

RESOLUTION NO. 86-146

A RESOLUTION RATIFYING, SUPPLEMENTING AND AMENDING RESOLUTION NO. 86-132 ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, ON SEPTEMBER 30, 1986, ENTITLED: "RESOLUTION PROVIDING FOR THE REFUNDING OF OUTSTANDING REVENUE OBLIGATIONS OF ST. JOHNS COUNTY, FLORIDA; MAKING CERTAIN FINDINGS; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$5,000,000 REFUNDING REVENUE BONDS TO FINANCE THE COST THEREOF; PLEDGING THE LOCAL GOVERNMENT HALF-CENT SALES TAX TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE OWNERS OF THE BONDS; AND PROVIDING AN EFFECTIVE DATE;" FOR THE PURPOSE OF DECLARING THAT NO PROVISION SHALL BE MADE FOR A DEBT SERVICE RESERVE FOR SUCH BONDS; PROVIDING THAT SUCH BONDS SHALL BE DATED OCTOBER 15, 1986 AND SHALL NOT BE REDEEMABLE PRIOR TO MATURITY; ESTABLISHING THE MATURITY DATES AND THE INTEREST RATES THEREFOR; AUTHORIZING A NEGOTIATED SALE OF THE BONDS AND THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT TO THE BONDS; APPOINTING THE REGISTRAR, PAYING AGENT AND TRUSTEE UNDER THE ESCROW DEPOSIT AGREEMENT; APPROVING A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE BONDS; MAKING CERTAIN COVENANTS FOR THE BENEFIT OF THE INSURER OF THE BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on September 30, 1986 the Board of County Commissioners (the "Board") of St. Johns County, Florida (the "Issuer"), duly adopted Resolution No. 86-132, the title of which is quoted in the title of this resolution (the "Enabling Instrument"), for the purpose of authorizing the issuance of not exceeding \$5,000,000 principal amount of Refunding Revenue Bonds (the "Bonds"), to finance the cost of refunding certain outstanding revenue obligations of the Issuer; and

WHEREAS, it is necessary and appropriate to amend the Enabling Instrument to permit the Bonds to be dated other than the first day of any month prior to the date of issuance and to designate the dated date and the maturity dates for the Bonds; and to establish the interest rates per annum payable on the Bonds and to provide that the Bonds shall not be subject to redemption prior to their respective dates of maturity; and

WHEREAS, it is hereby found and determined that the establishment of a debt service reserve shall not be necessary in order that the Bonds shall be marketable; and, accordingly, it is appropriate that the Reserve Account created under the Enabling Instrument be abolished; and

WHEREAS, the Issuer is advised that due to the present volatility of the market for tax-exempt public obligations such as the Bonds, it is in the best interest of the Issuer to sell the Bonds by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Bonds; and, accordingly, the Issuer does hereby find and determine that it is in the best interest of the Issuer that a negotiated sale of the Bonds be authorized, and the investment banking firm of Paine-Webber Incorporated, New York, New York (the "Underwriter"), has offered to purchase the Bonds and has submitted a purchase contract for such purpose in the form attached hereto as Exhibit A (the "Purchase Contract") expressing the terms of such offer; and the Issuer does hereby find and determine that it is in the best interest of the Issuer that the terms expressed in the Purchase Contract be accepted by the Issuer and that the Chairman of the Board (the "Chairman") and the Clerk of the Circuit Court of St. Johns County, ex officio Clerk of the Board (the "Clerk") be authorized to execute its acceptance on the Purchase Contract; and

WHEREAS, it is appropriate that the Issuer approve and authorize a Preliminary Official Statement to be distributed for the purpose of acquainting potential investors with pertinent information with respect to the Bonds; and the Preliminary Official Statement attached hereto as Exhibit B (the "Preliminary Official Statement") for such purpose has been examined by the Board and by its counsel and by bond counsel, and it is appropriate that the same be approved and the distribution thereof be authorized; and

WHEREAS, it is necessary and appropriate that the Issuer appoint a registrar and a paying agent for the Bonds and a trustee to serve under the Escrow Deposit Agreement described in the Enabling Instrument, and the fees of First Union National Bank of Florida, Jacksonville, Florida, described in its letter attached hereto as Exhibit C are acceptable to the Issuer as the fees of such institution acting in its capacity as trustee under the Escrow Deposit Agreement and as registrar and paying agent for the Bonds, and said bank is acceptable to the Issuer and fully qualified to serve as trustee under such Escrow Deposit Agreement; and

WHEREAS, it is necessary tht the Issuer make certain additional covenants for the benefit and protection of Municipal Bond Insurance Association ("MBIA") in order that such entity will insure payment of the principal of and interest on the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, as follows:

Section 1. Reserve Account, Dated Date, Maturity Dates, Interest Rates and Redemption. The first clause of Section 2.02 of the Enabling Instrument is hereby amended to provide that the Bonds shall be dated as of any date which shall be the Issuance Date (as such term is defined in the Enabling Instrument) or prior to the Issuance Date. The Reserve Account in the Sinking Fund created under the Enabling Instrument is hereby abolished. The dated date and the maturity dates for the Bonds and the interest rates per annum payable on the Bonds shall be the dates and rates provided in the Purchase Contract. The Bonds shall not be subject to redemption prior to maturity.

Section 2. Sale of the Bonds. The Bonds are hereby sold and awarded to the Underwriter at the price, bearing interest at the rates per annum and on the terms and conditions stated in the Purchase Contract. The Chairman and the Clerk are hereby authorized to execute the Issuer's acceptance of the Purchase Contract, and said officers and the other officers, agents and employees of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Bonds in accordance with the provisions thereof.

Section 3. Approval of Preliminary Official Statement. The Preliminary Official Statement is hereby approved for distribution to potential purchasers of the Bonds from the Underwriter.

Section 4. Execution and Delivery of Escrow Deposit Agreement. The Chairman and the Clerk are hereby authorized to execute and deliver the Escrow Deposit Agreement in favor of the Trustee hereinafter named, in substantially the form thereof attached as Exhibit A to the Enabling Instrument, with such omissions, insertions and variations as may be necessary and or desirable and approved by the Chairman and the Clerk prior to the delivery thereof, such necessity and or desirability and approval by the Chairman and the Clerk to be presumed by their execution and delivery thereof.

Section 5. Registrar, Paying Agent and Trustee. First Union National Bank of Florida, Jacksonville, Florida, is hereby appointed as registrar and paying agent for the Bonds and is hereby designated to serve as Trustee under said Escrow Deposit Agreement. The fees of the First Union National Bank of Florida, described in its letter attached hereto as Exhibit C, are hereby

accepted by the Issuer as the fees of such institution acting in the capacity as Trustee under the Escrow Deposit Agreement and as registrar and paying agent for the Bonds. The principal of and premium, if any, and interest on the Bonds shall be payable at the principal office of such paying agent, located in Jacksonville, Florida; and payment of each installment of interest on each interest payment date shall be made to the bondowner in whose name each Bond shall be registered on the registration books of the Issuer maintained by such registrar at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by a check of the paying agent mailed to such registered owner at the address appearing on such registration books or at such other address as may be furnished in writing by such registered owner to the paying agent.

Section 6. Additional Covenants. The Issuer does hereby covenant and agree that any notice, authorization, request or demand required or permitted to be given in accordance with the terms of the Enabling Instrument or the Escrow Deposit Agreement, to the Issuer, the Trustee or any Bondowner, shall be given also to MBIA, in writing and sent by registered or certified mail addressed to MBIA, 445 Hamilton Avenue, White Plains, NY 10601; and that whenever the Enabling Instrument or the Escrow Deposit Agreement requires the written consent of all or any specified portion of Bondowners before any alteration, amendment or modification may be made in or to such documents or either of them, then the written consent of MBIA to such alteration, amendment or modification shall also be required.

Section 7. Ratification. The Issuer hereby reaffirms, ratifies and confirms the Enabling Instrument in every respect except as the same may be modified or amended herein. The Chairman and the Clerk and all other officers, employees and agents of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Bonds in accordance with the provisions of the Enabling Instrument.

Section 8. Repealing Clause. All resolutions or parts thereof in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 9. Effective Date. This resolution shall become effective immediately upon its adoption.

PASSED AND ADOPTED this 21, day of October, 1986.

BOARD OF COUNTY COMMISSIONERS  
OF ST. JOHNS COUNTY, FLORIDA

By Francis D. Bruebecker  
Its Chairman

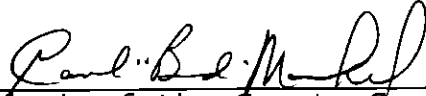
ATTEST:

Per O. B. M. Kelly  
Clerk of the County Court  
ex-officio Clerk of the Board of  
County Commissioners  
St. Johns County, Florida

CERTIFICATE AS TO TRUE COPY

I, Carl "Bud" Markel, the duly appointed Clerk of the Circuit Court of St. Johns County, ex officio Clerk of the Board of County Commissioners of St. Johns County, Florida, DO HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the Board of County Commissioners of St. Johns County on October 21, 1986, and has not been modified, changed or revoked, but is in full force and effect.

Dated this 21st day of October, 1986.

  
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Clerk of the County Court, ex  
officio Clerk of the Board of  
County Commissioners of St.  
Johns County, Florida

(SEAL)

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**\$4,060,000**  
**ST. JOHNS COUNTY, FLORIDA**  
**REFUNDING REVENUE BONDS**

**CONTRACT OF PURCHASE**

October 21, 1986

Board of County Commissioners  
St. Johns County, Florida  
P.O. Box 1533  
St. Augustine, Florida 32085-1533

Ladies and Gentlemen:

PaineWebber Incorporated (the "Underwriter"), hereby offers to enter into this Contract of Purchase with St. Johns County, Florida (the "County") for the purchase by the Underwriter and sale by the County of its \$4,060,000 St. Johns County, Florida Refunding Revenue Bonds (the "Bonds"), to be dated as of October 15, 1986, which upon the acceptance by the County of this offer, will be binding upon the County and the Underwriter. This offer is made subject to acceptance by the County prior to 4:00 p.m., St. Augustine time, date hereof, and if not so accepted, will be subject to withdrawal by the Underwriter upon notice to the County at any time prior to the acceptance thereof by the County.

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase from the County and the County hereby agrees to sell to the Underwriter all (but not less than all) of the Bonds at an aggregate purchase price of \$4,003,525.40 plus accrued interest from October 15, 1986, to the Date of Closing referred to in Section 6 hereof. The Bonds shall be as described in, and shall be issued under the authority of and in full compliance with, the Constitution and Statutes of the State of Florida, including particularly Chapter 125, Florida Statutes (the "Act"), and a Resolution duly adopted by the County on September 30, 1986, as amended and supplemented (collectively, the "Resolution"), with

EXHIBIT A

only such changes therein as shall be mutually agreed upon by the parties hereto. The Bonds shall mature at the times and in the amounts and bear interest at the rates set forth in Appendix I hereto and shall be redeemable as set forth in Appendix II hereto.

The Bonds will be payable solely from and secured by a lien upon moneys allocated monthly to the County from the Local Government Half-Cent Sales Tax Trust Fund pursuant to Chapter 218, Part VI, Florida Statutes (1985), together with all moneys on deposit to the credit of the funds and accounts created under the Resolution and the earnings on the investment thereof.

The Underwriter agrees to make a public offering of the Bonds at the initial offering prices set forth in Appendix I hereto; provided, however, the Underwriter reserves the right to make concessions to dealers and to change such initial offering prices as the Underwriter shall deem necessary in connection with the marketing of the Bonds.

2. We herewith deliver a corporate check payable to the order of the County in the amount of \$40,000.00 as security for the performance by the Underwriter of its obligation to accept and pay for the Bonds at the Closing in accordance with the provisions of this Contract of Purchase. Said check shall not be cashed except under the circumstances set forth in the last sentence of this Section 2. If the County does not accept this offer, or upon your failure to deliver the Bonds at the Closing, or if you shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Contract of Purchase (unless waived by the Underwriter), or if such obligations shall be terminated for any reason permitted by this Contract of Purchase, or otherwise at the Closing, you shall return the check to us, and all of our rights hereunder against you shall be fully released and discharged, except as otherwise set forth in Section 8 hereof. If the Underwriter fails (other than for a reason permitted under this Contract of Purchase) to accept and pay for the Bonds at the Closing, such check shall be cashed and the proceeds thereof shall be retained by the County as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter, and thereupon all your claims and rights hereunder against the Underwriter shall be fully released and discharged.

3. The Underwriter's purchase and acceptance of delivery of the entire \$4,060,000 aggregate principal amount of the Bonds shall be a condition to the County's obligation to sell and deliver any Bonds to the Underwriter.

4. Promptly after your acceptance hereof, the County shall deliver, or cause to be delivered, to the Underwriter, executed copies of the Official Statement relating to the Bonds (the "Official Statement"), substantially in the form attached as an exhibit to the Resolution, dated the date hereof, with only such changes therein as shall have been accepted by the Underwriter, such acceptance to be conclusively presumed by the Underwriter's purchase of the Bonds. The term "Official Statement" shall include the cover page and the Appendices thereto and shall be signed on behalf of the County by the Chairman of the Board of County Commissioners of the County. The County further agrees to enter into an Escrow Deposit Agreement, dated as of the delivery of the Bonds (the "Escrow Deposit Agreement"), with First Union National Bank of Florida, Jacksonville, Florida, as Escrow Agent.

5. The County hereby authorizes the use by the Underwriter of (a) the Resolution, (b) the Official Statement, (c) the Escrow Deposit Agreement, and (d) any other documents related to the transactions contemplated in the Official Statement in connection with the public offering, sale and distribution of the Bonds.

