JEFFERSON COUNTY, ALABAMA
SEWER REVENUE WARRANTS

Series Designations and CUSIP Numbers on Attached Schedule A

MATERIAL EVENT NOTICE

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" as 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 and their impact on the County.

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 (the "Trustee").

Ratings Downgrades

At the time of their issuance, the various series of Warrants were insured either by Financial Security Assurance Inc. ("FSA"), Financial Guaranty Insurance Company ("FGIC") or XL Capital Assurance Inc. ("XL Capital"), 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"). Recently, the long-term rating assigned to those Warrants insured by FGIC was reduced from "AAA" to "AA" by S&P and by Fitch, and from "Aaa" to "A3" by Moody's in conjunction with the corresponding reductions in such rating agencies' financial strength and financial enhancement ratings of FGIC. The current reduced ratings of the FGIC insured Warrants are classified as "Ratings Watch Negative" by Fitch, "Not on Watch" by Moody's and "Credit Watch Developing" by S&P. In addition, Moody's demand obligation rating with regard to the FGIC insured Variable Rate Demand Warrants was reduced from "VMIG 1" to "SG".

Similarly, the long-term rating assigned to those Warrants insured by XL Capital was reduced from "AAA" to "A3" by Moody's and from "Aaa" to "A" by Fitch in conjunction with the corresponding reduction in such ratings agencies' financial strength and financial enhancement ratings of XL Capital. The current reduced ratings of the XL Capital insured Warrants are classified as "Ratings Watch Negative" by Fitch and "Not on Watch" by Moody's. As of the date of this Notice, S&P has not downgraded the long-term rating of the XL Capital insured Warrants, but the rating on such Warrants is classified by S&P as "Credit Watch

Negative". In addition, Moody's demand obligation rating with regard to the XL Capital insured Variable Rate Demand Warrants was reduced from "VMIG 1" to "SG".

The Warrants insured by FSA have not been downgraded.

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.

Event of Default Under Standby Warrant Purchase Agreements

The holders of the Variable Rate Demand Warrants have the right to tender such Warrants for purchase at par, plus accrued interest, upon seven days' notice. Also, under certain circumstances, the holders of Variable Rate Demand Warrants are required to surrender such warrants for purchase (i.e., a mandatory tender) at par, plus accrued interest.

To provide a source of funds for the payment of the purchase price of Variable Rate Demand Warrants that are the subject of an optional tender or a mandatory tender, the County has entered into Standby Warrant Purchase Agreements (each, a "Liquidity Facility") with a number of different banks (each a "Liquidity Provider"). The rating changes described above under "**Ratings Downgrades**" constitute an event of default under each of the Liquidity Facilities. As a result of that default, each Liquidity Provider now has the right to terminate its respective Liquidity Facility upon at least 25 days' notice. As of the date of this Notice, the County has received no notice of such a Liquidity Facility termination. In the event that such a termination notice is delivered, the holders of the affected Variable Rate Demand Warrants will be required to make a mandatory tender of such Warrants for purchase prior to the termination date of the related Liquidity Facility.

Each Liquidity Facility provides that the contractual obligation of the related Liquidity Provider to purchase tendered Variable Rate Demand Warrants will terminate immediately upon the occurrence of one of certain specified events of default that result solely from some action or failure to perform on the part of the related bond insurer. To date, no such event has occurred to the County's knowledge.

Any tendered Variable Rate Demand Warrant that is purchased by the applicable Liquidity Provider (a "Bank Warrant") will bear interest at a higher rate (either the "Bank Rate" or the "Default Rate") during the period in which it is held by such Liquidity Provider. The Bank Rates specified under the Liquidity Facilities range from 1% to 3% over the Liquidity Provider's "Base Rate" depending on how long the Warrant is held as a Bank Warrant. The "Base Rate" is generally the greater of the federal funds rate plus ½ of 1%, or the prime rate adopted by the Liquidity Provider. Upon the occurrence and during the continuation of an event of default under a Liquidity Facility, interest on Bank Warrants purchased by such Liquidity Provider accrues at the Default Rate, which ranges from 2% to 3% over the Bank Rate under the Liquidity Facilities. Also, the County covenanted in each Liquidity Facility to effect an optional redemption of Bank Warrants in 16 equal quarterly principal installments, with the first installment being payable on the first business day of the January, April, July or October that first occurs on or following the tender date for the Bank Warrants in question. Such obligation to redeem a particular Bank Warrant will terminate when that Warrant is remarketed or refinanced.

