JEFFERSON COUNTY, ALABAMA
SEWER REVENUE WARRANTS

Series Designations and CUSIP Numbers on Attached Schedule A

MATERIAL EVENT NOTICE
March 31, 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. 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 and March 11, 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.

Ratings Downgrades

Insured Ratings

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").

On March 26, 2008, the long-term insured rating assigned to those Warrants insured by FGIC was further reduced from "AA" to "BBB" by Fitch in conjunction with the corresponding reduction in such rating agency's financial strength and financial enhancement ratings of FGIC. The current reduced rating of the FGIC insured Warrants is classified as "Outlook Negative" by Fitch.

Similarly, on March 26, 2008, the long-term insured rating assigned to those Warrants insured by XL Capital was reduced from "A" to "BB" by Fitch in conjunction with the corresponding reduction in such rating agency's financial strength and financial enhancement ratings of XL Capital. The current reduced rating of the XL Capital insured Warrants is classified as "Outlook Negative" by Fitch.

On March 28, 2008, the long-term insured rating assigned to those Warrants insured by FGIC was reduced from "A" to "BB" by S&P in conjunction with the corresponding reduction in such rating agency's financial strength and financial enhancement ratings of FGIC. The current reduced rating of the FGIC insured Warrants is classified as "Outlook Negative" by S&P.

On March 31, 2008, the long-term insured rating assigned to those Warrants insured by FGIC was further reduced from "A3" to "Baa3" by Moody's in conjunction with the corresponding reduction in such rating agency's financial strength and financial enhancement ratings of FGIC. The current reduced rating of the FGIC insured Warrants is classified as "Watchlist for Possible Downgrade" by Moody's.

The long-term insured ratings of those Warrants insured by FSA have not been downgraded.

Underlying Rating

S&P and Moody's (and Fitch on certain series of Warrants) also 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 March 27, 2008, the underlying rating assigned to the Warrants by Moody's was reduced from "B3" to "Caa3". The ratings report issued by Moody's can be obtained from the Moody's website at www.moodys.com. The current underlying rating of the Warrants is classified as "Watchlist for Possible Downgrade" by Moody's.

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.

Forbearance Agreements

Swap Transactions

In connection with the issuance of the Warrants, the County entered into thirteen (13) separate interest rate swap transactions with Bank of America, N.A., Bear Stearns Capital Markets Inc., JPMorgan Chase Bank and Lehman Brothers Special Financing Inc. in a current aggregate notional amount of approximately $5.4 billion. The County's obligations to the counterparties under the ISDA Master Agreements and related schedules and annexes (collectively, the "Swap Agreements") that govern such transactions are secured by a pledge of the net sewer revenues of the County that is on a parity with the pledge of such net revenues for the benefit of the Warrants, except with respect to swap termination payments which are secured by a subordinate pledge.

As described in the Prior Notice dated March 4, 2008, an "Additional Termination Event" under each of the Swap Agreements occurred on March 7, 2008. The County has entered into a separate Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008 (collectively, the "Swap Forbearance Agreements"), with each of the counterparties. The Swap

Forbearance Agreements provide generally that during the forbearance period (i) the swap transactions will continue in full force and effect and (ii) the counterparties will not exercise any rights or remedies. Each Swap Forbearance Agreement further provides that the County and the counterparty will not make any payments or other transfers of property to the other that would otherwise be due and payable during the forbearance period, but any such payments or transfers will be due on the second business day following the end of the forbearance period. The forbearance period continues until April 15, 2008 at 5:00 p.m. Central Time, subject to certain events resulting in an earlier termination. A representative copy of a Swap Forbearance Agreement is available for review at www.jeffcofinance.com.

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").

As described in the Prior Notices, certain events of default have occurred under the Liquidity Facilities. As a result of those defaults, each Liquidity Provider now has the right to terminate its respective Liquidity Facility upon at least 25 days' notice, subject to the Liquidity Facility Forbearance Agreements described below. The County has entered into a separate Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008 (collectively, the "Liquidity Facility Forbearance Agreements"), with each of the Liquidity Providers, JPMorgan Chase Bank, as liquidity agent (the "Liquidity Agent"), The Bank of New York, as trustee (the "Trustee"), XL Capital Assurance Inc. and Financial Guaranty Insurance Corporation. The Liquidity Facility Forbearance Agreements provide generally that during the forbearance period the Liquidity Providers will forbear from exercising, and from directing or otherwise taking any action to cause the Trustee to exercise, any rights or remedies that the Liquidity Provider, Liquidity Agent, or Trustee has or may have, now or hereafter arising during the forbearance period, under or with respect to the Liquidity Facility, the Warrants tendered to and purchased by Liquidity Providers pursuant to the Liquidity Facilities ("Bank Warrants"), the bond insurance policies, other related documents or applicable law, as a result of any and all defaults and events of default existing under the Liquidity Facilities. The forbearance period continues until April 15, 2008 at 5:00 p.m. Central Time.

The Liquidity Facility Forbearance Agreements also provide that the County will pay interest on the Bank Warrants at a rate equal to the Base Rate plus 1.00% on April 1, 2008, although interest on the Bank Warrants has and will continue to accrue interest at the Default Rate (Base Rate and Default Rate are defined in Prior Notices). The Liquidity Facility Forbearance Agreements further provide that until the expiration of the forbearance period, no additional event of default will occur under the Liquidity Facilities if the County does not cause the optional redemption of Bank Warrants commencing April 1, 2008 as required under the Liquidity Facilities.

A representative copy of a Liquidity Facility Forbearance Agreement is available for review at www.jeffcofinance.com.

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"). Further discussion of the 2005 Construction Fund and the Deposit Agreement can found in the Prior Notice dated February 20, 2008.

The recent downgrade of FGIC to "BB" by S&P has resulted in an accelerated replenishment requirement for the FGIC surety bonds (in the aggregate amount of $19,884,478) currently held by the Trustee in the Reserve Fund. 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 one year in equal monthly installments. The County has not yet determined its response to the downgrade and disqualification of the FGIC surety bonds.

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

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Auction Rate Warrants			Bond Insurance
Series 2002 C			
	CUSIP	Subseries	
	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	
	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