6. The County hereby represents and agrees as follows:

(a) The County is and will be at the date of Closing duly organized and validly existing as a political subdivision with the powers and authority set forth in the Act and any other applicable laws;

(b) The County has full legal right, power and authority to: (i) enter into this Contract of Purchase and the Escrow Deposit Agreement, (ii) adopt the Resolution, (iii) sell, issue and deliver the Bonds to the Underwriter as provided herein, and (iv) carry out and consummate the transactions contemplated by this Contract of Purchase, the Resolution, the Escrow Deposit Agreement and the Official Statement, and the County has complied, and at the Closing will be in compliance in all respects, with the terms of the Act and with the obligations on its part in connection with the issuance of the Bonds contained in the Resolution, the Bonds, the Escrow Deposit Agreement and this Contract of Purchase;

(c) By all necessary official action, the County has duly adopted the Resolution, has duly authorized and approved the Official Statement, has duly authorized and approved the execution and delivery of, and the performance by the County of, the obligations on its part in connection with the issuance of the Bonds contained in the Resolution, the Escrow Deposit Agreement and this Contract of Purchase, and the consummation by it of all other transactions contemplated by this Contract of

Purchase in connection with the issuance of the Bonds; the Resolution constitutes a legal, valid and binding obligation of the County, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law); and the Bonds, when issued, authenticated and delivered to the Underwriter in accordance with the Resolution and this Contract of Purchase, will be duly authorized and will constitute legal, valid and binding obligations of the County, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law);

(d) The County is not in material breach of or material default under any applicable constitutional provision, law or administrative regulation of the State of Florida (the "State") or the United States or any applicable judgment or decree, of any loan agreement, indenture, bond, note, or material resolution, agreement or other material instrument to which the County is a party or to which the County or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the execution and delivery of the Bonds, this Contract of Purchase, the Escrow Deposit Agreement and the adoption of the Resolution, and compliance with the provisions on the County's part contained therein and herein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the County is a party or to which the County or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Resolution;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter have been duly obtained which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the County of, its obligations in connection

with the issuance of the Bonds under this Contract of Purchase and the Resolution, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of the United States or any state in connection with the offering and sale of the Bonds;

(f) The descriptions of the Bonds and the Resolution in the Official Statement shall conform in all material respects to the Bonds and the Resolution;

(g) The Bonds, when issued, executed and delivered in accordance with the Resolution and sold to the Underwriter as provided herein, will be validly issued and outstanding obligations of the County, entitled to the benefits of the Resolution, and upon such issuance, execution and delivery, the Resolution will provide for the benefit of the holders from time to time of the Bonds, a legally valid and binding pledge of and first lien on the Pledged Funds (as described in the Official Statement), in each case subject only to the provisions of the Resolution permitting the application thereof on the terms and conditions set forth in the Resolution;

(h) Except as described in the Official Statement, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body pending or, to the best knowledge of the officials of the County executing this Contract of Purchase, threatened against the County, affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Pledged Funds, or the pledge of and lien on the Pledged Funds pursuant to the Resolution, or contesting or affecting as to the County the validity or enforceability of the Act in any respect relating to authorization for the issuance of the Bonds, the Resolution, this Contract of Purchase, the Escrow Deposit Agreement, or contesting the tax exempt status of interest on the Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the authority of the County for the issuance of the Bonds, the adoption of the Resolution, or the execution and delivery by the County of this Contract of Purchase or the Escrow Deposit Agreement;

(i) The County will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions,

and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the County shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction;

(j) At the time of the County's acceptance hereof and (unless an event occurs of the nature described in Paragraph (l) of this Section 6) at all times subsequent thereto up to and including the Date of the Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If the Official Statement is supplemented or amended pursuant to Paragraph (l) of this Section 6, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such Paragraph) at all times subsequent thereto up to and including the Date of the Closing, the Official Statement, as so supplemented or amended, will not contain any untrue statement of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(l) If between the date of this Contract of Purchase and the Date of the Closing any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the County shall notify the Underwriter thereof and, if in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriter;

(m) At the time of Closing, the County will be in compliance in all respects with the covenants and agreements contained in the Resolution and no event of default which, with the lapse of time or giving of notice, or both, would constitute an event of default under the Resolution will have occurred or be continuing;

(n) The County is lawfully empowered to pledge, and grant a first lien on, the Pledged Funds for payment of the principal of, redemption premium, if any, and interest on the Bonds; and

(o) Between the date of this Contract of Purchase and the date of Closing, the County will not execute any bonds, notes or obligations for borrowed moneys payable from the Pledged Funds, other than the Bonds, without giving prior written notice to the Underwriter.

7.(a) At 11:00 A.M., New York City Time, on October 29, 1986, or at such other time or on such earlier or later date upon which we mutually agree, the County will deliver or cause to be delivered to us, at the location to be agreed upon by you and the Underwriter in New York, New York, the Bonds in definitive form (all the Bonds to be lithographed on steel engraved borders and to bear proper CUSIP numbers) duly executed and authenticated in accordance with the Resolution and shall further deliver the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof, in immediately available Federal Funds to the order of the County. This delivery and payment is herein called the "Closing" and the date of such delivery and payment is herein called the "Date of Closing". The Bonds will be made available at least one business day before the Date of Closing for checking and packaging at a location in New York, New York to be agreed upon by us. The Bonds to be delivered at Closing shall be prepared and delivered only in fully registrable form.

(b) If the County is unable to deliver the Bonds in definitive form, the Underwriter may accept delivery of Bonds in temporary form at Closing (the "Temporary Bonds"), and the County shall use its best efforts to deliver, or cause to be delivered, to the Underwriter at the address designated by the Underwriter, on behalf of the Underwriter, the Bonds in definitive form, duly executed on the County's behalf (the "Definitive Bonds"), as soon as possible after the Closing and in any event before 12:00 Noon, New York time, on November 5, 1986. The County shall reimburse the Underwriter for any costs incurred by the Underwriter in connection with the delivery of Temporary Bonds, including, but not limited to, the net cost of carrying any such Temporary Bonds. At such time and on such date, the Underwriter will accept such delivery of the Definitive Bonds and deliver to the County the Temporary Bonds. Such exchange of the Definitive Bonds for the Temporary Bonds is herein called the "Delivery." The Definitive Bonds will be delivered as fully registered bonds in denominations of \$5,000 and integral multiples thereof, and will be made available to the Underwriter for checking and packaging not less than one business day prior to Delivery at a place designated by the Underwriter.

(c) The failure of the County to use its best efforts to deliver the Definitive Bonds as soon as possible after Closing

and in any event before 12:00 Noon, New York time, November 5, 1986, as provided in Subsection 7(b), shall constitute a breach of this Contract of Purchase for which the County and the Underwriter agree that the Underwriter shall have any and all rights and be entitled to any and all remedies legally available to it.

8. The Underwriter has entered into this Contract of Purchase in reliance upon the representations and warranties of the County contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of its respective obligations hereunder, both as of the date hereof and as of the Date of the Closing. Accordingly, the Underwriter's obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Bonds are conditioned upon the performance by the County of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and are also subject to the following additional conditions:

(a) The representations and warranties of the County contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the Date of the Closing;

(b) At the time of the Closing, the Resolution shall be in full force and effect in accordance with its terms and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter, such agreement to be conclusively presumed by the Underwriter's purchase of the Bonds;

(c) At the time of the Closing, all official action of the County and the other parties thereto relating to this Contract of Purchase, the Escrow Deposit Agreement, the Bonds and the County approval of the Official Statement shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect, except in each case as may have been agreed to by the Underwriter, such agreement to be conclusively presumed by the Underwriter's purchase of the Bonds, and at or prior to the Closing, the County will take all action necessary to defease the County's Refunded Bonds and prepay the County's Refunded Notes (as defined in the Resolution);

(d) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) The Official Statement, as printed, and each supplement or amendment, if any, thereto, executed on behalf of the County by the Chairman of the Board of County Commissioners of the County;

(2) The Resolution, certified by the Clerk of the Circuit Court, ex-officio Clerk of the Board of County Commissioners under seal as having been duly adopted by the Board of County Commissioners of the County and as being in effect;

(3) An opinion, dated the Date of the Closing and addressed to the County, of Foley & Lardner, Jacksonville, Florida, Bond Counsel to the County, in substantially the form included in the Official Statement as an Appendix together with a letter of such counsel, dated the Date of the Closing and addressed to the Underwriter, to the effect that the foregoing opinion addressed to the County may be relied upon by the Underwriter to the same extent as if such opinion were addressed to the Underwriter;

(4) An opinion, dated the date of the Closing and addressed to the Underwriter and the County, of Foley & Lardner, Bond Counsel to the County, to the effect that (i) this Contract of Purchase has been duly authorized, executed, and delivered by, and constitutes a legal, valid and binding agreement of, the County in accordance with its terms; (ii) the Official Statement has been duly authorized, executed and delivered by the County and the County has consented to the use thereof by the Underwriter; (iii) they affirm any opinions attributed to them in the Official Statement; and (iv) the statements contained in the Official Statement under the captions "Introduction," "The Bonds," "Refunding Plan," "Sources and Uses of Funds," "Security," "Tax Exemption," "Legality," and "Exhibit B Summary of Certain Provisions of the Resolution" insofar as such information purports to be descriptions or summaries of the Resolution, the Bonds, the Act and the Constitution and laws of the State of Florida and federal law, are correct as to matters of law and, to the extent indicated therein, accurate and fair statements or summaries of the matters set forth or documents referred to therein;

(5) An opinion, dated the Date of the Closing and addressed to the Underwriter, of James G. Sisco, County Attorney, to the effect that (i) this Contract of Purchase has been duly authorized, executed and delivered by the County and constitutes a binding and enforceable agreement of the County in accordance with its terms except to the extent that the enforceability of the rights and remedies set forth herein may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally; (ii) the County has duly authorized, executed and delivered the Official Statement and the use by the Underwriter

of the Official Statement has been duly ratified by the County; (iii) the information in the Official Statement as to legal matters relating to the County, the Act, the Bonds and the Resolution is correct in all material respects and does not omit any statement which in his opinion should be included or referred to therein and, in addition, such counsel shall state that, based upon his participation in the preparation of the Official Statement as County Attorney and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement (except to the extent expressly set forth above in this Subparagraph (iii)), as of the Date of the Closing he has no reason to believe that (A) the Official Statement as of its date contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the financial and statistical information contained in the Official Statement as to all of which no view need be expressed) or (B) the Official Statement (as supplemented or amended, if applicable) as of the Date of the Closing contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except as aforesaid); (iv) to the best of his knowledge, the County is not in material breach of or material default under any applicable constitutional provisions, law or administrative regulations of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, material resolution, material agreement or other material instrument to which the County is a party or to which the County or any of its property or assets is otherwise subject, and no event has occurred and is continuing to his knowledge which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the execution and delivery of the Bonds, this Contract of Purchase, the Escrow Deposit Agreement and the adoption of the Resolution, and compliance with the provisions on the County's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County or under the terms of any such law, regulation or instrument, except as expressly provided by the Bonds and the Resolution; (v) the County has the right and

power under the Act to adopt the Resolution and the Resolution has been duly and lawfully adopted by the County, is in full force and effect and constitutes the legal, valid and binding obligation of the County, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law); and no other authorization is required; (vi) the Bonds are valid and binding limited obligations of the County, enforceable in accordance with their terms and the terms of the Resolution, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and are entitled to the benefits of the Resolution and the Act; (vii) to the best of his knowledge, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, pending or threatened against the County affecting or seeking to prohibit, restrict or enjoin the sale, issuance or delivery of the Bonds or the collection of the Pledged Funds or contesting or affecting as to the County the validity or enforceability of the Act in any respect relating to authorization or issuance of the Bonds, the Escrow Deposit Agreement, the Resolution or this Contract of Purchase, or contesting the tax-exempt status of interest on the Bonds or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or the authority for the issuance of the Bonds, the adoption of the Resolution, or the execution and delivery by the County of this Contract of Purchase; and (viii) all authorizations consents, approvals and reviews of governmental bodies or regulatory authorities then required for the County's adoption, execution or performance of the Bonds, the Resolution, the Escrow Deposit Agreement and this Contract of Purchase have been obtained or effected and, to the best of his knowledge, he has no reason to believe that the County will be unable to obtain or effect any such additional authorization, consent, approval or review that may be required in the future for performance of any of them by the County; and, in addition, he shall give his opinion to the same effect set forth under the caption "Litigation" in the Official Statement;

(6) A certificate, dated the Date of Closing, signed by the Chairman of the Board of County Commissioners of the County and the Clerk of the Circuit Court, ex-officio Clerk of the Board of County Commissioners to the effect that, to the best of their knowledge: (i) the representations of the County herein are true and correct in all material respects as of the Date of

Closing; (ii) the County has performed all obligations to be performed hereunder as of the Date of Closing; (iii) since September 30, 1985, no material and adverse change has occurred in the financial position of the County, except as set forth in or contemplated by the Official Statement; and (iv) the Official Statement did not as of its date, and does not as of the Date of Closing, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purposes for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in light of the circumstances in which they were made, not misleading;

(7) The County shall cause to be delivered to the Underwriter a letter from Price Waterhouse, addressed to the County, dated as of the Date of Closing, covering the period from October 1, 1985, to a date not earlier than five (5) days prior to the Date of Closing, to the effect that (i) they are independent certified public accountants, as defined in Rules 101 of the Code of Professional Ethics of the American Institute of Certified Public Accountants, with respect to the County, and (ii) based on a reading of the audited financial statements of the County for the year ended September 30, 1985, included in the Official Statement, a reading of the minutes of meetings of the County and inquiries of and discussions with certain officials of the County responsible for accounting and financial matters, nothing has come to their attention which has caused them to believe that (a) as of the date not earlier than five (5) business days prior to the Date of Closing, there was any material change in the long-term debt of the County, or any decrease in net current assets, Fund equity or retained earnings as compared with amounts shown in the September 30, 1985 financial statements relating to the County's Governmental Fund Types and Expendable Trust Fund, except as disclosed in the Official Statement; (b) for the period ending at a date not earlier than five (5) days prior to the Date of Closing, as compared with the corresponding period in the fiscal year ended September 30, 1985, there was any decrease in the excess of revenues over expenditures as of such date, except in all instances for changes which the Official Statement discloses have occurred or may occur; and (c) that the information with respect to historical local government half-cent sales tax receipts by the County in the Table in the Official Statement entitled "Local Government Half-Cent Sales Tax Receipts" was compared to the audited financial statements of the County and found to be in agreement;

