

JEFFERSON COUNTY, ALABAMA
SEWER REVENUE WARRANTS

Series Designations and CUSIP Numbers on Attached Schedule A

MATERIAL EVENT NOTICE
May 4, 2009

The following information is provided by Jefferson County, Alabama (the "County") pursuant to certain Continuing Disclosure Agreements executed and delivered by the County in connection with the issuance of certain of the warrants set forth on the attached Schedule A (the "Warrants"), in compliance with Securities and Exchange Commission Rule 15c2-12. Certain of the Warrants were issued at fixed interest rates (the "Fixed Rate Warrants" shown on Schedule A), others were issued as variable rate demand warrants (the "Variable Rate Demand Warrants" shown on Schedule A) and others were issued as auction rate warrants (the "Auction Rate Warrants" shown on Schedule A). Although the County has no Continuing Disclosure Agreement with regard to the Series 2002-A Warrants described in Schedule A (due to their exemption from the continuing disclosure obligations of SEC Rule 15c2-12), the County has nonetheless determined to include such Warrants in this Notice in order to provide a more thorough description of the events reflected herein.

The County filed material event notices dated February 20, 2008, February 27, 2008, March 4, 2008, March 11, 2008, March 31, 2008, April 1, 2008, June 2, 2008, June 9, 2008, June 30, 2008, August 1, 2008, August 13, 2008, September 10, 2008, September 22, 2008, October 6, 2008, October 9, 2008, October 24, 2008, October 28, 2008, November 10, 2008, December 8, 2008, December 19, 2008, January 5, 2009, February 24, 2009, March 9, 2009 and April 6, 2009 with regard to the Warrants (collectively, the "Prior Notices"). This material event notice describes certain events that have occurred subsequent to the filing of the Prior Notices.

The Warrants were issued and are outstanding under a Trust Indenture dated as of February 1, 1997, as amended and supplemented from time to time (the "Trust Indenture") between the County and The Bank of New York Mellon (the "Trustee").

Extension of Liquidity Facility Forbearance Agreements

As described in Prior Notices, the County entered into a separate Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, with each of the banks (the "Liquidity Providers") providing a Standby Warrant Purchase Agreement (the "Liquidity Facilities") with respect to Variable Rate Demand Warrants, JPMorgan Chase Bank, as liquidity agent (the "Liquidity Agent"), The Bank of New York Mellon, as trustee (the "Trustee"), Syncora Guarantee (formerly XL Capital Assurance) ("Syncora") and Financial Guaranty Insurance Corporation ("FGIC"), which were subsequently extended by all the parties. On April 20, 2009, the County entered into a separate letter agreement with each of the Liquidity Providers and the Liquidity Agent which further extended the forbearance period. The letter agreements provide that it is not the Liquidity Providers current intent to exercise their rights and remedies prior to 5:00 p.m. (prevailing Birmingham, Alabama time) on May 29, 2009, provided that the Liquidity

Providers have reserved the right to exercise their rights and remedies at any time in their sole discretion (the Forbearance Agreements and Reservation of Rights with respect to the Liquidity Facilities, as amended and described above, are collectively referred to as the "Liquidity Facility Forbearance Agreements").

Copies of the Liquidity Facility Forbearance Agreements are available on the County's Department of Finance website at www.jeffcofinance.com.

Extension of Swap Forbearance Agreements

As described in Prior Notices, the County entered into a separate Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, with each of the counterparties to the County's interest rate swap transactions with respect to the Warrants, which were subsequently extended by all the parties. On April 20, 2009, JPMorgan Chase Bank ("JPMorgan"), Bear Stearns Capital Markets Inc. ("Bear Stearns"), and Bank of America, N.A. extended the forbearance period with regard to its interest rate swap transactions through May 29, 2009, subject to termination at any time at the discretion of such counterparties, provided that such counterparties have reserved the right to exercise their rights and remedies at any time in their sole discretion (the Forbearance Agreements and Reservation of Rights with respect to the interest rate swap transactions, as amended as described above, are collectively referred to as the "Swap Forbearance Agreements"). The Swap Forbearance Agreement with Lehman Brothers Special Financing Inc. ("Lehman") expired on November 17, 2008 and as of the date of this Notice, the County has not obtained an extension.

Copies of the Swap Forbearance Agreements are available on the County's Department of Finance website at www.jeffcofinance.com.

Rating Actions

At the time of their issuance, the various series of Warrants issued to the public were insured either by Financial Security Assurance Inc., Financial Guaranty Insurance Company ("FGIC") or Syncora Guarantee (formerly XL Capital Assurance) ("Syncora"), as reflected on Schedule A, and were assigned ratings by Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings Ltd. ("Fitch"). The ratings on the Warrants have been previously downgraded as described in the Prior Notices.

