

JEFFERSON COUNTY, ALABAMA  
LIMITED OBLIGATION SCHOOL WARRANTS

Series Designations and CUSIP Numbers on Attached Schedule A

**MATERIAL EVENT NOTICE**

February 4, 2010

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 the warrants set forth on the attached Schedule A (collectively, the "Warrants"), in compliance with Securities and Exchange Commission Rule 15c2-12.

The County has received the attached Notice of Default from U.S. Bank National Association, as Indenture Trustee for the Warrants, stating that an Event of Default has occurred under the Trust Indenture for the Warrants. The Notice of Default results from a ratings downgrade of Ambac Assurance Corporation, the provider of a surety bond (the "Surety Bond") in the face amount of \$29,438,296 held by the Trustee as part of the Debt Service Reserve Fund for the Warrants.

The County has been unable to deliver a replacement surety bond or letter of credit as required by the Trust Indenture dated as of December 1, 2004, as supplemented by the First Supplemental Indenture dated as of January 1, 2005, nor has it been able to deposit sufficient cash within the time required to cure the deficiency in the Reserve Fund Requirement (as defined in the Trust Indenture) caused by the ratings downgrade of the Surety Bond. A deposit of \$3,275,383.01 was made to the Reserve Fund on December 21, 2009. The Reserve Fund presently holds \$58,351,696 of cash and federal securities in addition to the Surety Bond. The Reserve Fund Requirement is approximately \$84 million.

## SCHEDULE A

### **Limited Obligation School Warrants**

#### *Series 2004-A*

Maturity	CUSIP
1/1/2009	472653AC8
1/1/2010	472653AD6
1/1/2011	472653AE4
1/1/2012	472653AF1
1/1/2013	472653AG9
1/1/2014	472653AH7
1/1/2015	472653AJ3
1/1/2016	472653AK0
1/1/2017	472653AL8
1/1/2018	472653AM6
1/1/2019	472653AN4
1/1/2020	472653AP9
1/1/2021	472653AQ7
1/1/2022	472653AR5
1/1/2023	472653AS3
1/1/2024	472653AT1
1/1/2025	472653AU8

#### *Series 2005-A*

Maturity	CUSIP	Subseries	Insurer
1/1/2027	472653BA1	2005-A-1	Ambac
1/1/2027	472653BB9	2005-A-2	Ambac
1/1/2027	472653BC7	2005-A-3	Ambac
1/1/2027	472653BD5	2005-A-4	Ambac

#### *Series 2005-B*

Maturity	CUSIP	Insurer
1/1/2027	472653BE3	Ambac



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Corporate Trust Services  
214 North Tryon Street, 27<sup>th</sup> Floor  
Charlotte, NC 28202

## NOTICE OF DEFAULT

December 28, 2009

### VIA FIRST CLASS MAIL

Jefferson County Commission  
Jefferson County Courthouse  
Attention: President of County Commission  
716 Richard Arrington Jr. Blvd North, Suite 220  
Birmingham, AL 35203

Re: Jefferson County, Alabama Limited Obligation School Warrants Series 2004-A  
Jefferson County, Alabama Limited Obligation School Warrants Series 2005-A  
Jefferson County, Alabama Limited Obligation School Warrants Series 2005-B  
(collectively, the "School Warrants")

Ladies and Gentlemen:

U.S. Bank serves as successor trustee (the "Trustee") under that certain Trust Indenture (the "Original Indenture") dated as of December 1, 2004, between Jefferson County, Alabama (the "County") and SouthTrust Bank, pursuant to which the County authorized the issuance of the School Warrants. Capitalized terms not otherwise defined in this letter have the meanings ascribed to such terms in the Original Indenture or that certain First Supplemental Indenture dated as of January 1, 2005, between the County and Wachovia Bank, National Association.

Pursuant to Section 17.1(b) of the Indenture, notice is hereby given to the County that the County has failed to satisfy all or a portion of the Reserve Fund Requirement set forth in Sections 14.3 and 14.8 of the Indenture. Section 14.3 of the Indenture states that the Reserve Fund Requirement may be satisfied, in whole or in part, by depositing with the Trustee a surety bond or insurance policy that satisfies the requirements specified in Section 14.8. Section 14.8 indicates that the "claims paying ability" of the issuer of such bond or policy must be rated "AAA" by S&P or "Aaa" by Moody's. Section 14.8 further states that if the claims paying ability of the issuer falls "below 'A'", then the County must take one of two actions to satisfy the Reserve Fund Requirement: (1) deposit into the Reserve Fund an amount sufficient to cause the cash or Eligible Investments on deposit in the Reserve Fund to equal the Reserve Fund Requirement on all outstanding

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PRESIDENT



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parity Securities, such amount to be paid over the ensuing year in equal installments on at least a monthly basis; or (2) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements of this section within six months of such occurrence (together, (1) and (2) are the "Permitted Alternatives").

The County has failed to deposit either of the Permitted Alternatives, as required by Section 14.8 of the Indenture. This letter constitutes written notice pursuant to Section 17.1(b) of the Indenture of the County's failure to observe the above-described covenant. Pursuant to Section 17.1(b) of the Indenture such failure to observe the above-described covenant must be remedied on or before the date which is thirty (30) days from the date of this letter. In the event that the above-described covenant default is not remedied on or before such date, the County's failure to observe the above-described covenant shall constitute an Event of Default pursuant to Subsection 17.1(b) of the Indenture.

Please send all item(s) to the Trustee at the address listed below as soon as it becomes available and in any case prior to 30 days from the date of this notice.

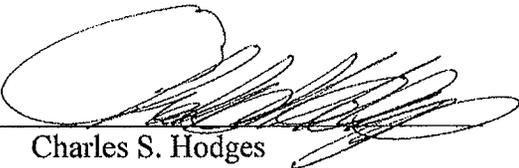
Charles S. Hodges  
Vice President  
U.S. Bank National Association  
214 North Tryon Street, 27<sup>th</sup> Floor  
Charlotte, North Carolina 28202

This notice is not, and should not be construed as, a waiver of any rights or remedies that the Trustee or the holders may have with respect to the matters described hereunder and nothing in this notice waives, releases, modifies, alters, amends or otherwise changes those rights as contained in the Indenture.

Please contact me at (704) 335-4557, or by email at [steve.hodges@usbank.com](mailto:steve.hodges@usbank.com), or the Trustee's counsel, Clark T. Whitmore of Maslon Edelman Borman & Brand, LLP, at (612) 672-8335, or by email at [clark.whitmore@maslon.com](mailto:clark.whitmore@maslon.com), if you have any questions regarding this notice.

Thank you for your attention to this matter.

U.S. Bank National Association, as Trustee

By:   
Charles S. Hodges  
Vice President