(8) An opinion of Nabors, Giblin, Steffens & Nickerson, P.A., Counsel to the Underwriter, addressed to the Underwriter, and dated the Date of Closing, to the effect that, (i) with

respect to the information in the Official Statement and based upon said firm's participation in the preparation of the Official Statement as Counsel to the Underwriter and without having undertaken to determine independently the accuracy or completeness of the contents of the Official Statement, said firm has no reason to believe that the Official Statement (except for the financial and statistical data contained therein, as to which no view need be expressed) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (ii) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended;

(9) An opinion, dated the Date of Closing, and addressed to the Underwriter and the County, from counsel for Municipal Bond Insurance Association ("MBIA") to the effect that: (i) MBIA is a stock insurance company duly organized and validly existing under the laws of the State of New York and duly qualified to conduct an insurance business in the State of Florida; (ii) MBIA has full corporate power and authority to execute and deliver the Municipal Bond Insurance Policy, dated the date of closing (the "Policy") insuring the Bonds and the Policy has been duly authorized, executed and delivered by MBIA and constitutes a legal, valid and binding obligation of MBIA enforceable in accordance with its terms except to the extent that the enforceability (but not the validity) of such obligations may be limited by any applicable bankruptcy, insolvency, liquidation, rehabilitation or other similar law or enactment now or hereafter enacted affecting the enforcement of creditors' rights; (iii) the execution and delivery by MBIA of the Policy will not, and the consummation of the transactions contemplated thereby and the satisfaction of the terms thereof will not, conflict with or result in a breach of any of the terms, conditions or provisions of the Certificate of Incorporation or By-Laws of MBIA or any restriction contained in any contract, agreement or instrument to which MBIA is a party or by which it is bound or constitute a default under any of the foregoing; (iv) proceedings legally required for the issuance of the Policy have been taken by MBIA and licenses, orders, consents or other authorizations or approvals of any governmental board or bodies legally required for the enforceability of the Policy have been obtained; any proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Policy; (v) the statements contained in the Official Statement under the heading "MBIA Insurance Policy" insofar as such statements constitute summaries of the matters referred to therein, accurately reflect and fairly present the information

purported to be shown and, insofar as such statements describe MBIA, fairly and accurately describe MBIA; and (vi) the form of Policy contained in the Official Statement under the heading "SPECIMEN COPY OF MUNICIPAL BOND INSURANCE POLICY - Appendix D" is a true and complete copy of the form of Policy.

(10) A letter dated the Date of the Closing addressed to the Underwriter and the County, from Price Waterhouse, independent certified public accountants, in form and substance satisfactory to the Underwriter, to the effect provided in the Official Statement under the heading "VERIFICATION OF MATHEMATICAL COMPUTATIONS";

(11) A letter dated the Date of Closing addressed to the County and the Underwriter from First Union National Bank of Florida, St. Augustine, Florida, in form and substance satisfactory to the County and the Underwriter, setting forth the exact amount required to prepay the Refunded Notes on the Date of Closing;

(12) An opinion, dated the date of Closing, and addressed to the Underwriter and the County, from counsel to the Escrow Agent, to the effect that (A) the Escrow Agent is duly incorporated and validly existing in good standing under the laws of the United States as a bank, with full power and authority (corporate and other) to conduct its business and affairs as Escrow Agent, (B) the Escrow Agent has full right, power and authority to enter into the Escrow Deposit Agreement and to perform its obligations under, and carry out and consummate all of the transactions contemplated by the Escrow Deposit Agreement, (C) the Escrow Deposit Agreement has been duly authorized, executed and delivered by the Escrow Agent, and assuming the due authorization, execution and delivery by the County of such instrument, the Escrow Deposit Agreement constitutes a legal, valid and binding obligation of the Escrow Agent enforceable in accordance with its terms, and (D) the execution and delivery by the Escrow Agent of the Escrow Deposit Agreement is not, and the performance of its obligations thereunder will not be, inconsistent with its charter or bylaws, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to it, and does not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument to which it is a party or by which it is bound or require the consent or approval of, the giving of notice to, the registration with or the taking of any action in respect of or by, any governmental authority or agency of the United States or the State of Florida, or any subdivision or agency thereof, except such as have been obtained, given or accomplished;

(13) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the County's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the County on or prior to the Date of the Closing of all the agreements then to be performed and conditions then to be satisfied by it.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract of Purchase shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the County shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Contract of Purchase, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase shall terminate and neither the Underwriter nor the County shall be under any further obligation hereunder, except that: (i) the Good Faith Check shall immediately be returned to the Underwriter by the County; and (ii) the respective obligations of the County and the Underwriter set forth in Section 9 and 10 hereof shall continue in full force and effect.

9. The Underwriter shall have the right to terminate its obligations under this Contract of Purchase to purchase, to accept delivery of, and to pay for, the Bonds by notifying the County of its election to do so if, after the execution hereof and prior to the Closing; (i) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation (A) enacted by the United States, (B) recommended to the Congress for passage by the President of the United States, or (C) favorably reported for passage to either house of the Congress by any committee of such house to which such legislation has been referred for consideration, or has been materially adversely affected by any decision of any court of the United States or by any ruling or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States, the Internal Revenue Service or any other authority of the United States affecting the Federal tax status of the County, its property or income, or the interest on its bonds (including the Bonds); (ii) the United States shall have become engaged in hostilities which

have resulted in declaration of war or a national emergency; (iii) there shall have occurred the declaration of a general banking moratorium by any authority of the United States or the states of New York or Florida or trading in securities generally shall have been suspended on the New York Stock Exchange; (iv) an event described in Paragraph (1) of Section 6 hereof shall have occurred which in the reasonable opinion of the Underwriter requires the preparation and publication of a supplement or amendment to the Official Statement; (v) any rating of the Bonds shall have been downgraded or withdrawn by Standard & Poor's Corporation or Moody's Investors Service, and such action, in the opinion of the Underwriter, will materially adversely affect the marketability of the Bonds or the market price thereof; (vi) legislation is introduced or proposed in either House of the Congress or a conference committee of the House and Senate shall make a report (or take any other action) with respect to Federal taxation upon revenues or other income of the general character of the revenues pledged to the payment of the Bonds or upon interest received on bonds of the general character of the Bonds or which would in the opinion of the Underwriter have the effect of changing directly or indirectly the Federal income tax consequences of interest on bonds of the general character of the Bonds in the hands of the holders thereof (including imposition of a minimum federal tax which includes tax-exempt interest on the calculation of such tax other than as described in HR-3838, 99th Congress, in the form reported by the Committee of Conference on September 18, 1986 in Report No. 99-84) and which materially adversely affects the market price or the marketability of the Bonds; (vii) legislation shall be enacted or any action taken by the Securities and Exchange Commission which, in the opinion of Bond Counsel and Counsel to the Underwriter, has the effect of requiring the contemplated issuance or distribution of the Bonds to be registered under the Securities Act of 1933, as amended; (viii) an order, decree or injunction of any court of competent jurisdiction, or any order, ruling, regulation or administrative proceeding by any governmental body or board, shall have been issued or commenced, or any legislation enacted with the purpose or effect of prohibiting the issuance, offering or sale of the Bonds as contemplated hereby or by the Official Statement or prohibiting the enactment or performance of the Resolution; (ix) the County has, without the prior written consent of the Underwriter, offered or issued any bonds, notes or other obligations for borrowed money, or incurred any material liabilities, direct or contingent, other than as described in the Official Statement in either case payable from the Pledged Funds, or there has been an adverse change of a material nature in the financial position, results of operations or conditions, financial or otherwise, of the County in either case other than in the ordinary course of its business; or (x) MBIA shall inform the County or the Underwriter that it will not insure

payment of the principal of and interest on the Bonds as described in the Official Statement.

10. The Underwriter shall be under no obligation to pay, and the County shall pay, any expense incident to the performance of the County's obligations hereunder including, but not limited to: (i) the cost of preparation, printing and delivery of the Official Statement, and any supplement and amendments thereto; (ii) the cost of preparation and printing of the Bonds; (iii) the fees and disbursements of Foley & Lardner, Bond Counsel, and James G. Sisco, Esquire, County Attorney; (iv) the fees and disbursements of Price Waterhouse for their services as certified public accountants for the County; (v) the fees and disbursements of Public Financial Management, Inc., as financial advisor; (vi) the fees and disbursements of Price Waterhouse for verification; (vii) the fees and disbursements of any other experts, consultants or advisors retained by the County; (viii) the fees and expenses of the Paying Agent, Escrow Agent and Bond Registrar; and (ix) fees for bond ratings and premium for municipal bond insurance.

The Underwriter shall pay the following issuance expenses, which may be paid from proceeds of the Bonds: (i) the cost of preparation and printing of this Contract of Purchase; and (ii) all other expenses incurred by it in connection with the public offering of the Bonds, including fees and disbursements of counsel retained by it.


11. Any notice or other communications to be given to the County under this Contract of Purchase may be given by delivering the same in writing signed by an authorized officer of PaineWebber Incorporated at the address set forth above, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to PaineWebber Incorporated, 1290 Barnett Plaza, 201 South Orange Avenue, Orlando, Florida 32801.

12. This Contract of Purchase is made solely for the benefit of the County and the Underwriter and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All representations and agreements of the County in this Contract of Purchase shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of any payment for the Bonds.


13. The approval of the Underwriter when required hereunder or the determination of its satisfaction with any document referred to herein, unless otherwise evidenced by the Underwriter's purchase of the Bonds shall be in writing signed by

an officer of PaineWebber Incorporated and delivered to you. This Contract of Purchase shall become legally effective upon its acceptance by you, as evidenced by the signature of the Chairman of the Board of County Commissioners of the County in the space provided therefor below.

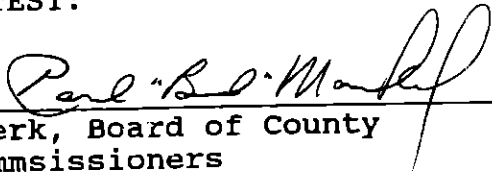
**PAINWEBBER INCORPORATED**

By:   
Its:

**ST. JOHNS COUNTY, FLORIDA**

By:   
Chairman, Board of County  
Commissioners

**ATTEST:**

  
Clerk, Board of County  
Commsioners

APPENDIX I

TERM OF BONDS

The Bonds shall be dated October 15, 1986, shall be issued in the form of fully registered Bonds in the denomination of \$5000, or any integral multiple thereof, shall be numbered consecutively from one upward in order of maturity preceded by the letter "R", shall bear interest from October 15, 1986, payable semi-annually on April 1 and October 1 of each year, commencing April 1, 1987, at such rates and maturing in such amounts on October 1 of such years as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
1987	\$740,000	4.25%	100%
1988	770,000	4.75	100
1989	805,000	5.00	100
1990	850,000	5.30	100
1991	895,000	5.50	100

**APPENDIX II**

**REDEMPTION PROVISIONS**

The Bonds will not be subject to optional or mandatory redemption.

**NEW ISSUE**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is exempt from all federal income taxation, except that interest on the Bonds is includible in the computation of adjustments to alternative minimum taxable income applicable to corporations based on book income or current earnings, and the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, banks and savings associations as defined by Chapter 220, Florida Statutes.

**\$4,060,000**  
**ST. JOHNS COUNTY, FLORIDA**  
**Refunding Revenue Bonds**

Dated: October 15, 1986

Due: October 1,  
as shown below

The Bonds are being issued as fully registered bonds in denominations of \$5,000 and integral multiples thereof. Interest on the Bonds (first payment due April 1, 1987 and semiannually on each April 1 and October 1 thereafter) will be payable by check or draft of First Union National Bank of Florida, Jacksonville, Florida, as Registrar and Paying Agent, made payable and mailed to the registered owner, as shown on the registration books of the County on the fifteenth day of the month prior to each interest payment date. Principal of and redemption premium, if any, on the Bonds are payable to the registered owner upon presentation, when due, at the principal corporate trust office of the Registrar and Paying Agent. The Bonds are subject to redemption prior to their stated maturities as described herein.

The purposes for the issuance of the Bonds are (i) to refund the County's Certificates of Indebtedness, dated June 1, 1967, currently outstanding in the principal amount of \$1,110,000, and the County's Capital Improvement Revenue Notes, dated August 27, 1986, currently outstanding in the principal amount of \$2,950,000, and (ii) to pay certain costs and expenses relating to the issuance of the Bonds.

The Bonds and interest thereon are payable from and secured by a lien upon and pledge of the amount of the local government half-cent sales tax allocated from the Local Government Half-Cent Sales Tax Clearing Trust Fund to the County, together with all moneys on deposit to the credit of the funds and accounts created under the Resolution and the earnings on the investment thereof (the "Pledged Funds"), all as described more fully herein.

Neither the Bonds nor the interest thereon constitute general obligations or indebtedness of the County as "bonds" within the meaning of Article VII, Section 12 of the Constitution of the State of Florida, but are payable solely from and secured by a prior lien upon and pledge of the Pledged Funds in accordance with the terms of the Resolution. No owner of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond, or be entitled to payment of such Bond from any moneys of the County except from the Pledged Funds in the manner provided in the Resolution.

Payment of principal of and interest, when due, on the Bonds will be guaranteed by a municipal bond insurance policy to be issued by MUNICIPAL BOND INSURANCE ASSOCIATION simultaneously with the delivery of the Bonds.

**MATURITIES, AMOUNTS, INTEREST RATES OR YIELDS AND PRICES**

<u>Due</u> <u>October 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or yield</u>
1987	\$740,000	4.25%	100%
1988	770,000	4.75	100
1989	805,000	5.00	100
1990	850,000	5.30	100
1991	895,000	5.50	100

The Bonds are offered when, as and if issued, subject to the legal opinion of Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed on for the County by James G. Sisco, Esquire, County Attorney. Certain legal matters will be passed upon for the Underwriter by Nabors, Giblin, Steffens & Nickerson, P.A., Tallahassee, Florida, Counsel to the Underwriter. The Bonds are expected to be delivered in definitive form to the Underwriter in New York, New York on or about October 29, 1986.

