JEFFERSON COUNTY, ALABAMA
SEWER REVENUE WARRANTS

Series Designations and CUSIP Numbers on Attached Schedule A

MATERIAL EVENT NOTICE
February 27, 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 a material event notice on February 20, 2008 with regard to the Warrants. This material event notice describes certain events that have occurred subsequent to the filing of the prior notice and updates certain information contained in the prior notice. Events occurring since the date of the prior notice are indicated herein by italics for ease of identification.

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 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"). The material event notice filed by the County on February 20, 2008 described, among other matters, rating agency downgrades of certain of the County's Warrants that had occurred through such date as a result of ratings downgrades of FGIC and XL Capital.

On February 25, 2008, the long-term insured ratings assigned to those Warrants insured by FGIC were further reduced from "AA" to "A" 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 ratings of the FGIC insured Warrants are classified as "Outlook Stable" by S&P.

Similarly, on February 25, 2008, the long-term insured ratings assigned to those Warrants insured by XL Capital were reduced from "AAA" to "A-" by S&P in conjunction with the corresponding reduction in such rating agency's financial strength and financial enhancement ratings of XL Capital. The current reduced ratings of the XL Capital insured Warrants are classified as "Credit Watch Negative" by S&P.

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

<u>Underlying Ratings</u>

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 February 22, 2008, the underlying rating assigned to the Warrants by S&P was reduced from "A" to "BBB". The ratings report issued by S&P can be obtained from S&P, the website for which is www.standardandpoors.com. On February 26, 2008, the underlying rating assigned to the Warrants by Moody's was reduced from "A3" to "Baa3". The ratings report issued by Moody's can be obtained from Moody's, the website for which is www.moodys.com. These current underlying ratings of the Warrants are classified as "Credit Watch Developing" by S&P and "Watchlist with Uncertain Outcome" 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.

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 27, 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 the insured ratings 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 27, 2008, 1 Month LIBOR was 3.12188%.*

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. The County is working with its advisors to identify and analyze all feasible means to address the current difficult situation. However, as of the date of this notice, the County can provide no assurance that net revenues from the sewer system will be sufficient to permit the County to continue to meet its debt service obligations at the current elevated levels or to provide other means of resolving the current situation.

Interest Rate Swap Agreements

In connection with the issuance of the Warrants, the County entered into thirteen (13) separate interest rate swap agreements 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.*

Each Swap Agreement provides that a downgrade of the County's underlying ratings on the Warrants below "BBB" by S&P or below "Baa2" by Moody's constitutes an "Additional Termination Event" thereunder unless the County has within ten days of the date of the downgrade (i) executed and delivered a collateral agreement satisfactory to the counterparty providing for the collateralization of the County's obligations under such Swap Agreement or (ii) obtained an insurance policy by a financial insurer satisfactory to the counterparty insuring the prompt and timely performance of the County's obligations under such Swap Agreement. Any downgrade of the County's underlying ratings on the Warrants below "BBB-" by S&P or below "Baa3" by Moody's will also constitute an "Additional Termination Event" under the Swap Agreements unless the County has within ten days obtained an insurance policy by a financial insurer satisfactory to the counterparties insuring the prompt and timely performance of the County's obligations under the Swap Agreements.

The downgrade of the County's underlying rating on the Warrants to "Baa3" by Moody's on February 26, 2008 will result in the occurrence of an Additional Termination Event under each of the Swap Agreements unless the County by no later than March 7, 2008 (i) executes and delivers a collateral agreement satisfactory to the counterparty providing for the collateralization of the County's obligations under the Swap Agreement or (ii) obtains an insurance policy by a financial insurer satisfactory to the counterparty insuring the prompt and timely performance of the County's obligations under the Swap Agreement. As of February 27, 2008, the amount of collateral that the County would be required to post or insurance it would be required to obtain in order to avoid an Additional Termination Event is approximately $184 million. As of the date of this notice, the County can offer no assurances that it can obtain the required insurance or post the necessary eligible collateral to avoid an Additional Termination Event under the Swap Agreements. If an Additional Termination Event occurs, the respective counterparties will have the right to terminate the respective swap transactions upon notice to the County, in which event the County would be obligated to pay the resulting termination payment in accordance with the provisions of the Swap Agreements. The aggregate amount of the termination payments that would be due is approximately $184 million as of February 27, 2008.

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” and under the corresponding section of the February 20, 2008 material event notice 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.

The County is working with its advisors to identify and analyze all feasible means to address the current difficult situation. However, as of the date of this notice, the County can provide no assurance that net revenues from the sewer system will be sufficient to permit the County to meet the interest rate and amortization requirements of the Liquidity Facilities.

Substitution of Surety Bond in Reserve Fund

As stated in the material event notice filed on February 20, 2008, 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 XL Capital to "A3" by Moody's and to "A-" by S&P have caused the XL Capital surety bond (in the amount of $164,863,746) currently held by the Trustee in the Reserve Fund, to fail the ratings requirement of the Trust Indenture described above. As stated in the material event notice dated February 20, 2008, the recent downgrades of FGIC to "A3" by Moody's and to "AA" *and now "A" by S&P* have also 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 is working with its advisors to identify and analyze all feasible means to address the current difficult situation. *However, as of the date of this notice, the County can provide no assurance that it will be able to provide a new surety bond, insurance policy or letter of credit or the cash deposits required by the Trust Indenture.*

Results of Recent Auctions and Tenders

As of February 27, 2008, $13,100,000 aggregate principal amount of the Series 2002-A Variable Rate Demand Warrants, $387,300,000 aggregate principal amount of the Series 2002-C Variable Rate Demand Warrants and $166,275,000 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 has experienced a total of eight failed auctions as of February 27, 2008 with respect to $869,450,000 aggregate principal amount of Auction Rate Warrants. The affected Auction Rate Warrants are listed below. These Warrants are accruing interest at the Maximum Auction Rate allowed under the Trust Indenture.

Auction Failures	*Subseries*	*Amount*	*Auction Date*
Series 2002 C			
472682KA0	2002 C-1-A	$74,450,000	2/25/2008
472682KH5	2002 C-5	98,300,000	2/19/2008
Series 2003 B			
472682LH4	2003 B-1-A	$147,200,000	2/21/2008
472682LM3	2003 B-1-E	147,000,000	2/14/2008
Series 2003 C			
472682ND1	2003 C-4	$110,000,000	2/19/2008
472682NE9	2003 C-5	117,000,000	2/26/2008
472682NG4	2003 C-7	87,500,000	2/13/2008
472682NH2	2003 C-8	88,000,000	2/20/2008

Additional Information

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

The Bank of New York Mellon
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	
	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