Results of Recent Auctions and Tenders

As of February 14, 2008, $385,750,000 aggregate principal amount of the Series 2002-C Variable Rate Demand Warrants and $162,775,000 aggregate principal amount of the Series 2003-B Variable Rate Demand Warrants had been voluntarily tendered to the Liquidity Providers and were held as "Bank Warrants". So long as such warrants are held as Bank Warrants, they will bear interest at rates determined under the provisions of the respective Liquidity Facilities, which rates are expected to be higher than the rates typically borne by the Variable Rate Demand Warrants.

The County experienced failed auctions on February 13, 2008 and on February 14, 2008 with respect to $87,500,000 aggregate principal amount of the Series 2003 C-7 Auction Rate Warrants and with respect to $147,000,000 aggregate principal amount of the Series 2003 B-1-E Auction Rate Warrants, respectively. These Warrants are accruing interest at the Maximum Auction Rate allowed under the Trust Indenture.

Impact on the County

As a result of the ratings downgrades described above, the interest rates borne by the Variable Rate Demand Warrants and the Auction Rate Warrants have increased significantly. As of February 14, 2008, the interest rates borne by the Variable Rate Demand Warrants ranged from 3.08% to 10% and the interest rates borne by the Auction Rate Warrants ranged from 3.92% to 6.25%. During recent auctions, or as a result of failed auctions, the reset rate has been set at or close to the maximum auction rate allowed under the Trust Indenture.

The "Maximum Auction Rate" under the Trust Indenture is the lesser of 18% or the Applicable Percentage (shown below) times the higher of (1) the one-month LIBOR rate or (2) the After-Tax Equivalent Rate. The ratings used to determine the "Applicable Percentage" are those assigned by S&P and Moody's, with the lower rating controlling if those two ratings are at different levels.

Prevailing Rating	Applicable Percentage
AAA/Aaa	125%
AA/Aa	150%
A/A	200%
BBB/Baa	250%
Below BBB/Baa	275%

The After-Tax Equivalent Rate is derived by multiplying the difference between 1.00 and the Statutory Corporate Tax Rate times the 30-day AA rated (S&P) Commercial Paper rate.

In addition to the interest rate increases on the Variable Rate Demand Warrants and the Auction Rate Warrants, the floating rate payments received by the County under its interest rate swap agreements, that are intended to offset interest payments on the Warrants, have decreased as a result of a fall in short term rates, such as 1 Month LIBOR. The County receives 67% of 1 Month LIBOR as floating rate payments under a majority of the swap agreements. As of February 14, 2008, 1 Month LIBOR was 3.11625%.

The Warrants are payable from and are secured by the net revenues derived from the operation of the County's sewer system. The County's sewer use rates are adjusted from time to time in order to provide sufficient revenues to pay the expenses of operating the sewer system, to make timely payments of interest and principal on the Warrants, and to perform and comply with all of the County's covenants contained in the Trust Indenture. The most recent adjustment of sewer use rates, which became effective on January 1, 2008, was based on the projected debt service on the Warrants prior to the occurrence of the events described in this Notice. The unanticipated and extraordinary downgrades of various of the County's bond insurers has resulted in interest rates on the Warrants exceeding the interest rates anticipated by the County for the fiscal year ending September 30, 2008.

For the four month period ended January 31, 2008, the County estimates that it has incurred approximately $6 million in additional interest cost on the Warrants. It is expected that the actual interest rates during the remaining eight months of fiscal year 2008 will continue to exceed anticipated interest rates and such higher interest rates may be significantly greater than those experienced through January 31, 2008.

Substitution of Surety Bond in Reserve Fund

The Trust Indenture requires the County to establish and maintain a debt service reserve fund (the "Reserve Fund") at a level (the "Reserve Fund Requirement") generally equal to the lesser of (a) 125% of the average annual debt service on all parity securities outstanding under the Indenture and secured by the Reserve Fund, (b) the maximum annual debt service on all parity securities outstanding under the Indenture and secured by the Reserve Fund, or (c) 10% of the original principal amount (or in some cases, the issue price) of each series of parity securities outstanding under the Trust Indenture and secured by the Reserve Fund. The Trust Indenture permits the County to satisfy the Reserve Fund Requirement through cash deposits or by delivery of a surety bond, insurance policy or letter of credit that satisfies the requirements of the Trust Indenture. One such requirement is that any surety bond or insurance policy used to satisfy the Reserve Fund Requirement must be rated "AAA" by S&P or "Aaa" by Moody's. As of April 1, 2005, the Reserve Fund was funded, at the Reserve Fund Requirement, by a combination of cash (and eligible federal securities) and surety bonds in the amount of $19,884,478 provided by FGIC.