**PAINWEBBER INCORPORATED**

DATED: October 21, 1986

**ST. JOHNS COUNTY, FLORIDA**

**MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS**

Francis N. Brubaker, Chairman

Sarah W. Bailey

Lawrence Hartley

Phyllis L. Lydon

Harry Waldron

**COUNTY ADMINISTRATOR**

R. Daniel Castle

**COUNTY CLERK**

Carl "Bud" Markel

**COUNTY ATTORNEY**

James G. Sisco, Esq.

**BOND COUNSEL**

Foley & Lardner

Jacksonville, Florida

**FINANCIAL ADVISOR**

Public Financial Management, Inc.

Fort Myers, Florida

No dealer, broker, salesman or other person has been authorized by St. Johns County to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the County and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the affairs of the County since the date hereof.

The Bonds have not been registered under the Securities Act of 1933 in reliance upon an exemption contained in such Act.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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**OFFICIAL STATEMENT**

**\$4,060,000  
ST. JOHNS COUNTY, FLORIDA  
REFUNDING REVENUE BONDS**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish information with respect to the issuance by St. Johns County, Florida (the "County") of its Refunding Revenue Bonds (the "Bonds") in the aggregate principal amount of \$4,060,000, authorized by Resolution No. 86-132, adopted by the Board of County Commissioners of the County on September 30, 1986, as amended and supplemented (the "Resolution").

The Bonds are being issued to provide funds for the purpose of (i) refunding the County's Certificates of Indebtedness, dated June 1, 1967 (the "Refunded Bonds"), currently outstanding in the aggregate principal amount of \$1,110,000, and the County's Capital Improvement Revenue Notes, dated August 27, 1986 (the "Refunded Notes"), currently outstanding in the aggregate principal amount of \$2,950,000, and (ii) paying certain expenses related to the issuance and sale of the Bonds. The Bonds are limited obligations of the County payable solely from and secured by a lien upon and a pledge of all moneys allocated to the County from the Local Government Half-Cent Sales Tax Clearing Trust Fund pursuant to provisions of Chapter 218, Part VI, Florida Statutes, (1985), together with all moneys on deposit to the funds and accounts created under the Resolution and the earnings on the investment thereof, in the manner provided by the Resolution. The Bonds have not been validated pursuant to Chapter 75, Florida Statutes.

Capitalized terms used but not defined herein have the same meaning as when used in the Resolution unless the context would clearly indicate otherwise. Complete descriptions of the terms and conditions of the Bonds are set forth in the Resolution, certain provisions of which are summarized in this Official Statement. The descriptions of the Bonds, the documents authorizing and securing the same, and the information from various reports and statements contained herein are not comprehensive or definitive. All references herein to such documents, reports and statements are qualified by the entire, actual content of such documents, reports and statements. Copies of such documents, reports and statements referred to herein that are not included in their entirety in this Official Statement may be obtained from the County.

## THE BONDS

### Description of the Bonds

The Bonds are being issued in fully registered form in the denominations of \$5,000 each or integral multiples thereof, will be dated October 1, 1986, and will bear interest at the rates and mature on the dates and in the amounts as shown on the cover page of this Official Statement.

Principal of the Bonds is payable to the registered owner thereof, or his legal representative, upon presentation when due at the principal corporate trust office of First Union National Bank of Florida, Jacksonville, Florida, as Registrar, or its successor. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year, commencing April 1, 1987, by check or draft mailed to the registered owner at his address as it appears on the bond registration books kept by the Registrar, at the close of business on the fifteenth day (whether or not a business day) of the month next preceding the applicable interest payment date.

### Redemption

The Bonds shall not be subject to optional or mandatory redemption.

### Registration, Transfer and Exchange

The transfer of Bonds shall be registered on the registration books of the County, upon delivery to the Registrar, of a written instrument or instruments of transfer in form and with guarantee of signatures satisfactory to the Registrar, duly executed by the registered owner of the Bonds to be transferred, or by his attorney duly authorized in writing, containing such identification information for the transferee as the Registrar shall reasonably require, and the certificate for the Bond or Bonds to be transferred.

In all cases of the transfer of any Bond, the Registrar shall enter the transfer of ownership in the registration books and shall deliver in the name of the transferee or transferees a new registered Bond or Bonds, of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of

the Resolution. The County or the Registrar may charge the registered owner of such Bond for every such transfer sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and may require that such charge be paid before any such new Bond shall be delivered.

#### **REFUNDING PLAN**

The County has determined pursuant to the Resolution that it is in the best interest of the County to refund the Refunded Bonds and Refunded Notes. The moneys required to refund the Refunded Bonds and Refunded Notes will be obtained from the proceeds of the sale of the Bonds and other legally available sources. A portion of the proceeds of the Bonds, together with the moneys on deposit to the credit of the sinking fund, the reserve account and the redemption account established pursuant to the resolution authorizing the issuance of the Refunded Bonds, will be deposited into an escrow fund established pursuant to the Escrow Deposit Agreement, dated as of October 15, 1986, between the County and First Union National Bank of Florida, Jacksonville, Florida, as Escrow Agent. Such moneys will be invested by the Escrow Agent in Federal Securities, as defined in the Escrow Deposit Agreement, in amounts and at rates sufficient to pay, when due, the principal of, redemption premium, if any, and interest on the Refunded Bonds by payment and redemption of the Refunded Bonds on December 1, 1986. A portion of the proceeds of the Bonds will also, simultaneously with the issuance of the Bonds, be applied to the prepayment of all outstanding principal of and interest on the Refunded Notes to effectuate the immediate refunding and discharge of the Refunded Notes. As a result of the prepayment of the Refunded Notes and the depositing of the aforementioned amounts with the Escrow Agent, any lien and pledge of the Pledged Funds for the benefit of the owners of the Refunded Bonds and the Refunded Notes will be defeased. The maturing principal and income from such obligations are not pledged to and will not be available to pay the Bonds.

#### **SOURCES AND USES OF FUNDS**

The proceeds to be received from the sale of the Bonds, including accrued interest on the Bonds to the date of delivery, shall be applied as follows:

Sources of Funds	
Principal Amount of	
Bonds .....	\$
Other Available Moneys(1) .....	
Accrued Interest .....	_____
 Total Sources	 \$

Uses of Funds	
Prepayment of Refunded Notes .....	\$
Escrow Fund for Refunded Bonds .....	
Deposit to Reserve Account .....	
Deposit to Interest Account .....	
Bond Insurance Premium .....	
Underwriter's Discount .....	
Costs of Issuance(2) .....	_____
Total Uses	\$

- 
- (1) Represents moneys available to the County from amounts on deposit in the sinking fund, reserve account and redemption account established with respect to the Refunded Bonds.
- (2) Includes bond counsel, administrative and other costs associated with the issuance of the Bonds.

## SECURITY

### Pledged Funds

The Bonds are payable solely from and secured by a pledge of and lien upon all moneys allocated to the County from the Local Government Half-Cent Sales Tax Clearing Trust Fund pursuant to the provisions of Part VI, Chapter 218, Florida Statutes, (1985), together with all moneys on deposit to the credit of the funds and accounts created under the Resolution and the earnings on the investment thereof, in the manner provided in the Resolution (the "Pledged Funds").

Neither the Bonds nor the interest thereon constitute general obligations or indebtedness of the County as "bonds" within the meaning of Article VII, Section 12 of the Constitution of the State of Florida, but are payable solely from and secured by a lien upon and a pledge of the Pledged Funds in accordance with the terms of the Resolution. No owner of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay any Bond, or be entitled to payment of such

from any other funds of the County except from the Pledged Funds in the manner provided in the Resolution.

### Local Government Half-Cent Sales Tax

Pursuant to Chapter 212, Part I, Florida Statutes, the State of Florida is authorized to levy and collect a sales tax on, among other things, the sales price of each item or article of tangible personal property sold at retail in the State of Florida, subject to certain exceptions and dealer allowances as set forth in Chapter 212. Chapter 212 was amended in 1982 by Chapter 82-154, Laws of Florida, to increase the sales tax from 4% to 5% and Chapter 218, Florida Statutes, was amended to add Part VI thereto entitled "Participation In Half-Cent Sales Tax Proceeds." Pursuant to Chapter 218, Part VI, 9.697% of the proceeds of the sales tax remitted to the State of Florida by a sales tax dealer located within a county is required to be deposited in the Local Government Half-Cent Sales Tax Clearing Trust Fund in the State Treasury (the "Trust Fund") and earmarked for distribution to the governing body of that county and of each municipality within the county pursuant to a distribution formula. Such moneys are referred to in Chapter 218, Part VI, as the Local Government Half Cent Sales Tax. The Local Government Half-Cent Sales Tax is distributed from the Trust Fund on a monthly basis to participating units of local government. To be eligible to participate in the Local Government Half-Cent Sales Tax the counties and municipalities must comply with certain requirements set forth in Section 218.63, Florida Statutes.

The Local Government Half-Cent Sales Tax collected within a county and distributed to local government units is distributed among the county and the municipalities therein in accordance with the following formula:

$$\begin{array}{l}
 \text{County Share} \\
 \text{(percentage of} \\
 \text{total Half-Cent Sales} \\
 \text{Tax receipts)} \\
 \\
 \text{Each Municipality Share} \\
 \text{(percentage of} \\
 \text{total Half-Cent Sales} \\
 \text{Tax receipts)}
 \end{array}
 =
 \begin{array}{l}
 \text{unincorporated area} \\
 \text{population} \\
 \text{total county} \\
 \text{population} \\
 \\
 \text{municipality population} \\
 \text{total county} \\
 \text{population}
 \end{array}
 \begin{array}{l}
 \frac{2}{3} \text{ incorporated} \\
 \text{area population} \\
 \frac{2}{3} \text{ incorporated} \\
 \text{area population} \\
 \\
 \frac{2}{3} \text{ incorporated} \\
 \text{area population}
 \end{array}$$

Population is the latest official state estimate of population certified prior to the beginning of the local government fiscal year.

The County has complied and is required by the provisions of the Resolution to comply with all of the requirements set forth in Chapters 200 and 218, Part VI, including the filing of a

certificate of compliance with the State Department of Revenue, which are necessary in order for the County to receive its portion of funds from the Trust Fund during the 1986-87 fiscal year. Although Chapter 218, Part VI, does not impose any limitation on the number of years during which the County can receive distributions of the Local Government Half-Cent Sales Tax from the Trust Fund, there may be future amendments to Chapter 218, Part VI, in subsequent years imposing additional requirements of eligibility for municipalities and counties participating in the Local Government Half-Cent Sales Tax. To be eligible to participate in the Trust Fund in future years, the County must comply with certain eligibility and reporting requirements of Section 218.23(1), Florida Statutes. Otherwise, the County loses its Trust Fund distributions for 12 months following a "determination of non-compliance" by the State Department of Revenue.

#### **Additional Bonds**

The County may issue revenue bonds ("Additional Bonds") payable from the Pledged Funds on a parity with the Bonds then outstanding pursuant to the Resolution, provided that:

(1) The County is in compliance with all covenants and undertakings of the County (i) contained in the Resolution, in connection with all Bonds and any Additional Bonds then outstanding and (ii) made with respect to any other bonds or other obligations of the County payable from the Pledged Funds or any part thereof and has not been in default as to any payments required to be made under the Resolution during at least the next preceding 24 months, or if at such time the Bonds shall not have been outstanding for 24 months then for the period that the Bonds shall have been outstanding.

(2) There shall have been obtained and filed with the County a statement of an independent certified public accountant of suitable experience and responsibility: (i) stating that he has examined the books and records of the County relating to the collection and receipt of the Pledged Funds; (ii) setting forth the amount of the Pledged Funds received by the County for any 12 consecutive month period within the 18 consecutive months immediately preceding the date of the issuance of the additional parity bonds with respect to which such statement is made; (iii) stating that the aggregate amount of the Pledged Funds for such 12 consecutive month period equals or exceeds 125% of the maximum amount required in any subsequent Fiscal Year for the payment of the principal of and interest on Bonds and additional parity bonds previously issued then outstanding and the Additional Bonds with respect to which such statement is made. If during such 12 consecutive month period the moneys allocated to the County from the Local Government Half-Cent Sales Tax

Clearing Trust Fund shall have increased pursuant to applicable legislation permitting the pledging of such money in the manner provided in the Resolution, the amount of the Pledged Funds stated for such 12 consecutive month period may be adjusted to reflect an amount which would have been allocated to the County had such increased rate been in effect throughout the entire term of such 12 consecutive month period.

The County shall have the right to issue one or more additional series of bonds which shall be junior and subordinate in all respects to the lien of the Bonds and any Additional Bonds and which, if expressly provided by the resolution authorizing the issuance thereof, shall achieve parity with such Bonds and Additional Bonds, in all respects, at such time as (i) the conditions prescribed in paragraph (1) above shall prevail and (ii) there shall have been obtained and filed with the County a statement of an independent certified public accountant containing the statements specified in paragraph (2) above and demonstrating that the County shall have received for a period of 12 consecutive months an aggregate amount of Pledged Funds equal to or exceeding 125% of the maximum amount required in any subsequent Fiscal Year for the payment of the principal of and interest on the Bonds and any Additional Bonds previously issued then outstanding and the principal of and the interest on the formerly junior and subordinate bonds which shall then be achieving parity therewith; and if during such 12 consecutive month period the moneys allocated to the County from the Local Government Half-Cent Sales Tax Clearing Trust Fund shall have increased pursuant to applicable legislation permitting the pledging of such increase in the manner provided in the Resolution, the amount of the Pledged Funds for such 12 consecutive month period may be adjusted, for the purpose of junior and subordinate obligations achieving parity status with the Bonds, to reflect an amount which would have been allocated to the County had such increased rate been in effect throughout the entire term of such 12 consecutive month period.

#### **Bond Insurance**

The County has received a commitment from the Municipal Bond Insurance Association ("MBIA") for a policy of insurance on the Bonds (the "MBIA Policy"). The policy will unconditionally and irrevocably guarantee the timely payment of principal and interest on the Bonds when due. The policy is noncancellable and the premium will be fully paid at delivery of the Bonds. See, "THE MBIA INSURANCE POLICY."

## THE MBIA INSURANCE POLICY

The following information has been furnished by MBIA for use in this Official Statement. Reference is made to APPENDIX D for a specimen of the MBIA Policy.

