Stable Service

133,181

Residential Connections

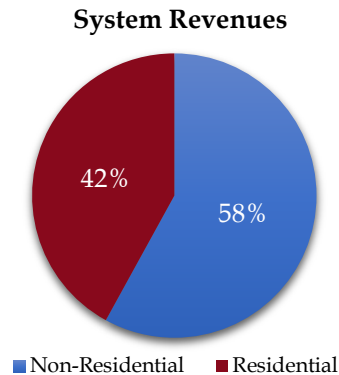
12,214

Non-Residential Connections

- System consists of:
 - 3,224 miles of sanitary sewer lines
 - 9 Water Reclamation Facilities (WRFs)
 - 177 pump/lift stations
 - 83,128 manholes
- The County has sole authority to set sewer rates and charges for the System
- The Commission retains the responsibility for all financial policy making decisions respecting the System

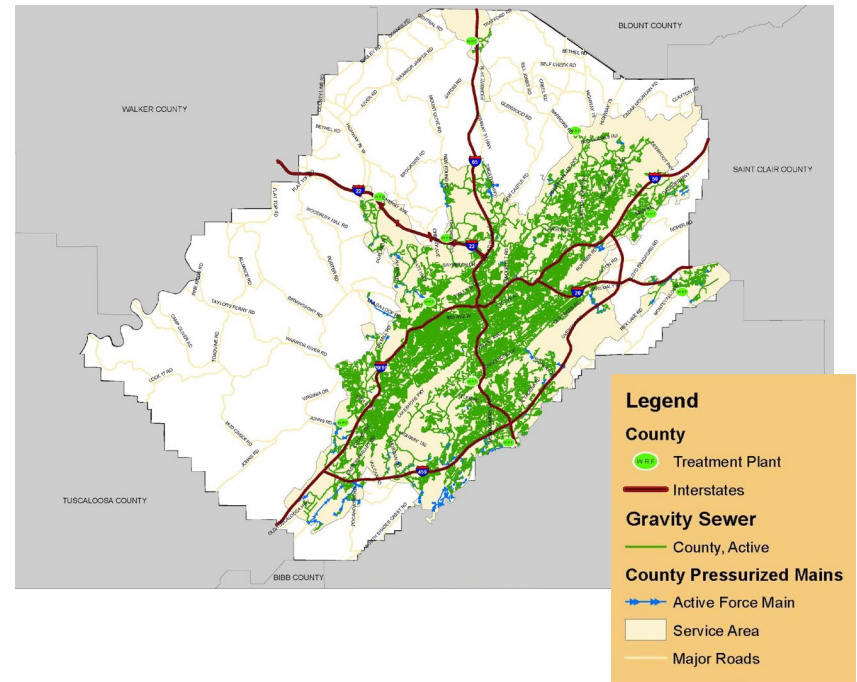
Sewer User Base

- In 2022, the top ten accounts comprised 7.94% of revenue and the largest account comprised 3.13% of revenue
- Non-residential service accounted for 58% of revenues and residential services accounted for 42% of revenues



