

JEFFERSON COUNTY, ALABAMA
JEFFERSON COUNTY PUBLIC BUILDING AUTHORITY
LEASE REVENUE WARRANTS, SERIES 2006

CUSIP Numbers on Attached Schedule A

MATERIAL EVENT NOTICE

April 6, 2012

The following information is provided by Jefferson County, Alabama (the "County") pursuant to a Continuing Disclosure Agreement executed and delivered by the County in connection with the Jefferson County Public Building Authority (the "Authority") Lease Revenue Warrants, Series 2006 described on Schedule A hereto (the "Warrants"), in compliance with Securities and Exchange Commission Rule 15c2-12. The Warrants were issued and are outstanding under a Trust Indenture dated August 1, 2006, (the "Indenture") between the Authority and First Commercial Bank, as trustee (the "Trustee"). The Warrants are payable solely from lease payments by the County to the Authority pursuant to a Lease Agreement dated August 1, 2006 (the "Lease Agreement").

Notice of Default

Under the Lease Agreement, the County is required to make payments to the Trustee, for the account of the Authority, on the third business day prior to any day on which debt service is payable on the Warrants. Principal in the amount of \$4,130,000, and interest in the amount of \$2,081,297 were due with respect to the Warrants on April 2, 2012. The County failed to make the required lease payment when due on March 28, 2012.

The Trustee delivered a notice of default (the "Notice of Default") to the County by letter dated March 30, 2012, a copy of which is attached as Exhibit I. The Notice of Default states that an "Event of Default", as defined in the Lease Agreement, has occurred under the Lease Agreement as a result of the County's failure to make the lease payment on March 28, 2012.

Occurrence of Indenture Defaults

Failure to pay the principal and interest on the Warrants in the amount of \$6,211,297 when due on April 2, 2012 resulted in an "Indenture Default", as defined in the Indenture. The Trustee drew upon available monies on deposit in the Reserve Fund established under the Indenture to pay the debt service due on April 2, 2012 in full. The occurrence of an Event of Default under the Lease Agreement also created an additional Indenture Default.

Rating Downgrade

The Warrants are insured by Ambac Assurance Corporation and were assigned insured ratings by Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings Ltd. S&P and Moody's also assigned underlying ratings to the 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 April 2, 2012, the underlying rating assigned to the Warrants by Moody's was reduced from 'Caa2' to 'Ca'. The current underlying rating of the Warrants is classified as "Under Review for Downgrade" by Moody's. Ratings reports issued by Moody's can be obtained from the Moody's website at <http://www.moodys.com/>.

SCHEDULE A

Lease Revenue Warrants, Series 2006

<u>Maturity</u>	<u>CUSIP</u>	<u>Insurer</u>
4/1/2013	47267PAF0	Ambac
4/1/2014	47267PAG8	Ambac
4/1/2015	47267PAH6	Ambac
4/1/2016	47267PAJ2	Ambac
4/1/2017	47267PAK9	Ambac
4/1/2018	47267PAL7	Ambac
4/1/2019	47267PAM5	Ambac
4/1/2020	47267PAN3	Ambac
4/1/2021	47267PAP8	Ambac
4/1/2026	47267PAQ6	Ambac

EXHIBIT I



Corporate Trust • Phone 205-803-4598 • 800 Shades Creek Parkway • Birmingham, AL 35209

March 30, 2012

VIA FIRST CLASS MAIL AND FACSIMILE

The Jefferson County Public Building
Authority
c/o Jefferson County Commission
716 Richard Arrington Jr. Blvd. North
Birmingham, AL 35263
Attn: Finance Department
Facsimile: (205) 325-5841

Jefferson County Commission
716 Richard Arrington Jr. Blvd. North
Birmingham, AL 35263
Attn: Finance Department
Facsimile: (205) 325-5841

NOTICE OF DEFAULT!

Re: Lease Agreement dated August 1, 2006 (the "Lease") between The Jefferson County Building Authority (the "Authority") and Jefferson County (the "County") relating to the issuance of \$86,745,000 Lease Revenue Warrants, Series 2006 by the Authority (the "2006 Revenue Warrants")²

Finance Department:

I write on behalf of First Commercial Bank, an Alabama banking corporation (the "Trustee") in its capacity as trustee for the 2006 Revenue Warrants and in accordance with the authority granted to it pursuant to Section 5.1 of the Lease.

Please be informed that the County failed to pay the Basic Rental Payment (totaling not less than \$6,211,297.00) due under Section 4.2 of the Lease (the "Outstanding Payment Obligation") on or before its due date, March 28, 2012. Please note that the failure to satisfy the Outstanding Payment Obligation on or before the

¹ Please note, we understand that the County is a debtor in a case under Chapter 9 of Title 11 of the United States Code. Accordingly, please note that this letter is merely intended to be written notice that formal demand has been made in compliance with the Lease and the Indenture and applicable law. This letter is neither an act to collect, assess, or recover a claim against you nor intended to violate any provision of the Bankruptcy Code. Any claims the Trustee asserts against the County will be properly asserted in compliance with the Bankruptcy Code.

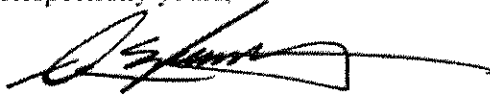
² All terms not otherwise defined herein shall have the meaning given to them in the Lease.

applicable due date constitutes an Event of Default under Section 8.2 of the Lease. Other defaults and Events of Default may exist.

As you are aware, on March 30, 2012, the County filed an Emergency Motion for Relief from the Automatic Stay (Docket No. 847), in which it sought an order modifying the automatic stay pursuant to 11 U.S.C. §§ 362, 901 and 922 and Rule 4001 of the Federal Rules of Bankruptcy Procedure (the "Motion for Relief from Stay"), to the extent necessary, to authorize the application of \$6,211,297 from the Reserve Fund to pay the Basic Rental Payment. Please be informed that neither: (i) the Bankruptcy Court's entry an order granting the Motion for Relief from Stay; (ii) the Trustee's application of amounts from the Reserve Fund in respect of the Outstanding Payment Obligation; (iii) the Trustee's application or acceptance of any other amount in respect of the Payment Obligation; nor (iv) the Trustee's engagement in discussions with the County or the Authority, shall constitute: (a) a waiver by the Trustee of any other default by the County or the Authority under the Lease or the Indenture, regardless of whether referred to herein; (b) an election of remedies regarding any such default by the Trustee under either the Lease or the Indenture at law or in equity, all of which are reserved by the Trustee; (c) a waiver, modification, relinquishment, or forbearance by the Trustee of any right and remedy under either the Lease or the Indenture or under law, all of which are reserved by the Trustee; or (d) a modification of either the Lease or the Indenture.

Thank you for your immediate attention to this important matter.

Respectfully yours,



Dean Matthews
Senior Vice President

cc Patrick Darby