The MBIA Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the County to the Paying Agent or its successor of an amount equal to (i) the principal of (whether at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the MBIA Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The MBIA Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The MBIA Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; or (iii) any Preference relating to (i) or (ii) above. The MBIA policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the General Manager of MBIA or its designee from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on behalf of its members on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments

of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA or the General Manager of MBIA as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to Citibank, N.A., shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

Each insurance company comprising MBIA will be severally and not jointly obligated under the MBIA Policy in the following respective percentages: Aetna Casualty and Surety Company, 33%; Fireman's Fund Insurance Company, 30%; The Travelers Indemnity Company, 15%; Aetna Insurance Company, 12%; and The Continental Insurance Company, 10%. As a several obligor, each such insurance company will be obligated only to the extent of its percentage of any claim under the MBIA Policy and will not be obligated to pay any unpaid obligation of any other member of MBIA. Each insurance company's participation is backed by its entire resources. However, each insurance company is a multiline insurer involved in several lines of insurance other than municipal bond insurance, and the assets of each insurance company also secure all if its other insurance policy and surety bond obligations.

The following table sets forth financial information with respect to the five member companies of MBIA. The statistics, which have been furnished by MBIA, are as reported by the member companies to the New York State Insurance Department and are determined in accordance with statutory accounting principles. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date thereof. In addition, these numbers are subject to revision by the New York State Insurance Department which, if revised, could either increase or decrease the amounts.

MUNICIPAL BOND INSURANCE ASSOCIATION  
 FIVE MEMBER COMPANIES ASSETS AND POLICYHOLDERS' SURPLUS  
 AS OF JUNE 30, 1986  
 (000'S omitted)

	<u>New York Statutory Assets</u>	<u>New York Statutory Liabilities</u>	<u>New York Policyholders' Surplus</u>
The Aetna Casualty & Surety Company	\$9,232,269	\$7,707,420	\$1,524,849
Fireman's Fund Insurance Company	5,385,229	4,144,563	1,240,665

The Travelers Indemnity Company	6,354,125	5,482,318	871,807
AEtna Insurance Company	5,235,006	4,834,479	400,528
The Continental Insurance Company	<u>1,556,270</u>	<u>1,304,816</u>	<u>251,454</u>
Total	<u>\$27,762,899</u>	<u>\$23,473,596</u>	<u>\$4,289,303</u>

Standard & Poor's Corporation rates all new issues insured by MBIA "AAA" Prime Grade.

Moody's Investors Service rates all bond issues insured by MBIA "Aaa" and short term loans "MIG 1", both designated to be of the highest quality.

Each such rating should be evaluated independently of any other rating. No application has been made to any other rating agency in order to obtain additional ratings on the Bonds. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of either or both ratings may have an adverse effect on the market price of the Bonds.

**ST. JOHNS COUNTY, FLORIDA  
 IMPUTED, ACTUAL AND PROJECTED LOCAL GOVERNMENT HALF-CENT SALES  
 TAX DISTRIBUTIONS (1)**

<u>Fiscal Year</u>	<u>St. Johns County Sales Tax Collections(2)</u>	<u>Half-cent Sales Tax Available for Distri- butions(3)</u>	<u>Distri- bution Factor (4)</u>	<u>Distribution to St. Johns County</u>	<u>Percent- age Change (%)</u>
1976-77	\$ 8,093,050	\$ 784,783	.7120	\$558,764 (8)	N/A
1977-78	9,183,880	890,561	.7163	637,950(8)	14.17%
1978-79	10,043,968	973,964	.7268	707,885(8)	10.96
1979-80	12,096,966	1,173,043	.7346	861,775(8)	21.74
1980-81	13,754,509	1,333,775	.7403	987,360(8)	14.57
1981-82	15,387,960	1,492,170	.7701	1,149,047(8)	16.38
1982-83	16,325,339	1,583,068(6)	.7735	1,271,326(9)	10.64
1983-84	17,959,996	1,935,521(6)	.7843	1,571,381(9)	23.60
1984-85	22,191,188	2,151,880(6)	.7919	1,748,170(9)	11.25
1985-86	24,092,712(5)	2,336,270(7)	.7969	1,851,539(10)	5.91
1986-87	27,774,487(5)	2,693,292(7)	.8066	2,172,300(11)	17.32

- 
- (1) This table represents, in part, an estimate of the sales tax proceeds the Coun would have received had the Local Government Half-Cent Sales Tax been in effect pri to the 1982-83 fiscal year. The 1982-83, 1983-84, and 1984-85 fiscal years represe actual amounts. The 1985-86 and 1986-87 fiscal years represent projected amounts.
  - (2) Collections are based on a 4% sales tax, except fiscal years 1982-83 through 1986- which are based on the current 5% rate. The annual collections for St. Johns Coun are provided by the State of Florida, Department of Revenue and are based on t State's fiscal year (July 1-June 30).
  - (3) Calculations of the amounts for Fiscal Years 1974-75 through 1981-82, inclusiv are based on the assumption that actual collections during these years represent four cents per dollar of taxable sales. Amounts are adjusted due to refunds a audits.
  - (4) The Distribution Factor is calculated on the basis of the distribution formula detail in Section 218.62(2), Florida Statutes. This factor uses Revenue Sharing populati estimates (i.e., permanent population minus inmates and patients residing institutions operated by the Federal government or by the State's Department of Heal and Rehabilitative Services) and is constructed utilizing a one year lag in populati estimates.
  - (5) This amount represents the projected sales tax collections in St. Johns County, projected by the State of Florida, Department of Revenue.
  - (6) This amount represents the actual proceeds of the Local Government Half-Cent Sal Tax available for distribution.

- (7) This amount represents the projected proceeds of the Local Government Half-Cent Sales Tax available for distribution, as budgeted by the County. The amount shown for fiscal year 1985-86 represents the County's estimate based on 11 months of actual collections through August 31, 1986.
- (8) This amount represents an imputed distribution of sales tax proceeds which the County would have received based upon the distribution formula had the Local Government Half-Cent Sales Tax been in effect for the period indicated.
- (9) This amount represents the actual distribution to St. Johns County (i.e., actual proceeds of the Local Government Half-Cent Sales Tax), which differs slightly from the distribution formula due to refunds and audits.
- (10) The amount shown for fiscal year 1985-86 represents the County's estimate based on 11 months of actual collections through August 31, 1986, plus one month's estimated distribution.
- (11) This amount represents the projected distribution to the County based on amounts budgeted by the County.

**ST. JOHNS COUNTY, FLORIDA  
LOCAL GOVERNMENT HALF-CENT SALES TAX DISTRIBUTIONS  
AND DEBT SERVICE COVERAGES**

<u>Fiscal Year(1)</u>	<u>Actual and Projected Sales Tax Proceeds(2)</u>	<u>Maximum Annual Debt Service(3)</u>	<u>Debt Service Coverage</u>
1982-83	\$1,271,326	\$946,243	1.34%
1983-84	1,571,381	946,243	1.66
1984-85	1,748,170	946,243	1.85
1985-86	1,851,539	946,243	1.96
1986-87	2,172,300	946,243	2.30

- 
- (1) St. Johns County fiscal years (October 1-September 30).
  - (2) These amounts represent the proceeds of the Local Government Half-Cent Sales Tax actually received by the County during fiscal years ending September 30, 1983 through 1985, as well as the proceeds projected to be received by the County for fiscal years ending September 30, 1986 and 1987.
  - (3) Maximum annual debt service on the Bonds, which occurs in \_\_\_\_\_.

## DEBT SERVICE SCHEDULE

The following table sets forth the debt service payments on the Bonds.

Bond Year Ending <u>October 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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## THE COUNTY

St. Johns County is located on the east coast of the State of Florida approximately 40 miles south of the City of Jacksonville and encompass an area of approximately 608 square miles. The County seat is St. Augustine. The County had an estimated 1985 population of approximately 65,993. Principal industries of the County include tourism and agriculture.

### Board of County Commissioners

The Board of County Commissioners of St. Johns County is the principal legislative and governing body of the County, as provided by the Florida Constitution and Chapter 125, Florida Statutes. The Board consists of five Commissioners elected by the voters of the County for terms of four years each. The present Commissioners and the years in which their terms expire are as follows:

<u>Commissioner</u>	<u>Term Expires</u>
Francis N. Brubaker, Chairman	November 17, 1986
Sarah W. Bailey	November 21, 1988
Lawrence Hartley	November 21, 1988
Harry Waldron	November 17, 1986
Phyllis L. Lydon	November 21, 1988

For further general information concerning the County see Appendix A hereto.

### LITIGATION

In the opinion of James G. Sisco, Esquire, County Attorney, no legal proceedings are pending or threatened which materially affect the County's ability to perform its obligations to the registered owners of the Bonds or materially affect the financial condition of the County.

There is no litigation or controversy of any nature now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting the validity of the Bonds or any proceedings of the County taken with respect to the authorization, sale or issuance of said Bonds or the pledge or application of any moneys provided for the payment of the Bonds.

## **LEGALITY**

Certain legal matters incident to the validity of the Bonds and the issuance thereof by the County are subject to the approval of Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by the County Attorney, James G. Sisco, Esq. Certain legal matters will be passed on for the Underwriter by Nabors, Giblin, Steffens & Nickerson, P.A., Counsel to the Underwriter.

## **TAX EXEMPTION**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is exempt from all federal income taxation, except that interest on the Bonds is includible in the computation of adjustments to alternative minimum taxable income applicable to corporations based on book income or current earnings, and the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, banks and savings associations as defined by Chapter 220, Florida Statutes.

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The accuracy of (i) the mathematical computations of the adequacy of the United States Treasury obligations and the cash deposit to be held in the escrow fund to pay, when redeemed, the principal of and interest on the Refunded Bonds, and (ii) the mathematical computations supporting the conclusion that the Bonds are not "arbitrage bonds" under Section 103(c) of the Internal Revenue Code of 1954, as amended, will be verified for the County by Price Waterhouse, independent certified public accountants.

## **BOND RATINGS**

Moody's Investors Service, Inc. and Standard & Poor's Corporation have assigned the Bonds ratings of "Aaa" and "AAA", respectively. Such ratings have been assigned to the Bonds with the understanding that the standard policy of municipal bond insurance insuring the timely payment of principal of and interest on the Bonds will be issued by MBIA upon issuance of the Bonds. Such rating reflects only the views of the rating agencies, and an explanation of the significance of such rating may be obtained from the applicable rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by

such rating agencies, if in their judgment, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect upon the market price of the Bonds.

#### **UNDERWRITING**

The Bonds are being purchased by the Underwriter, PaineWebber, Incorporated, at an aggregate purchase price of \$4,003,525.40, plus accrued interest to the date of delivery. The offer of the Underwriter to purchase the Bonds, accepted by the County, provides for the purchase of all but not less than all of the Bonds.

The Underwriter may offer to sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

#### **FINANCIAL ADVISOR**

Public Financial Management, Inc., Fort Myers, Florida, is serving as financial advisor to the County with respect to the sale of the Bonds. The financial advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, and issuance of the Bonds and provided other advice. Public Financial Management, Inc, is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments. Public Financial Management, Inc., is a wholly owned subsidiary of Marine Midland Bank, N.A.

#### **ACCOUNTANTS**

The financial statements of St. Johns County, Florida, included in this Official Statement have been examined by Price Waterhouse, independent certified public accountants, to the extent and for the periods indicated in their report thereon. Such financial statements have been included in reliance upon the report of Price Waterhouse.

## MISCELLANEOUS

The information in the foregoing pages is presented for the information of prospective purchasers of the Bonds described herein. The information has been compiled from official and other sources and, while not guaranteed by the County, is believed to be correct. So far as any statements made in this Official Statement and the Appendices hereto involve matters of opinion or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

### AUTHORIZATION AND CERTIFICATION CONCERNING OFFICIAL STATEMENT

This Official Statement has been authorized by the Board of County Commissioners of St. Johns County, Florida. Concurrently with the delivery of the Bonds, the undersigned will furnish his certificate to the effect that, to the best of his knowledge, this Official Statement did not, as of its date, and does not as of the date of delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which this Official Statement is to be used, or which is necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

**ST. JOHNS COUNTY, FLORIDA**

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Chairman of the Board of  
County Commissioners

## APPENDIX A

### Information Regarding St. Johns County

THE FOLLOWING INFORMATION CONCERNING ST. JONS COUNTY, FLORIDA, IS INCLUDED ONLY FOR THE PURPOSE OF PROVIDING GENERAL BACKGROUND INFORMATIN. THE BONDS ARE PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE OFFICIAL STATEMENT TO WHICH THIS IS APPENDED, AND ARE NOT GENREAL OBLIGATIONS OF THE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE COUNTY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF IS REQUIRED TO LEVY ANY TAXES FOR PAYMENT OF THE BONDS.

#### Location

St. Johns County, encompassess approxiamtely 608 square miles and is licated in the Northeast region of the State of Florida. The County is located directly Souht of Duval County, Florida, and it is bordered on the West by the St. JOhns River, on the South by Flagler County, and on the East by the Atlantic Ocean, with 40 miles of white sandy beaches.

There are four incorporated municipalities located in the County: St. Augustine, Hastings, portions of Marineland and St. Augustine Beach. St. Augustine, which was founded in 1565, is the oldest permanent European settlement in the United States and is the County Seat.

#### Population

St. Johns County currently ranks 32nd out of Florida's 67 counties in gross population and ranks fourth statewide in the percentage change in population growth.

St. Johns County has experienced steady population growth, as shown below:

<u>Year</u>	<u>Population</u>
1940 U.S. Census	20,012
1950 U.S. Census	24,998
1960 U.S. Census	30,034
1970 U.S. Census	31,025
1976 Estimate (1)	40,297
1977 Estimate (1)	42,751
1978 Estimate (1)	44,550
1979 Estimate (1)	45,961
1980 U.S. Census	51,303
1985 Estimate (1)	65,993
1990 Estimate (1)	80,300

(1) University of Florida Bureau of Economic and Business Research.

### **Commerce And Industry**

While tourism ranks high in the economy with more than one million visitors annually, manufacturing and commercial activities, including boat building, food processing, airplane modification and repair, garment manufacturing, book binding, aluminum extrusion and commercial fishing play key roles. The County is also the location of the general offices of the Florida East Coast Railway and the headquarters for the Florida Department of Military Affairs.