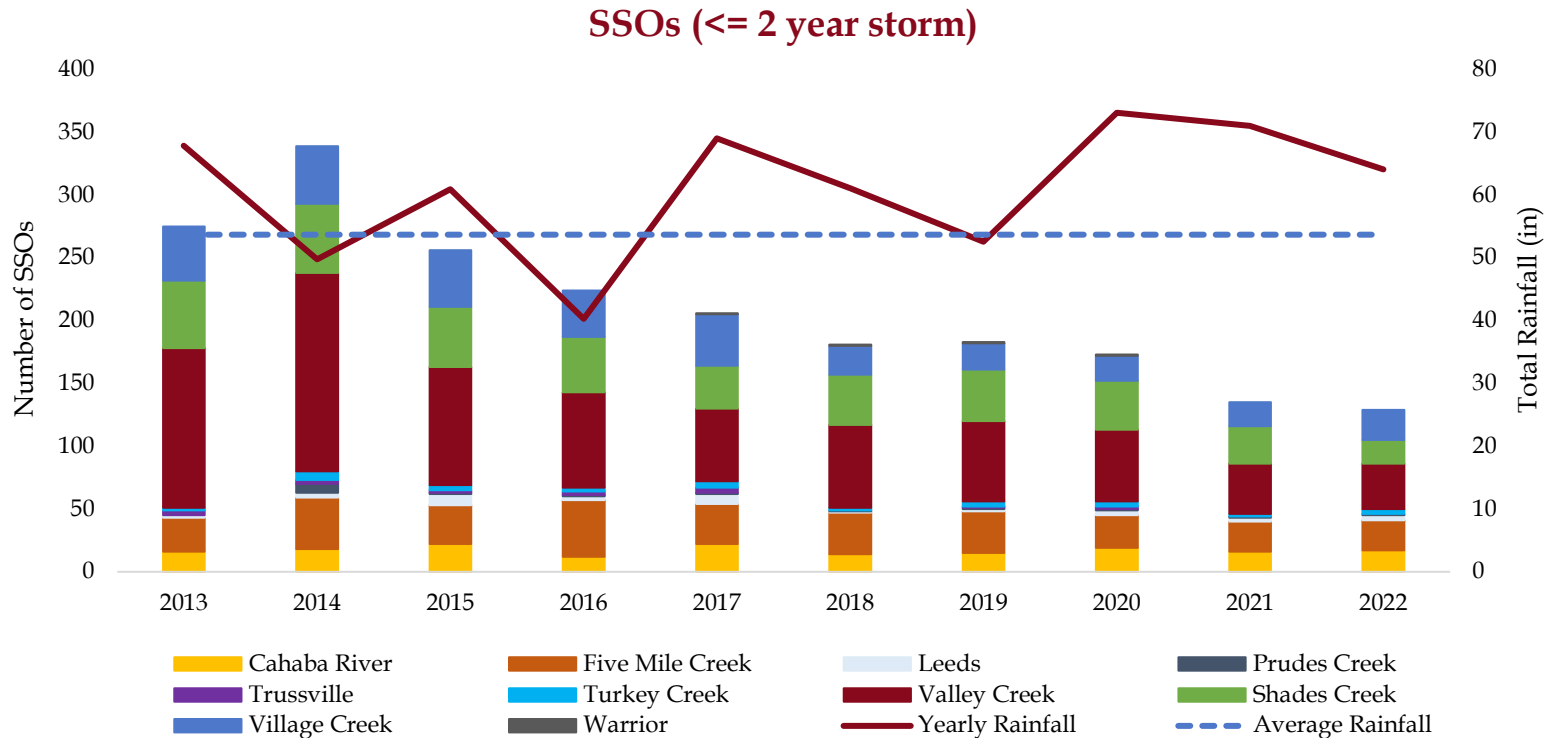
Service Map Area

- The System serves 23 municipalities, unincorporated Jefferson County, and small portions of Shelby and St. Clair Counties
- 448 square mile service area
- In light of the topography, the infrastructure needed to collect and transmit sewage is handled by a large gravity sewer network



