

JEFFERSON COUNTY, ALABAMA
GENERAL OBLIGATION WARRANTS

Series Designations and CUSIP Numbers on Attached Schedule A

MATERIAL EVENT NOTICE

September 26, 2012

The following information is provided by Jefferson County, Alabama (the “County”) with regard to its General Obligation Warrants described on Schedule A hereto (the “Warrants”). Although the County has no Continuing Disclosure Agreement with regard to its General Obligation Warrants, Series 2001-B (the “Series 2001-B Warrants”) (due to their exemption from the continuing disclosure obligations of SEC Rule 15c2-12), the County has nonetheless determined to include certain information regarding the Series 2001-B Warrants in this Notice in order to provide a more thorough description of the events reflected herein.

Scheduled Interest Payment

Interest payments on the Warrants are due on October 1, 2012. On September 25, 2012, the Jefferson County Commission adopted a resolution attached hereto as Exhibit I instructing the County Manager to forego paying the October 1, 2012 debt service payments. Certain of the Warrants are insured by National Public Finance Guarantee Corporation (formerly MBIA Insurance Corporation) (“National”), as reflected on Schedule A hereto (the “National-insured Warrants”). The County expects to suspend further debt service payments on the Warrants until such debt service can be restructured under the County’s Plan of Adjustment under Chapter 9 of the Bankruptcy Code.

SCHEDULE A

Fixed Rate Warrants

<i>Series 2003-A</i>	Maturity	Insurer
472628PH3	4/1/2017	National
472628PJ9	4/1/2018	National
472628PK6	4/1/2021	National
472628PL4	4/1/2022	National
472628PM2	4/1/2023	National

<i>Series 2004-A</i>	Maturity	Insurer
472628PS9	4/1/2013	National
472628PT7	4/1/2014	National
472628PU4	4/1/2015	National
472628PV2	4/1/2016	National
472628PW0	4/2/2017	National
472628PX8	4/2/2018	National
472628PY6	4/2/2019	National
472628PZ3	4/2/2020	National
472628QA7	4/2/2021	National
472628QB5	4/2/2022	National
472628QC3	4/2/2023	National
472628QD1	4/2/2024	National

Variable Rate Demand Warrants

<i>Series 2001-B</i>	Maturity	
472628NS1	4/1/2021	Not Insured

EXHIBIT I

RESOLUTION

WHEREAS, Alabama counties lack home rule and are therefore unable to raise revenue without express statutory authorization from the Alabama Legislature; and

WHEREAS, Jefferson County's substantial source of unearmarked governmental funds was an occupational tax; and

WHEREAS, the Alabama Supreme Court has determined that the 2009 statute authorizing the occupational tax was improperly advertised by the Alabama Legislature and is therefore invalid; and

WHEREAS, the Alabama Legislature has failed to date to lawfully enact a statute to replace the lost unearmarked governmental funds; and

WHEREAS, the County's governmental funds are the primary funding sources for essential services including, among other things, the court system, the Sheriff's Department, the jail, the District Attorney, building permits and inspections, land use and zoning, road maintenance, disaster response, senior services, distribution of revenues to public school systems, municipalities, fire districts and the State of Alabama, and, subject to further developments in connection with the County's bankruptcy case, capital expenditures required to keep the County's sewer system in compliance with environmental laws and regulations if such expenditures cannot be paid from sewer system revenues; such governmental funds are also the sole source for payment of the County's general obligation debt; and

WHEREAS, the loss of the unearmarked governmental funds has resulted in the cessation of numerous services provided to the citizens of the County and has already

jeopardized the health, safety and welfare of the citizens of the County; and

WHEREAS, the County's general obligation debt consists of \$200,520,000 resulting from three series of general obligation warrants issued in 2001, 2003 and 2004 (the "GO Debt"); and

WHEREAS, approximately \$2,764,303 in aggregate interest payments on the GO Debt are due on October 1, 2012 (the "October 1 GO Interest Payments"); and

WHEREAS, the Jefferson County Commission hereby concludes that making the October 1 GO Interest Payments will accelerate the exhaustion of the unearmarked governmental funds and render the County unable to pay necessary and legitimate expenses of government and to provide essential services to the citizens of the County.

NOW THEREFORE BE IT RESOLVED BY THE JEFFERSON COUNTY COMMISSION that the County Manager shall not make the October 1 GO Interest Payments.

APPROVED BY THE
JEFFERSON COUNTY COMMISSION
DATE: 9-25-12
MINUTE BOOK: 163
PAGE(S): 549