The strength of the employment growth and the steady growth in population has brought a corresponding increase in housing construction. Since 1981, multi-family construction has exceeded that for single-family units, but the high population growth is generating a demand for single family housing as well as retailing and service employment.

### **Agriculture**

Agribusiness remains a key sector of the state and Northwest region's economy. Agriculture is a major industry in St. Johns County and in 1985 provided the County with on-farm revenue in excess of \$45 million.

St. Johns County is known as the potato and cabbage capital of Florida, and leads the other counties in the State in value of those products. Agriculture commodities produced in the county and their respective values for 1985 are as follows:

Potatoes	\$26,500,000
Cabbage	10,700,000
Other Vegetable	1,200,000
Forest Products	3,000,000
Livestock, Dairying & Poultry	2,000,000
Corn and Grain Sorghum	400,000
Cut Flowers and Nurseries	<u>1,800,000</u>
	\$45,600,000

Source: Florida Department of Agriculture - St. Johns County Extension Service, 1986.

The County's temperate climate with a mean temperature of 70°F and an average annual rainfall of 50 inches make it ideal for the agriculture products described above.

## Employment

The following table shows employment by category:

<u>Distribution</u>	<u>Number of Employees</u>	<u>Percent of</u>
Manufacturing .....	1,740	10.5%
Construction .....	717	4.3
Transportation, Communications & Utilities .....	440	2.6
Wholesale Trade .....	680	4.0
Retail Trade .....	4,817	28.6
Finance, Insurance and Real Estate ...	565	3.4
Service .....	4,306	25.6
Government .....	2,915	17.5
Agriculture (Except Domestic, Self Employed, Unpaid Family Workers and Seasonal Workers ....	<u>654</u>	<u>3.5</u>
TOTAL	16,834	100%

Source: St. Johns County Chamber of Commerce

## Major Employers

The following table shows the major employers in the St. Augustine area and their approximate current level of employment:

<u>Establishment</u>	<u>Product</u>	<u>Approximate Employment</u>
Grumman St. Augustine Corporation	Aircraft overhaul and modification	1,000+
Florida School for the Deaf and Blind	Educational Institution	595
St. Augustine Technical Center	Vocational-Tech Center	450
V.A.W. of America, Inc.	Aluminum extrusion	300
Florida Department of Military Affairs	Florida National Guard Headquarters	191

Tree of Life	Health food distributor	185
Flagler College	Four-year Liberal Arts College	155
Florida East Coast Railway	Interstate railroad Freight & Express	150
Leonard's Studio	Photo Finishing	140
DuPont & Sons, Inc., W.D.	Construction	103
St. Augustine Record Inc.	Daily Newspaper	100
Wise Foods (Division of Borden, Inc.)	Potato Chip manufacturer	100

Source: St. Johns County Chamber of Commerce, 1985.

#### **Tourism And Recreation**

A combination of favorable climate and available recreational activities including public beaches, tennis courts, golf courses and cultural performances has made tourism a major industry in St. Johns County. Each year, more than one million persons visit the County to tour its 300 year old fortress and utilize the recreation facilities and to enjoy the antiquity of the nation's oldest city.

#### **Transportation Facilities**

**Air:** Commercial airline service is available at the Jacksonville International Airport located approximately 60 miles north of St. Augustine. The Daytona Beach Regional Airport is approximately 55 miles south of the City. Charter flights and flight training are available at the St. Augustine Municipal Airport.

**Land:** Three major north/south highways, Interstate 95, U.S. 1 and State Route A1A, serve the City. Bus transportation is provided by Greyhound with 11 northbound and 11 southbound buses each day.

Rail: The County is served by the Florida East Coast Railways with freight service only. Amtrack and piggyback facilities are located in Jacksonville, 38 miles north of the County.

Waterways: The Port of St. Augustine provides access to the St. Augustine inlet, the Intracoastal Waterway and the Atlantic Ocean. The nearest deep water port is Mayport near Jacksonville, approximately 36 miles north of the County.

### **Health Care Facilities**

Medical facilities are provided by Flagler Hospital, which has 131 beds, and the St. Augustine General Hospital, which has 115 beds. There are approximately 102 physicians in the area, including specialists in most fields. The County has four nursing homes; two of which are funded by the County and two of which are private establishments.

### **Education**

The public school system is operated by the County under authority of the St. Johns County Board of Public Instruction. There are ten elementary schools, two junior high schools, three high schools, two elementary parochial schools, and a parochial high school, a tri-county Vocational and Technical Center, and Flagler College, which is a four-year liberal arts institution in which more than 1,000 students are enrolled. The State operates the Florida School for the Deaf and Blind in St. Augustine, with primary school through senior high school levels.

Source: St. Augustine and St. Johns County Chamber of Commerce, 1985.

**ST. JOHNS COUNTY, FLORIDA  
CIVILIAN LABOR FORCE  
1978-1985  
(unadjusted)**

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>	<u>State Unemployment Rate</u>
1978	17,926	16,674	1,252	7.0%	6.6%
1979	18,260	16,961	1,299	7.1	6.0
1980	21,272	19,662	1,609	7.6	5.9
1981	22,716	20,936	1,780	7.8	6.8
1982	23,924	21,709	2,215	9.3	8.2
1983	24,752	22,073	2,670	10.8	8.6
1984	29,212	26,953	2,259	7.7	6.3
1985	30,613	28,264	2,348	7.6	6.0

Source: Florida Department of Labor and Employment Security, Bureau of Research and Information, 1978-1985.

University of Florida, Bureau of Business and Economic Research, 1978-1984.

**ST. JOHNS COUNTY, FLORIDA  
TAXABLE ASSESSED PROPERTY VALUATIONS**

<u>Year</u>	<u>Non-Exempt Real Property Valuations</u>	<u>Non-Exempt Personal Valuations</u>	<u>Non-Exempt Utilities Railroads</u>	<u>Total Taxable Assessed Property Valuations</u>
1977	\$ 588,705,978	\$ 62,714,130	\$ 6,377,056	\$ 657,797,164
1978	628,833,959	65,572,400	7,534,157	701,940,516
1979	667,457,915	72,027,005	7,784,257	757,269,177
1980	732,710,802	89,720,340	9,631,143	832,062,285
1981	815,236,870	104,378,309	7,857,790	927,472,969
1982	1,126,962,798	102,451,844	10,138,271	1,259,552,913
1983	1,223,400,247	144,639,034	12,030,202	1,380,069,483
1984	1,385,119,864	164,540,508	12,110,455	1,561,770,827
1985	1,672,143,342	185,401,615	8,022,393	1,895,567,350

Source: St. Johns County, Florida, Office of the Property Appraiser.

**ST. JOHNS COUNTY, FLORIDA  
AD VALOREM TAX LEVIES AND COLLECTIONS**

<u>Year</u>	<u>County- Wide Base Millage</u>	<u>Property Taxes Levied</u>	<u>Tax Discount Table (1)</u>	<u>Total Tax Collections(2)</u>	<u>% of Levy Collected(3)</u>	<u>Delinquent Tax Uncollected</u>
1980		\$12,923,730		\$12,703,385	98.30%	\$220,345
1981		16,539,045		16,208,819	98.00	330,226
1982		19,836,859		19,635,820	98.99	201,039
1983		23,677,638		23,320,383	98.49	357,255
1984		25,229,244		24,805,582	98.32	423,622
1985		31,295,519		31,042,190	99.19	253,329

Source: Tax collector, St. Johns County

- (1) Aggregate amount of discounts actually taken by taxpayers as allowed by Florida law. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter.
- (2) Aggregate amount of tax collections as of close-out of fiscal year ending September 30. Total tax collections include current taxes paid, tax certificate proceeds, delinquent tax payments upon taxable personal property, and any prior period payments on County-held tax certificates.
- (3) Represents percentage of current gross collections (total collections plus discounts taken) to property taxes levied.

**ST. JOHNS COUNTY, FLORIDA  
SCHEDULE OF LONG-TERM DEBT**

<u>Issue Title</u>	<u>Amount Issued</u>	<u>Outstanding Principal</u>	<u>Pledged for Payment</u>
1966 General Obligation Bonds	\$1,300,000	\$ 440,000	ad valorem taxes
1967 Race Track and Jai Alai Fronton Revenue Bonds	2,000,000	1,180,000	race track and jai alai revenues
1973 Water and Sewer Revenue Bonds	350,000	306,572	water and sewer revenues
1981 Water Revenue Bonds	2,422,700	2,352,000	water revenues

1983 Jail and Criminal Justice Facilities Construction Bonds	5,000,000	4,775,000	ad valorem taxes
1984 and 1985 Water and Sewer Revenue Bonds	<u>4,649,700</u>	<u>4,049,000</u>	water and sewer revenues
<b>TOTAL BONDED INDEBTEDNESS</b>	\$15,722,400	\$13,102,572	

### **Police And Fire Protection**

St. Johns County is served by the Sheriff's Department, which has approximately 121 full and part-time employees including deputies, the detective division, communications, jail and administrative personnel. There are sixteen fire stations operating within the County, serviced by volunteers. The Fire Department operates a special rescue unit manned by trained emergency medical technicians.

### **Government**

St. Johns County has a five-member Board of Commissioners elected for staggered terms of four years. The Chairman and Vice-Chairman are elected by the Board. The Board apportions and levies County taxes and controls the expenditure of all County funds, except schools which are controlled by the Board of Public Instruction. The budget year of the County runs from October 1 to the following September 30. Operating revenue is raised from ad valorem taxes and real and personal property taxes, with supplements from state and federal sources for county roads, welfare and health. The Board operates a county road system and has power to establish, build, maintain, repair, protect and preserve these public facilities. The Board may issue bonds for all lawful purposes. The Board correlates and is responsible for various types of elections in the County. Other elected officials serving county-wide are a five-member Board of Public Instruction, a Superintendent of Public Instruction, a Property Appraiser, a Tax Collector, a Supervisor of Elections, a Sheriff, and a Clerk of the Circuit Court who is also Ex-Officio Clerk of the Board of County Commissioners. The Board appoints a County Administrator who serves at the will of the Board.

**APPENDIX B**

**Summary of Certain Provisions of the Resolution**

## SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The Resolution contains various covenants and security provisions, certain of which are summarized below. Such summaries do not purport to be complete and reference to the Resolution should be made for a full and complete statement thereof. Copies of the Resolution may be obtained from the office of the Clerk of the Circuit Court for the County, ex officio Clerk of the Board of County Commissioners of the County (the "Clerk").

### Resolution to Constitute Contract

The Resolution is declared to be and shall constitute a contract between the County and all Owners; and the covenants and agreements set forth in the Resolution to be performed by the County are and shall be for the equal benefit, protection and security of all Owners, all of which shall be of equal rank and without preference, priority or distinction of any of the Bonds over any other, except as provided in the Resolution.

### Bonds Mutilated, Destroyed, Stolen or Lost

In case any certificated Bond shall become mutilated, or be destroyed, stolen or lost, the County may in its discretion issue and deliver a new certificated Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Owner furnishing to the County satisfactory indemnity and complying with such other reasonable regulations and conditions as the County may prescribe and paying such expenses as the County may incur. All Bonds so surrendered shall be cancelled by the Clerk. If any such Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the County may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds shall constitute original, additional contractual obligations on the part of the County whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the Pledged Funds to the same extent as all other Bonds issued under the Resolution.

### Bonds Not to Be Indebtedness of County

Neither the Bonds nor the interest thereon shall be or constitute general obligations or indebtedness of the County as

"bonds" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from and secured by a prior lien upon and pledge of the Pledged Funds as provided in the Resolution. No Owner of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond or be entitled to payment of such Bond from any moneys of the County except from the Pledged Funds in the manner provided in the Resolution.

#### Security for Bonds

The payment of the principal of and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and prior lien upon the Pledged Funds. The County irrevocably pledges the Pledged Funds to the payment of the principal of and interest on the Bonds and to the payment into the Sinking Fund at the times provided of the sums required to secure to the Owners the payment of the principal thereof and interest thereon at the respective maturities of the Bonds so held by them.

#### Application of Bond Proceeds

The proceeds derived from the sale of the Bonds, including accrued interest and premium, if any, shall, simultaneously with the delivery of the Bonds to the Underwriter, be deposited by the County in a special account in an Authorized Depository and applied by the County as follows:

(A) To the extent not paid or reimbursed by the Underwriter, all costs and expenses in connection with the issuance and sale of the Bonds, including without limitation bond insurance premium and the fees and expenses of accountants, attorneys and financial advisors, shall be paid by the County to those Persons who shall be entitled to receive the same.

(B) Accrued interest shall be deposited in the Interest Account.

(C) A sum which shall equal the amount necessary to prepay in full the Refunded Notes shall be paid to the owner thereof, First Union National Bank of Florida, St. Augustine, Florida.

(D) A sum which, together with all moneys held by the County or the paying agent for the payment of the principal of and interest on the Refunded Bonds, shall be sufficient to pay in full the outstanding principal amount of the Refunded Bonds and premium, if any, and interest accrued and to accrue thereon to the earliest date that the Refunded Bonds may be refunded in accordance with their terms, shall be deposited with the Trustee under the Escrow Deposit Agreement.

(E) The balance shall be deposited in the Reserve Account.

No use will be made of the proceeds of the Bonds which, if such use were reasonably expected on the date of issuance of the Bonds, would cause the same to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1954, as amended, and all valid and applicable rules and regulations promulgated thereunder. The County will at all times while the Bonds and the interest thereon shall remain outstanding and unpaid comply with the requirements of Section 103(c) of the Internal Revenue Code of 1954, as amended, and all valid and applicable rules and regulations promulgated thereunder.

#### Refunding

Simultaneously with the delivery of the Bonds to the Underwriter, the County shall apply a sufficient portion of the proceeds of the Bonds to the prepayment of the outstanding principal of and interest on the Refunded Notes to effectuate the immediate retirement, discharge and defeasance of the Refunded Notes, and the County will enter into the Escrow Deposit Agreement with the Trustee. At such time of execution of the Escrow Deposit Agreement, the County will furnish to the Trustee appropriate documentation to demonstrate that the sum then being deposited with the Trustee shall be sufficient to produce the moneys required to make all payments described in the Escrow Deposit Agreement for the full and complete refunding, discharge and defeasance of the Refunded Bonds.