Sewer Overflows and EPA Consent Decree

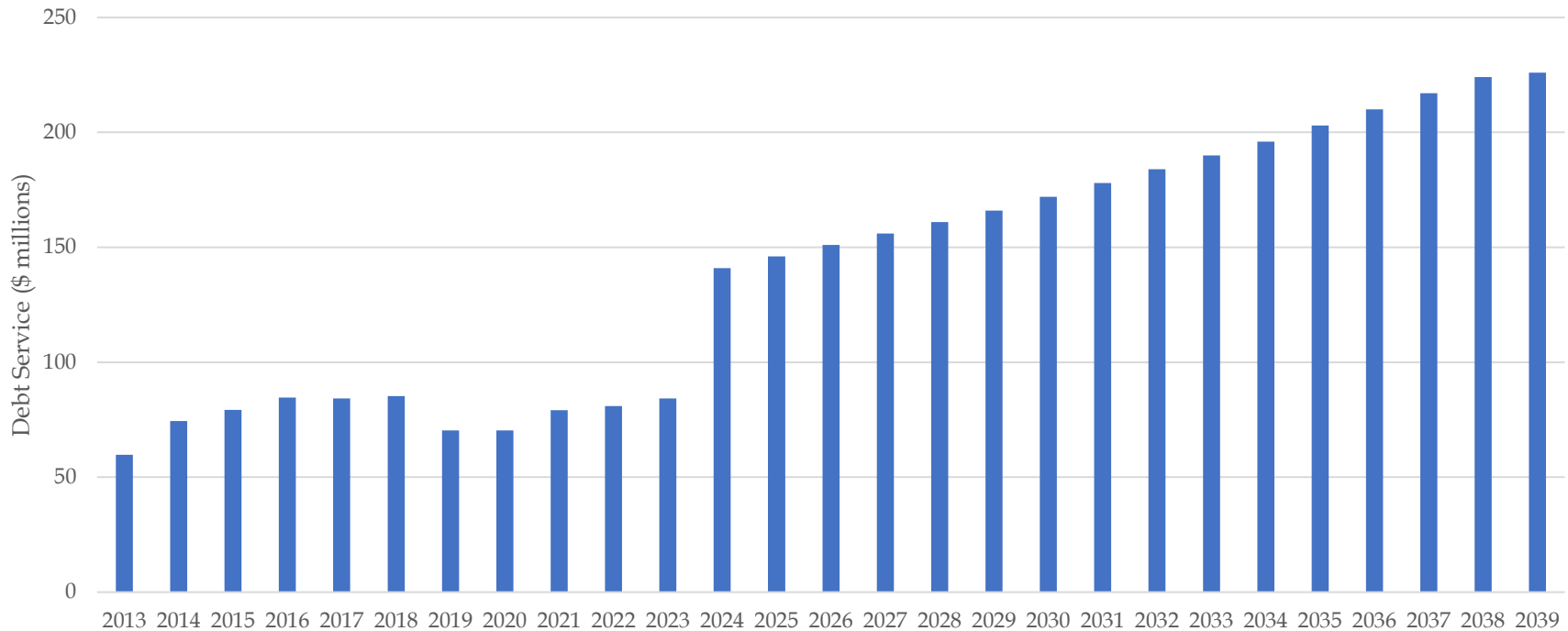
- On December 9, 1996, the County entered into a consent decree with the Environmental Protection Agency (the “EPA Consent Decree”)
- The EPA Consent Decree required the County to eliminate all sewer system overflows and bypasses
- As a result, the County assumed responsibility for the collection systems of 21 municipalities
- The System, to date, has been meeting the requirements set forth in the consent decree, is in conformity with all permitting requirements to operate the System, and all work mandated under the EPA Consent Decree has been completed since pre-bankruptcy. The County’s petition to terminate is currently before the Court.



2013 Debt Service

- Debt service sharply escalated through 2053
- Debt was structured in two tiers and limited the County's flexibility
- The 2013 financial plan did not fully fund capital after 2023
- The 2013 debt could not be redeemed until 2023
- The County stabilized the system operating and financial performance so it would be in the best position

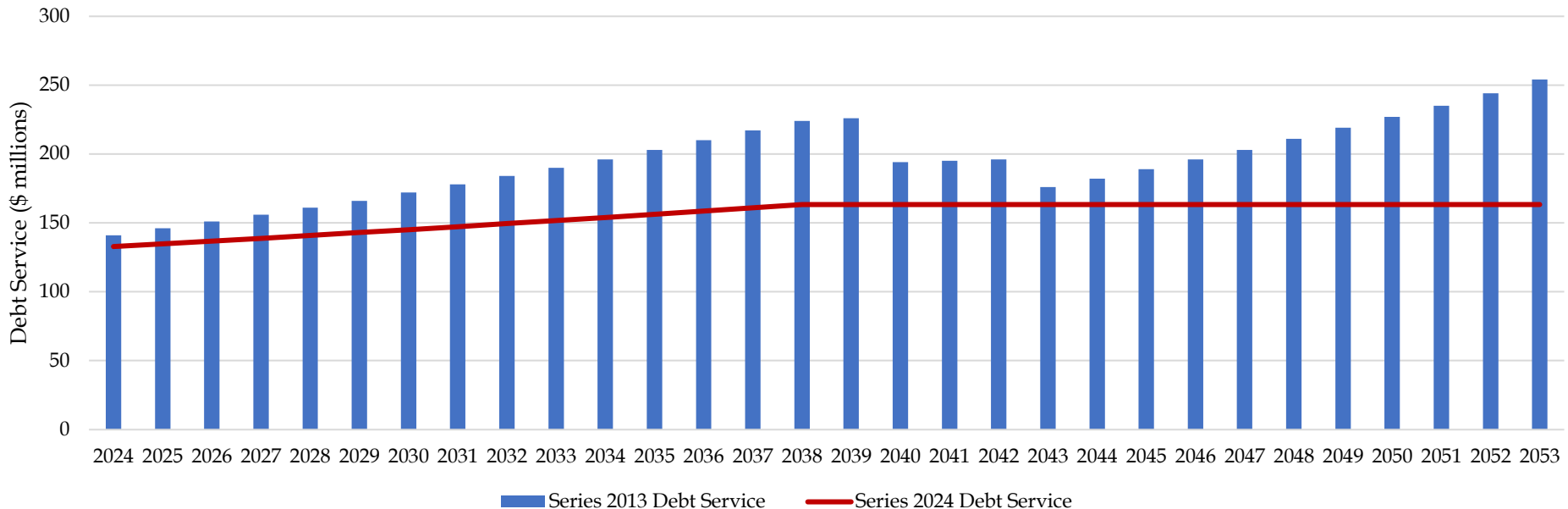
Debt Service (2013)