As permitted by the Trust Indenture, in April, 2005, the County caused XL Capital to deliver to the Trustee a Debt Service Reserve Insurance Policy pursuant to which up to $164,863,746 may be paid, and caused FSA to deliver to the Trustee a Municipal Bond Debt Service Reserve Insurance Policy pursuant to which up to $26,421,902 may be paid. Upon the delivery of the foregoing policies to the Trustee, the County withdrew $181,415,268.15 of cash and investments from the Reserve Fund and directed that the said cash and investments be deposited to a new "2005 Construction Fund" to be held by the Trustee under a Deposit Agreement dated April 1, 2005 between the County and the Trustee (the "Deposit Agreement"). The Deposit Agreement permitted the County to withdraw funds from the 2005 Construction Fund to pay the costs of labor, services, materials, supplies and equipment acquired in connection with the construction or installation of improvements to the County's sewer system, to pay the cost of real estate needed for the construction or installation of such improvements, and to pay fees and expenses, including charges and expenses of the Trustee, incurred in connection with any of the foregoing. As of December 31, 2006, the balance on deposit in the 2005 Construction Fund was $191,756,511.

In January, 2007, the County and the Trustee entered into an Amendment to Deposit Agreement dated as of January 1, 2007 (the "Amendment") which also permitted the County to withdraw funds from the 2005 Construction Fund for deposit into any account or fund established under the Trust Indenture "or otherwise established by the County with respect to its sanitary sewer system or obligation of the County pertaining thereto." On February 1, 2007 the County withdrew $32,547,193 from the 2005 Construction Fund and on February 1, 2008 the County withdrew an additional $59,800,000 from the 2005 Construction Fund. The funds so withdrawn were used to pay debt service on the Warrants. As of February 15, 2008, the balance in the 2005 Construction Fund was $104,775,899.

The recent downgrades of FGIC to "A3" by Moody's and to "AA" by S&P have caused the FGIC surety bonds (in the aggregate amount of $19,884,478) currently held by the Trustee in the Reserve Fund, to fail the ratings requirement of the Trust Indenture described above. In such event, the Trust Indenture requires the County to (i) substitute a surety bond, insurance policy or letter of credit that does satisfy the requirements of the Trust Indenture within six (6) months, or (ii) restore the Reserve Fund to a level equal to the Reserve Fund Requirement by making cash deposits to the Reserve Fund over a period of five years. The County has not yet determined its response to the downgrade and disqualification of the FGIC surety bonds.

Copies of the Trust Indenture and the Liquidity Facilities can be obtained from the Trustee:

The Bank of New York
The Financial Center
505 20th Street North
Suite 950
Birmingham, Alabama 35203
Attention: Charles S. Northen IV
Telephone: 205-214-0208
E-mail: charles.northen@bnymellon.com

SCHEDULE A

Fixed Rate Warrants

Series 1997 A

CUSIP	Bond Insurance
472682NV1	FGIC
472682NW9	FGIC
472682NX7	FGIC
472682MC4	FGIC
472682MD2	FGIC

Series 2001 A

CUSIP	Bond Insurance
472682JB0	FGIC
472682JC8	FGIC
472682JD6	FGIC
472682JE4	FGIC
472682JF1	FGIC
472682JG9	FGIC
472682JH7	FGIC
472682JJ3	FGIC
472682JL8	FGIC
472682JM6	FGIC
472682JN4	FGIC

Series 2003-B-8

CUSIP	Bond Insurance
472682ML4	FSA
472682MM2	FSA
472682MN0	FSA
472682MP5	FSA
472682MQ3	FSA
472682MR1	FSA
472682MS9	FSA

Variable Rate Demand Warrants

Series 2002 A

CUSIP	Subseries	Bond Insurance
472682JW4	2002 A	FGIC

Series 2002 C

CUSIP	Subseries	Bond Insurance
472682KE2	2002 C-2	XLCA
472682KF9	2002 C-3	XLCA
472682KG7	2002 C-4	XLCA
472682KJ1	2002 C-6	XLCA
472682KK8	2002 C-7	XLCA

Series 2003 B

CUSIP	Subseries	Bond Insurance
472682LN1	2003 B-2	XLCA
472682LP6	2003 B-3	XLCA
472682LQ4	2003 B-4	XLCA
472682LR2	2003 B-5	XLCA
472682LS0	2003 B-6	XLCA
472682LT8	2003 B-7	XLCA

[Continued on following page]

Auction Rate Warrants

Bond Insurance

Series 2002 C

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

Series 2003 B

CUSIP	Subseries	Bond Insurance
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	Bond Insurance
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