#### Covenants of the County

So long as any of the principal of or interest on any of the Bonds shall be outstanding and unpaid, or until provision for payment thereof shall have been made in the manner provided in the Resolution for defeasance, the County covenants with the Owners as follows:

(A) Revenue Fund. The County covenants and agrees that on or before the Issuance Date, it will establish with an Authorized Depository and maintain so long as any of the Bonds are outstanding, a special account to be known as the "St. Johns County Local Government Half-cent Sales Tax Revenue Fund." Into the Revenue Fund the County shall deposit promptly as received all Pledged Funds. All moneys on deposit at any time in the Revenue Fund shall be applied by the County only for the purposes and in the manner and order specified in the Resolution.

(B) Disposition of Revenues. The County covenants and agrees to establish with an Authorized Depository, a special account to be known as the "St. Johns County Refunding Revenue Bonds Sinking Fund." For accounting purposes, the County shall report

Sinking Fund transactions through four accounts therein: the Interest Account, the Principal Account, the Term Bonds Retirement Account and the Reserve Account. All moneys at any time remaining on deposit in the Revenue Fund shall be applied by the County on or before the twenty-fifth day of each month, commencing in the month immediately following the Issuance Date, only in the following manner and in the following order of priority:

(1) After appropriate adjustment for the amount of accrued interest deposited therein from Bonds proceeds, to deposit in the Interest Account the sum which, together with any investment earnings in the Interest Account not theretofore allocated to supplement any previous monthly deposit to the credit of the Interest Account, will be sufficient to pay one-sixth ( $1/6$ ) of all interest becoming due on the Bonds on the next semiannual interest payment date, plus the full balance of any continuing deficiencies in prior deposits to the Interest Account, and

(2) To deposit in the Principal Account the sum which, together with any investment earnings in the Principal Account not theretofore allocated to supplement any previous monthly deposit to the credit of the Principal Account, will be sufficient to pay one-twelfth ( $1/12$ ) of the principal amount of all Serial Bonds maturing in the current Bond Year, if any, plus the full balance of any continuing deficiencies in prior deposits to the Principal Account, and

(3) To deposit in the Term Bonds Retirement Account a sum which will be sufficient to pay one-twelfth ( $1/12$ ) of the Amortization Installment, if any, for the then current Bond Year, plus the full balance of any continuing deficiencies in prior deposits to the Term Bonds Retirement Account, and

(4) To deposit in the Reserve Account, to the extent that moneys remaining in the Revenue Fund shall be available, such sum as will be necessary to maintain in the Reserve Account the amount which shall be required to be maintained therein.

Moneys in the Interest Account shall be used to pay interest on the Bonds as and when the same shall become due, and for no other purpose. Moneys in the Principal Account shall be used to pay the principal of the Bonds as and when the same shall mature, or upon the redemption of all of the Bonds, and for no other purpose. Moneys in the Reserve Account shall be used to pay maturing principal of or interest on the Bonds when the moneys in the Interest Account, the Principal Account or the Term Bonds Retirement Account shall be insufficient therefor, or upon the redemption of all of the Bonds, and for no other purpose. No monthly deposit shall be made to the Reserve Account whenever the moneys therein shall equal or exceed the amount determined by the Board as provided in the next preceding paragraph, and the County shall not be required to make any further deposits to any account

in the Sinking Fund when the aggregate of the sums deposited in the several accounts in the Sinking Fund equals or exceeds the aggregate principal amount of all Bonds then outstanding and interest then accrued thereon and which shall thereafter accrue thereon to the maturity thereof.

To the extent that provision for the payment thereof shall not be made from the proceeds of the Bonds, the County shall pay the reasonable fees and charges of the Registrar and paying agents for the Bonds, from time to time as the same shall be incurred, out of moneys in the Revenue Fund.

Moneys in the Term Bonds Retirement Account shall be used only for the purpose of (i) paying Term Bonds at maturity or retiring the same prior to maturity by optional redemption or by purchase in the open market at purchase prices not exceeding the respective optional redemption prices applicable at the dates of purchase, or (ii) purchasing or redeeming Term Bonds for which mandatory redemption shall be required. If any Term Bonds shall be purchased or redeemed at prices exceeding the principal amount thereof, the amount of such excess shall be transferred from the Reserve Account and deposited to the Term Bonds Retirement Account for the purpose of accomplishing such purchase or redemption; and, any provision of the Resolution to the contrary notwithstanding, the next succeeding monthly transfer of Revenue Fund moneys for deposit to the Reserve Account shall be increased by the full amount of such transfer from the Reserve Account to the Term Bonds Retirement Account, but only to the extent of the amount which shall be required to be maintained in the Reserve Account as aforesaid.

(5) The balance of any moneys remaining in the Revenue Fund on the twenty-fifth day of each month after all of the above-required transfers and deposits shall have been made shall be withdrawn from the Revenue Fund and deposited in the general fund of the County and may be used by the County for any lawful county purpose.

(6) The Revenue Fund and the Sinking Fund and all other special funds and accounts created and established in the Resolution shall constitute trust funds for the purposes provided in the Resolution. The Resolution creates a lien upon such funds and accounts in favor of the Owners until the moneys deposited therein shall have been applied in accordance with the Resolution.

The cash required to be accounted for in each of the foregoing funds and accounts may be deposited in a single bank account, and funds allocated to the various accounts may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash on deposit therein and such

investments for the various purposes of such funds and accounts as provided in the Resolution.

The designation and establishment of the various funds and accounts in and by the Resolution shall not be construed to require the establishment of any completely independent, self-balancing fund as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as provided in the Resolution.

All such moneys shall be continuously secured in the manner that county deposits are authorized to be secured by the laws of the State of Florida. The moneys in such funds and accounts may be invested and reinvested in Authorized Investments secured in the manner provided by the laws of the State of Florida. Moneys in the Reserve Account may be invested in Authorized Investments maturing no later than the final maturity date of the Bonds, and moneys in all other funds and accounts may be invested in Authorized Investments maturing not later than the respective dates on which such moneys shall be needed for the purposes provided in the Resolution. For the purpose of determining whether the amount in the Reserve Account is less than the sum required to be maintained therein, investments therein are to be valued at the market value thereof.

Any and all income received by the County from the investment of moneys in the Principal Account shall be deposited in the Principal Account; and any and all income received by the County from the investment of moneys in the Interest Account shall be deposited in the Interest Account. Such earnings deposited in the Principal Account and the Interest Account shall be applied to equivalent reductions in the monthly deposits to such accounts required pursuant to the Resolution. Any and all income received by the County from the investment of moneys in the Revenue Fund, the Reserve Account and the Term Bonds Retirement Account shall be deposited by the County in the Revenue Fund.

(C) Operation of Term Bonds Retirement Account. Moneys held for the credit of the Term Bonds Retirement Account shall be applied by the County to the retirement of outstanding Term Bonds in the following manner:

(1) The County may purchase, if available, Term Bonds of such series then outstanding, at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal of such Term Bonds and the redemption premium which would be applicable if such Term Bonds were then being redeemed under paragraphs (2) or (3) below. The County will pay the interest accrued on such Term Bonds to the date of purchase thereof

from the Interest Account and pay the purchase price for such Term Bonds from the Term Bonds Retirement Account.

(2) The County may call for redemption, according to the applicable redemption provisions of the Resolution, on each interest payment date on which Term Bonds of such series are subject to redemption from moneys in the Term Bonds Retirement Account, such amount of such series of Term Bonds then subject to redemption as may exhaust, as nearly as may be practicable, the money then held in the Term Bonds Retirement Account for the retirement of the Term Bonds of such series. Prior to calling Term Bonds for redemption, the County shall withdraw from the Interest Account and from the Term Bonds Retirement Account and set aside in a separate account for deposit with the paying agents the respective amounts required to pay the interest on and the principal of the Term Bonds to be redeemed pursuant to this paragraph.

(3) The County shall call for mandatory redemption, according to the applicable redemption provisions of the Resolution, on the final day of each Bond Year for which an Amortization Installment has been established for any series of Term Bonds outstanding, Term Bonds of such series equal to the lesser of such Amortization Installment or the aggregate principal amount of all of the Term Bonds of such series then remaining outstanding; and if the amount available in the Term Bonds Retirement Account and the Reserve Account in such Bond Year shall be insufficient for the redemption of all such Term Bonds of all series, then pro rata among all series then outstanding which shall have Amortization Installments for such Bond Year, proportionately according to the amounts of such Amortization Installments, to the extent of the moneys available in such Accounts. The County may take credit against the amount of Term Bonds of any series required by this paragraph to be redeemed in any Bond Year for any amount of Term Bonds of such series which shall have been retired by the County pursuant to the provisions of paragraphs (1) or (2) above and for which the County shall not have previously taken such credit. If the County shall at any time be unable to exhaust moneys in the Term Bonds Retirement Account applicable to the Term Bonds of any series under the provisions of this clause or by the purchase of such Term Bonds under the provisions of paragraph (1) above, such money or the balance of such money, as the case may be, shall be retained in the Term Bonds Retirement Account and, as soon as it shall be feasible, applied to the retirement of Term Bonds of such series. Any balance remaining on deposit to the credit of the Term Bonds Retirement Account, other than money required to be retained therein for compliance with this paragraph, may be applied to the retirement of such Term Bonds as the County in its sole discretion shall determine, but only, in the case of the redemption of Term Bonds of any

series, in such amounts and on such terms as may be provided in the resolution authorizing the issuance of the Term Bonds of such series.

(4) Amortization Installments required to be deposited to the Term Bonds Retirement Account for the amortization of the principal of Term Bonds, together with any deficiencies in prior deposits for Amortization Installments, shall be deposited by the County in such amounts and on such dates and in such years as shall have been provided by the Resolution, and with respect to Term Bonds hereafter issued as Additional Bonds as shall be stated in a resolution of the County adopted on or prior to the delivery of such Additional Bonds.

All expenses incurred by the County in connection with any such purchase or redemption of Term Bonds shall be paid by the County from moneys in the Revenue Fund.

(D) Compliance with Part VI, Chapter 218, Florida Statutes. The County covenants and agrees that it will comply with all of the provisions of Chapter 218, Part VI, Florida Statutes, as amended, and all applicable regulations thereunder, in order that the County shall at all times receive the maximum allocation which it may be entitled to receive from the Local Government Half-cent Sales Tax Clearing Trust Fund. The County shall not knowingly acquiesce in any attempt to eliminate or reduce the rate of the Sales Tax or the base upon which it is imposed, if such reduction will result in diminishing the Sales Tax proceeds to be received by the County in each future Fiscal Year below an amount equal to 1.25 times the principal of and interest on the Bonds falling due in that year, and will vigorously resist all such attempts by others to eliminate or reduce the same. The County shall comply at all times with the eligibility requirement for participation in the Sales Tax enumerated in Section 218.63, Florida Statutes. If for any reason the Sales Tax proceeds are found not legally sufficient to produce the full amount of Sales Tax proceeds which such tax might produce in order to meet all the requirements of the Resolution, the County covenants that to the extent permitted by law it will take all action reasonably practicable and feasible to cause the same to be replaced by another equivalent source of available non ad valorem revenues and will dedicate such revenues to the replacement of the Pledged Funds, to the extent necessary.

(E) Issuance of Other Obligations. The County covenants and agrees that while any Bonds shall be outstanding it will not issue any other obligations payable from or secured by the Pledged Funds or any part thereof unless the conditions set forth in the Resolution shall be met, or unless the lien of such obligations is junior and subordinate in all respects to the lien of the Bonds.

The County shall have the right to finance projects by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from the Pledged Funds and any other security pledged to the Bonds, provided in each instance that:

(a) The County is in compliance with all covenants and undertakings of the County (i) contained in the Resolution, in connection with all Bonds then outstanding and (ii) made with respect to any other bonds or other obligations of the County payable from the Pledged Funds or any part thereof and has not been in default as to any payments required to be made under the Resolution during at least the next preceding 24 months, or if at such time the Bonds shall not have been outstanding for 24 months then for the period that the Bonds shall have been outstanding.

(b) There shall have been obtained and filed with the County in the minutes of the Board a statement of an independent certified public accountant of suitable experience and responsibility: (i) stating that he has examined the books and records of the County relating to the collection and receipt of the Pledged Funds; (ii) setting forth the amount of the Pledged Funds received by the County for any twelve (12) consecutive month period within the eighteen (18) consecutive months immediately preceding the date of the issuance of the additional parity bonds with respect to which such statement is made; and (iii) stating that the aggregate amount of the Pledged Funds for such twelve (12) consecutive month period equals or exceeds one hundred twenty-five per centum (125%) of the maximum amount required in any subsequent Fiscal Year for the payment of the principal of and interest on Bonds and additional parity bonds previously issued then outstanding and the additional parity bonds with respect to which such statement is made. If during such twelve (12) consecutive month period the moneys allocated to the County from the Local Government Half-cent Sales Tax Clearing Trust Fund shall have increased pursuant to applicable legislation permitting the pledging of such increase in the manner provided in the Resolution, the amount of the Pledged Funds stated for such twelve (12) consecutive month period may be adjusted to reflect an amount which would have been allocated to the County had such increased rate been in effect throughout the entire term of such twelve (12) consecutive month period.

The County shall have the right to issue one or more additional series of bonds which shall be junior and subordinate in all respects to the lien of the Bonds and which, if expressly provided by the resolution authorizing the issuance thereof, shall achieve parity with the Bonds, in all respects, at such time as (i) the conditions prescribed in paragraph (a) above shall prevail and (ii) there shall have been obtained and filed with the County in the minutes of the Board a statement of an independent certified public accountant containing the statements specified in paragraph (b) above and demonstrating that the County shall have received

for a period of twelve (12) consecutive months an aggregate amount of Pledged Funds equal to or exceeding one hundred twenty-five per centum (125%) of the maximum amount required in any subsequent Fiscal Year for the payment of the principal of and interest on the Bonds and additional parity bonds previously issued then outstanding and the principal of and the interest on the formerly junior and subordinate bonds which shall then be achieving parity therewith; and if during such twelve (12) consecutive month period the moneys allocated to the County from the Local Government Half-cent Sales Tax Clearing Trust Fund shall have increased pursuant to applicable legislation permitting the pledging of such increase in the manner provided in the Resolution, the amount of the Pledged Funds for such twelve (12) consecutive month period may be adjusted, for the purpose of junior and subordinate obligations achieving parity status with the Bonds, to reflect an amount which would have been allocated to the County had such increased rate been in effect throughout the entire term of such twelve (12) consecutive month period.