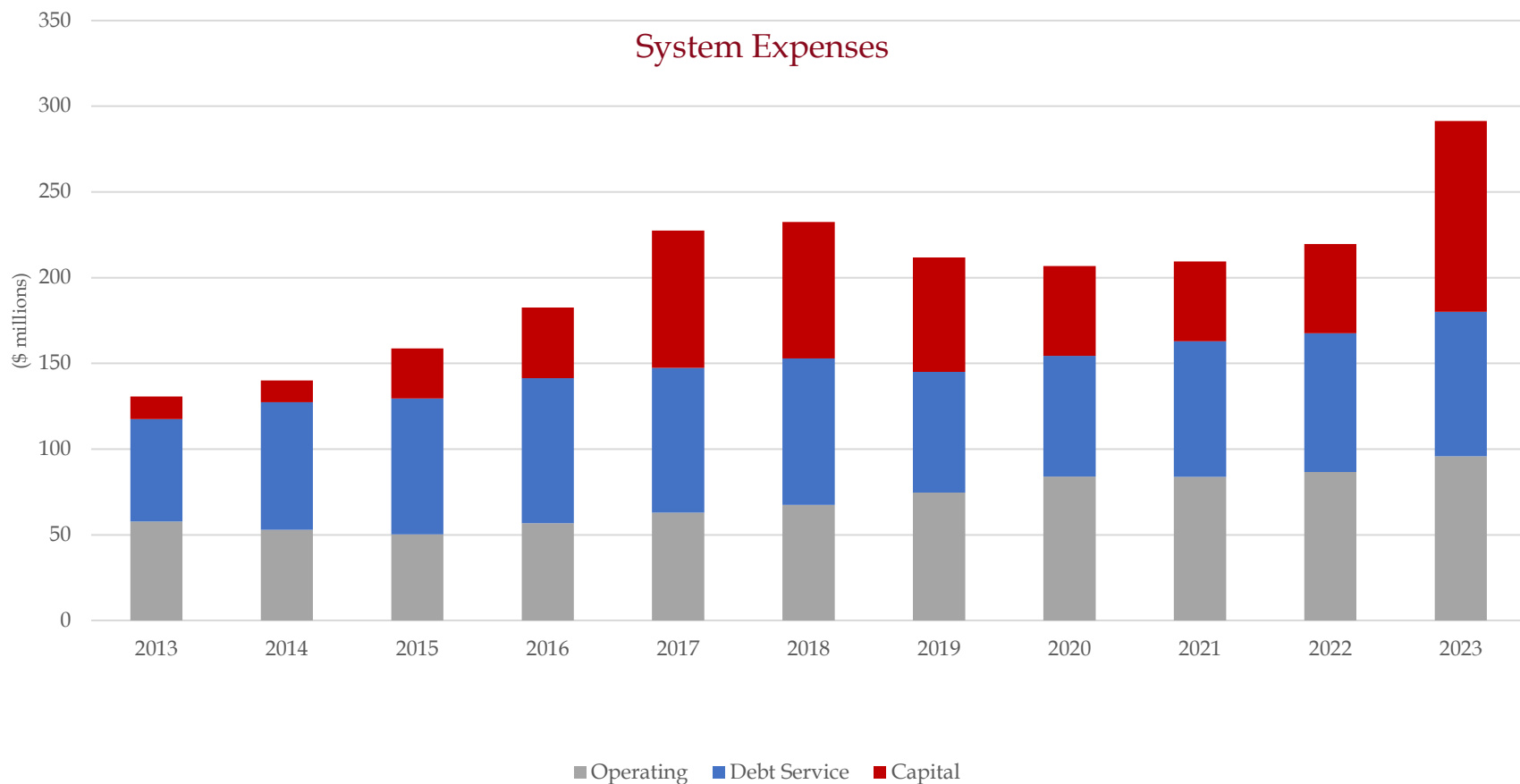
Savings Overview & Comparison to 2013

- The sewer system upgraded its credit rating to investment grade
- The 2024 refinancing saves \$1.18 billion over its life
- The 2024 refinancing does not extend the life of the debt and is fixed rate debt
- Debt service increases by a gradual percentage annually through 2038 (14 years) and then is level thereafter. The rate of annual increase on debt service is approximately 2%
- Debt service, O&M and CIP are fully funded in the plan of finance without accumulating new debt or issuing new debt
- New structure allows the County to access federal grants and debt forgiveness

Comparison of 2013 and 2024 Debt Service



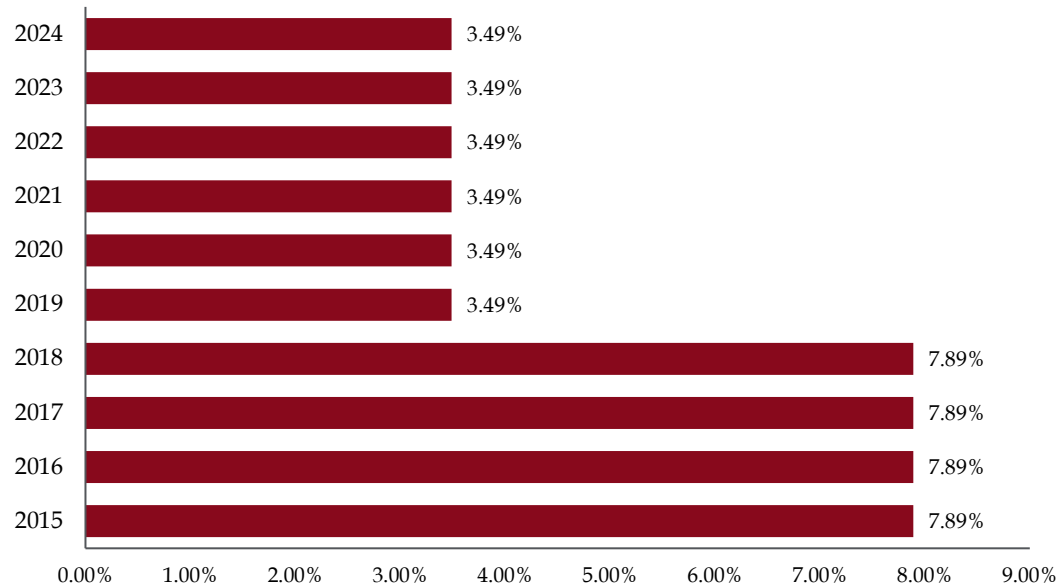
System Expenses



The County's 2023 Rate Resolution

- On October 12th, 2023, the County Commission adopted the 2023 Rate Resolution
- Rate increases in the 2023 Rate Resolution mirror the schedule of rate increases contemplated in the prior rate resolution
- Without refinancing, rate increases would have been up to approximately 20%

Historical Approved Rate Increases



Rate Affordability - Creation of a Customer Assistance Program

- Given concerns about rate affordability within the County, the 2024 Indenture allows provisions for the creation of a Customer Assistance Program (CAP)
- The CAP will complement the County's progressive inclining block rate structure. An inclining block structure allows the County to charge a lower volumetric rate for customers who consume less billable volumes
- The CAP is memorialized as not being considered free service the Indenture
- The CAP will be budgeted as an operating expense. While the details of the CAP have yet to be determined by the Commission, they could include the following components:
 - Alternative forms of bill assistance
 - Water Audits
 - Leak repair assistance for low-income households
- The financial plan includes CAP startup administrative expenses and CAP delivered assistance in O&M
- CAP delivered assistance is escalated in the financial plan at 3% per annum to reach 0.75% of service revenues over a 3 year ramp up period (Approximately \$2 million)
- Program development will happen in 2024 with outreach to the community

Questions?