

JEFFERSON COUNTY, ALABAMA  
GENERAL OBLIGATION WARRANTS, SERIES 2001-B

CUSIP Numbers on Attached Schedule A

**MATERIAL EVENT NOTICE**  
**September 22, 2008**

The following information is provided by Jefferson County, Alabama (the "County") with regard to its General Obligation Warrants, Series 2001-B (the "Warrants"). Although the County has no Continuing Disclosure Agreement with regard to the Warrants (due to their exemption from the continuing disclosure obligations of SEC Rule 15c2-12), the County has nonetheless determined to give this Notice in order to provide a more thorough description of the events reflected herein. The Warrants were issued pursuant to a Trust Indenture, dated as of July 1, 2001 (the "Indenture"), between the County and The Bank of New York Mellon, as trustee (the "Trustee").

**Event of Default and Forbearance Agreement**

The Warrants are outstanding in the principal amount of \$120,000,000. The Warrants were issued as variable rate demand warrants with the interest rate reset weekly. The holders of the 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 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 Warrants that are the subject of an optional or mandatory tender, the County entered into a Standby Warrant Purchase Agreement (the "Liquidity Facility") with JPMorgan Chase Bank, N.A. (formerly known as Morgan Guaranty Trust Company of New York) and Bayerische Landesbank, New York Branch (formerly known as Bayerische Landesbank Gironzentrale), each a "Liquidity Provider".

Pursuant to the Liquidity Facility, on March 13, 2008 the Liquidity Providers purchased Warrants in the aggregate principal amount of \$118,740,000. Additional Warrants have subsequently been purchase by the Liquidity Providers pursuant to the Liquidity Facility. Under the Liquidity Facility, the County is required to redeem the tendered Warrants in six equal semiannual installments beginning six months from the date of tender if such Warrants have not been remarketed prior to such redemption dates. The first such redemption was to occur on September 15, 2008. The County did not redeem such Warrants on September 15, 2008, resulting in the occurrence of an Event of Default under the Indenture and the Liquidity Facility. Such Event of Default has caused the Liquidity Providers' obligation under the Liquidity Facility to purchase tendered Warrants to be terminated.

The County entered into a forbearance agreement with regard to the Warrants, dated as of September 15, 2008 (the "Forbearance Agreement"), with each of the Liquidity Providers. The

forbearance period continues until September 30, 2008 at 5:00 p.m. Central Time. Interested parties should review the Forbearance Agreement for a complete understanding of its terms.

A copy of the Forbearance Agreement is available on the County's Department of Finance website at [www.jeffcofinance.com](http://www.jeffcofinance.com).

## **SCHEDULE A**

### **Series 2001-B Warrants**

<b>CUSIP</b>	<b>Maturity</b>
472628NS1	4/1/2021