

JEFFERSON COUNTY, ALABAMA
SEWER REVENUE WARRANTS

Series Designations and CUSIP Numbers on Attached Schedule A

MATERIAL EVENT NOTICE
September 22, 2008

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 and September 10, 2008 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").

Ratings Downgrade

Standard & Poor's Ratings Services ("S&P") and Moody's Investors Service, Inc. ("Moody's") (and Fitch Ratings Ltd. on certain series of Warrants) assigned underlying ratings to the various series of Warrants at the time of their issuance based on the rating agencies' assessments of the County's ability to pay debt service on the Warrants. The underlying ratings do not take into account credit enhancement, such as bond insurance, that may also be available to pay debt service.

On September 16, 2008, the underlying rating assigned to the Series 1997 A, Series 2001 A, Series 2003 B-1-A through Series 2003 B-1-E, and Series 2003 C-1 through Series 2003 C-10 Warrants by S&P was reduced from "CCC" to "C". The current underlying rating of the Warrants is classified as "Credit Watch Negative" by S&P. Ratings reports issued by S&P 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.

Termination of Series 2002-A Standby Warrant Purchase Agreement

The holders of the Series 2002-A 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 the Series 2002-A 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 Series 2002-A Warrants that are the subject of an optional tender or a mandatory tender, the County has entered into a Standby Warrant Purchase Agreement (the "Liquidity Facility") with JPMorgan Chase Bank (the "Liquidity Provider"). The Warrants are insured by Financial Guaranty Insurance Company ("FGIC").

On September 11, 2008, the Liquidity Provider delivered a Termination Notice to the Trustee pursuant to Section 8.02(b) of the Liquidity Facility. The Termination Notice cites the occurrence and continuation of an Event of Default specified in Section 8.01(o) of the Liquidity Facility, relating to the downgrade of FGIC, as the grounds for termination of the Liquidity Facility. Pursuant to the Termination Notice and Section 8.02(b) of the Liquidity Facility, the Liquidity Facility will terminate twenty (20) days after receipt by the Trustee of the Termination Notice.

As a result of the Termination Notice, the holders of the Series 2002-A Warrants will be required to tender such Warrants for purchase pursuant to the mandatory tender provisions of the Indenture prior to the termination of the Liquidity Facility.

Pursuant to the Liquidity Facility, as a result of the occurrence and continuation of the Event of Default specified in Section 8.01(o) of the Liquidity Facility, the County is required to optionally redeem all Series 2002-A Warrants held by the Liquidity Provider in four equal quarterly installments, beginning October 1, 2008.

Litigation

On September 16, 2008, the Trustee, at the direction of FGIC and Syncora Guarantee Inc. (formerly XL Capital Assurance Inc. and herein "Syncora"), filed a lawsuit against the County seeking, among other relief, the appointment of a receiver over the County's sewer system. The lawsuit is styled The Bank of New York Mellon, as Trustee, Financial Guaranty Insurance Company and Syncora Guarantee Inc. (f/k/a XL Capital Assurance Inc.) v. Jefferson County, Alabama, et al., and is pending in the United States District Court, Northern District of Alabama, CV-08-H-1703-S. The County will oppose the appointment of a receiver and the other relief requested in the lawsuit.

The County did not undertake in the Continuing Disclosure Agreements to inform investors of developments in this lawsuit. Warranholders should contact the Trustee for additional information regarding this lawsuit.

SCHEDULE A

Fixed Rate Warrants	Bond Insurance	
<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-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
472682LT8	2003 B-7	Syncora

[Continued on following page]

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

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

Syncora
Syncora
Syncora
Syncora
Syncora

Series 2003 B

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

FGIC
FGIC
FGIC
FGIC
FGIC

Series 2003 C

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

FGIC
FGIC
FGIC
FGIC
FGIC
FGIC
FGIC
FGIC
FSA
FSA