On March 24, 2009, the long-term insured rating assigned to those Warrants insured by FGIC was further reduced from "Caa1" to "Caa3" by Moody's in conjunction with the corresponding reduction in such rating agency's financial strength and financial enhancement rating of FGIC. The current reduced rating of the FGIC insured Warrants is classified as "Outlook Negative" by Moody's. In addition, Moody's announced the withdrawal of its insured rating of FGIC. In its rating release, Moody's states "Moody's ratings on securities that are guaranteed or 'wrapped' by FGIC will be maintained at a level equal to the published underlying rating (and for structured securities, the published or unpublished underlying rating). Moody's ratings on non-structured securities wrapped by FGIC for which there is no published underlying rating either have been, or will be, withdrawn." To date, Moody's has not withdrawn any ratings associated with the FGIC insured Warrants. The rating release issued by Moody's as well as a

description of Moody's credit rating definitions can be obtained from the Moody's website at www.moodys.com.

On April 22, 2009, the long-term insured rating assigned to those Warrants insured by FGIC was further reduced from "CCC" to "CC" by S&P in conjunction with the corresponding reduction in such rating agency's financial strength and financial enhancement rating of FGIC. The current reduced rating of the FGIC insured Warrants is classified as "Outlook Negative" by S&P. S&P subsequently withdrew its insured rating of FGIC citing its "expectation that timely and comprehensive financial information will no longer be available" from the insurer. The rating release issued by S&P as well as a description of S&P's credit rating definitions can be obtained from the S&P website at www.standardandpoors.com.

A rating reflects only the view of the agency assigning such rating and is not a recommendation to buy, sell or hold the Warrants. Such rating may be changed at any time, and no assurance can be given that it will not be subject to further revision or withdrawn entirely by the rating agency if, in its judgment, the circumstances so warrant. Any further reduction or withdrawal of the ratings on the Warrants may have an adverse effect on the market price of the affected Warrants.

SCHEDULE A

Fixed Rate Warrants	Bond Insurer	
<i>Series 1997 A</i>		
CUSIP		
472682NV1	FGIC	
472682NW9	FGIC	
472682NX7	FGIC	
472682MC4	FGIC	
472682MD2	FGIC	
 <i>Series 2001 A</i>		
CUSIP		
472682JB0	FGIC	
472682JC8	FGIC	
472682JD6	FGIC	
472682JE4	FGIC	
472682JF1	FGIC	
472682JG9	FGIC	
472682JH7	FGIC	
472682JJ3	FGIC	
472682JL8	FGIC	
472682JM6	FGIC	
472682JN4	FGIC	
 <i>Series 2003 A</i>		
CUSIP		
010653QU0		
010653QV8		
010653QW6		
010653QX4		
010653QY2		
010653QZ9		
010653RA3		
 <i>Series 2003-B-8</i>		
CUSIP		
472682ML4	FSA	
472682MM2	FSA	
472682MN0	FSA	
472682MP5	FSA	
472682MQ3	FSA	
472682MR1	FSA	
472682MS9	FSA	
 Variable Rate Demand Warrants		
<i>Series 2002 A</i>		
CUSIP	Subseries	
472682JW4	2002 A	FGIC
 <i>Series 2002 C</i>		
CUSIP	Subseries	
472682KE2	2002 C-2	Syncora
472682KF9	2002 C-3	Syncora
472682KG7	2002 C-4	Syncora
472682KJ1	2002 C-6	Syncora
472682KK8	2002 C-7	Syncora
 <i>Series 2003 B</i>		
CUSIP	Subseries	
472682LN1	2003 B-2	Syncora
472682LP6	2003 B-3	Syncora
472682LQ4	2003 B-4	Syncora
472682LR2	2003 B-5	Syncora
472682LS0	2003 B-6	Syncora
472682LT2	2003 B-7	Syncora

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Auction Rate Warrants**Bond
Insurer***Series 2002 C*

CUSIP	Subseries	
472682KA0	2002 C-1-A	Syncora
472682KB8	2002 C-1-B	Syncora
472682KC6	2002 C-1-C	Syncora
472682KD4	2002 C-1-D	Syncora
472682KH5	2002 C-5	Syncora

Series 2003 B

CUSIP	Subseries	
472682LH4	2003 B-1-A	FGIC
472682LJ0	2003 B-1-B	FGIC
472682LK7	2003 B-1-C	FGIC
472682LL5	2003 B-1-D	FGIC
472682LM3	2003 B-1-E	FGIC

Series 2003 C

CUSIP	Subseries	
472682NA7	2003 C-1	FGIC
472682NB5	2003 C-2	FGIC
472682NC3	2003 C-3	FGIC
472682ND1	2003 C-4	FGIC
472682NE9	2003 C-5	FGIC
472682NF6	2003 C-6	FGIC
472682NG4	2003 C-7	FGIC
472682NH2	2003 C-8	FGIC
472682NJ8	2003 C-9	FSA
472682NK5	2003 C-10	FSA