The County covenants and agrees that each additional series of bonds which shall be issued on a parity with the Bonds or shall achieve parity therewith after issuance shall mature on the final day of each Bond Year in which such series shall have Bonds maturing; and that the County will adjust the required deposits into the Sinking Fund and the maximum amount required to be maintained in the Reserve Account therein, on the same basis as prescribed for the Bonds, to reflect the debt service on the additional bonds. If in any subsequently issued series of bonds secured by a parity lien on the Pledged Funds it is provided that excess revenues shall be used to redeem bonds in advance of scheduled maturity, or if the County at its option undertakes to redeem outstanding bonds in advance of scheduled maturity, the County covenants that calls of bonds will be applied to each series of bonds on an equal pro rata basis (reflecting the proportion that the amount originally issued of each series bears to the amount originally issued of each of the other series) to the extent that this may be accomplished in accordance with the call provisions of the respective bond series, but the County shall have the right to call any or all outstanding bonds which may be called at par prior to calling any bonds that are callable at a premium.

(F) Records and Audits. The County shall keep books and records of the Pledged Funds, which such books and records shall be kept separate and apart from all other books, records and accounts of the County, and any Owner shall have the right, at all reasonable times, to inspect such books and records.

So long as any of the Bonds shall be outstanding, the County will furnish on or before one hundred eighty (180) days after the close of each Fiscal Year, to any Owner who shall request the same in writing, copies of an annual audit report prepared by an independent certified public accountant or an

auditing official of the State of Florida, covering for the preceding Fiscal Year, in reasonable detail, the record of the County's receipts of Pledged Funds.

(G) Fidelity Bond. The County will require each employee who may have possession of any Pledged Funds to be covered by a fidelity bond written by a responsible indemnity company in an amount fully adequate to protect the County from loss.

(H) Creation of Superior Liens. The County covenants that it will not issue any other notes, bonds, certificates or obligations of any kind or nature or create or cause or permit to be created any debt, lien, pledge, assignment or encumbrance or charge payable from or enjoying a lien upon any of the Pledged Funds ranking prior and superior to the lien created by the Resolution for the benefit of the Bonds.

(I) No Impairment of Contract. The County has full power and authority to irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Bonds. The County shall take all actions and pursue such legal remedies as may be available to it either in law or in equity to prevent or cure any substantial impairment of the pledge of the Pledged Funds made by the Resolution.

(J) Arbitrage. The County covenants that it will not knowingly make any investments or acquiesce in the making of any investments by any depository pursuant to or under the provisions of the Resolution which could cause the Bonds to be "arbitrage bonds" within the meaning of Section 103(c)(2) of the Internal Revenue Code of 1954, as amended, and the applicable regulations issued thereunder, and any and all successor, replacement or additional provisions thereof which may become effective (or which shall be included in pending legislation), compliance with which is (or, with respect to pending legislation, would be if enacted in the law) necessary to maintain the exemption of interest on the Bonds from federal income taxation (collectively, the "Internal Revenue Code"). The County covenants that it shall pay any rebate amount required to be paid on behalf of the County to the U.S. Treasury pursuant to the Internal Revenue Code. The County shall take the following actions to provide for payment to the U.S. Treasury pursuant to Section 103(c) of the Internal Revenue Code:

(1) Unless the County is furnished with an opinion of counsel, which counsel's legal and tax opinion on municipal bond issues is nationally recognized ("Bond Counsel"), to the effect that failure to make such determinations will not adversely affect the tax-exempt status of the Bonds, either the County, or Bond Counsel employed by the County, shall make a determination on behalf of the County of the amount required to be paid to the

U.S. Treasury at least every year (as of the anniversary of the date of issue of the Bonds) and upon the final payment of the Bonds.

(2) An amount equal to the amount to be paid pursuant to paragraph (1) above shall be placed into a special account, which shall be held for the sole benefit of the U.S. Treasury and shall not be or be deemed to be a pledged fund (and no moneys deposited therein shall be or deemed to be Pledged Funds). The County shall promptly deposit into the special account any deficiency in such amount.

(3) The County shall make payment to the U.S. Treasury from the special account on the dates and in the manner required by law.

(4) The County shall take any additional action required to be taken pursuant to the nonarbitrage certificate, or other instructions from Bond Counsel, delivered in connection with or subsequent to the issuance and sale of the Bonds.

(5) The County shall keep records of the determinations made until six years after the final payment on the Bonds. The County shall keep adequate records, including any necessary certifications, to evidence the fair market value of any investments purchased with Bond proceeds.

(K) Events of Default and Remedies. If one or more of the following events, called "Events of Default," shall happen, that is to say, in case:

(1) default shall be made in the payment of the principal or redemption price of any Bond when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(2) default shall be made in the payment of any installment of interest on any Bond when and as such installment of interest shall become due and payable; or

(3) default shall be made by the County in the performance of any obligations in respect of the Reserve Account and such default shall continue for 30 days thereafter; or

(4) the County shall (1) admit in writing its inability to pay its debts generally as they become due, (2) file a petition in bankruptcy or take advantage of any insolvency act, (3) make an assignment for the benefit of its creditors, (4) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (5) be adjudicated a bankrupt; or

(5) a court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver of the Pledged Funds, or of the whole or any substantial part of the County's property, or approving a petition seeking reorganization of the County under the federal bankruptcy laws or any other applicable law or statute of the United States of America or the State of Florida pertaining to bankruptcy or insolvency, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof; or

(6) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Pledged Funds or of the County or of the whole or any substantial part of the County's property, and such custody or control shall not be terminated or stayed within 60 days from the date of assumption of such custody or control; or

(7) the County shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolution on the part of the County to be performed, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given the County by the Owners of not less than 25% in principal amount of the Bonds then outstanding;

then in each and every such case any Owner of the Bonds affected by the Event of Default and then outstanding or an agent or trustee therefor may proceed to protect and enforce its rights and the rights of the Owners by a suit, action or special proceeding in equity or at law, by mandamus or otherwise, either for the specific performance of any covenant or agreement contained in the Resolution or in aid or execution of any power granted in the Resolution or for any enforcement of any proper legal or equitable remedy (including the appointment of a receiver) as said Owner or Owners shall deem most effectual to protect and enforce the rights aforesaid.

No remedy conferred upon or reserved to the Owners by the Resolution is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute.

No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by

the Resolution to the Owners may be exercised from time to time, and as often as may be deemed expedient.

Nothing in the Resolution contained, however, shall be construed to grant to any Owner any right to or lien on any property or income of the County or situated within its territorial limits except the Pledged Funds.

(L) Modification or Amendment. The County may, from time to time and at any time, adopt resolutions supplemental to or amendatory of the Resolution without the consent of the Bondowners for any of the following purposes:

(1) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in the Resolution, as supplemented, or to clarify any matters or questions arising under the Resolution.

(2) To grant to or confer upon the Bondowners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondowners.

(3) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of the Resolution other conditions, limitations and restrictions thereafter to be observed.

(4) To add to the covenants and agreements of the County in the Resolution other covenants and agreements thereafter to be observed by the County or to surrender any right or power reserved to or conferred upon the County by the Resolution.

(5) To specify and determine any matters and things relative to the Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect.

No other modification or amendment of the Resolution or of any resolution amendatory thereof or supplemental thereto may be made without the consent in writing of the Owners 51% or more in principal amount of the Bonds then outstanding, but no modification or amendment of the Resolution or of any resolution amendatory thereof or supplemental thereto which shall be approved by the Insuror shall require such consent of Bondowners; provided, however, that no modification or amendment shall permit a change in the maturity of the Bonds or a reduction in the rate of interest thereon or in the amount of principal obligation thereof or affecting the promise of the County to pay the principal of and interest on the Bonds as the same shall become due from the Pledged Funds or reduce the number of such Bonds the written consent of the Owners of which are required for such modifications or amendments which shall be permissible under the Resolution.

## Defeasance

If, at any time, the County shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to the Bonds or any portion thereof, then, and in that event, the pledge of and lien on the Pledged Funds in favor of the Owners of such Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit by the County of Federal Securities or bank certificates of deposit fully secured as to principal and interest by Federal Securities (or deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance) in irrevocable trust with a banking institution or trust company, for the sole benefit of the Owners of such Bonds, in respect to which such Federal Securities or certificates of deposit, the principal and interest received will be sufficient to make timely payment of the principal of and interest and redemption premiums, if any, on such Bonds, shall be considered "provision for payment." Nothing contained in the Resolution shall be deemed to require the County to call any of the outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the County in determining whether to exercise any such option for early redemption.

DG1/SJSCRS1

**APPENDIX C**

**Financial Statements and Auditor's Report**

**APPENDIX D**

**Form of Insurance Policy**

APPENDIX E

Form of Legal Opinion

\_\_\_\_\_, 1986

The Honorable Chairman and Members  
of the Board of County Commissioners  
St. Johns County, Florida

Ladies and Gentlemen:

We have examined the Constitution and statutes of the State of Florida, particularly Part I, Chapter 125, Florida Statutes (1986), certified copies of the proceedings of the Board of County Commissioners of St. Johns County, Florida (the "Issuer"), authorizing the issuance by the Issuer of its Refunding Revenue Bonds hereinafter more particularly described (the "Bonds") in the principal amount of \$5,000,000, and other proofs submitted relative to the authorization, issuance and sale of and the security for the Bonds, more particularly described as follows:

\$5,000,000  
ST. JOHNS COUNTY, FLORIDA  
REFUNDING REVENUE BONDS  
Dated as of October 1, 1986

Fully registered bonds in denominations of \$5,000 and integral multiples thereof; bearing interest payable semiannually on April 1 and October 1 of each year commencing April 1, 1987; and consisting of \$\_\_\_\_\_ term bonds maturing October 1, \_\_\_\_\_ (the "Term Bonds") and \$\_\_\_\_\_ serial bonds maturing on October 1 in the years and amounts and bearing interest at the rates as follows:

The Honorable Chairman and Members  
of the Board of County Commissioners  
\_\_\_\_\_, 1986

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<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
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All Bonds maturing on and after October 1, 19\_\_, shall be subject to redemption prior to their stated dates of maturity, at the option of the Issuer, on and after October 1, 19\_\_, as a whole at any time on or after \_\_\_\_\_, 19\_\_, or in part, in inverse order of maturity or by lot within a maturity, on \_\_\_\_\_, 19\_\_, or on any interest payment date thereafter, at the redemption prices and in the manner stated in the Bonds.

The Term Bonds are subject to mandatory redemption on October 1, 19\_\_ and on each October 1 thereafter, prior to maturity, from moneys in the Term Bonds Retirement Account established by the Resolution hereinafter described and in the principal amounts corresponding to the Amortization Installments established by said Resolution, in accordance with the terms of said Resolution, by lot in such manner as the Issuer shall deem to be appropriate, at the redemption price of par plus interest accrued to the redemption date and in the manner stated in the Bonds.

The Bonds are issued pursuant to Resolution No. 86-132 duly adopted by the Board of County Commissioners of the Issuer on September 30, 1986, as amended and supplemented (the "Resolution"), to provide financing of the cost of refunding certain outstanding obligations of the Issuer described in the Resolution.

The principal of and interest on the Bonds are payable solely from and secured by a prior lien upon and a pledge of moneys allocated to the Issuer from the Local Government Half-cent Sales Tax Clearing Trust Fund pursuant to the provisions of Part VI, Chapter 218, Florida Statutes, as amended, in the manner provided in the Resolution.

We are of the opinion that:

1. The Issuer is a political subdivision created and existing under and by virtue of the laws of the State of Florida.
2. The Issuer had and has good right and lawful authority under the Constitution and the laws of the State of Florida to adopt the Resolution and to authorize the issuance of the Bonds; the Resolution has been duly adopted by the Issuer, is in full force and effect and constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms (subject as to enforceability of any remedies to any applicable bankruptcy or insolvency laws or other laws affecting creditors' rights generally, from time to time in effect); and the Issuer has duly authorized all necessary action to be performed in connection with the Bonds pursuant to the Resolution.
3. The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.
4. The Bonds and the interest thereon do not constitute a general indebtedness of the Issuer or a pledge of its faith and credit, but are payable solely from the special funds provided therefor in the manner provided in the Resolution. No holder of any of the Bonds shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay the Bonds or interest thereon or be entitled to payment of the Bonds or interest thereon from any moneys of the Issuer except such special funds described in the Resolution.
5. The Bonds and the interest thereon is exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, banks and savings associations as defined by Chapter 220, Florida Statutes.
6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds is exempt from all federal income taxation, except that interest on the Bonds is includable in the computation of adjustments to alternative minimum taxable income applicable to corporations based on book income or current earnings. We call to your attention that although the Issuer has covenanted to take such actions as may be necessary to maintain

The Honorable Chairman and Members  
of the Board of County Commissioners

, 1986

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the tax-exempt status of the Bonds, it is nevertheless possible that failure of the Issuer to make certain rebate payments to the United States Treasury could cause interest on the Bonds to become subject to federal income taxation.

Respectfully submitted,

SS7SCROLL1

October 16, 1986

PaineWebber Incorporated  
10th Floor  
1285 Avenue of the Americas  
New York, N.Y. 10019

Re: \$5,000,000 St. Johns County, Florida  
Refunding Bonds

Ladies and Gentlemen:

If the President has not signed H.R. 3838, 99th Congress, in the form reported by the Committee of Conference on September 18, 1986 in Report No. 99-841, prior to closing of the \$5,000,000 St. Johns County, Florida, Refunding Revenue Bonds, Foley & Lardner will deliver at closing an opinion supplemental to our approving opinion of bond counsel that if said H.R. 3838 were enacted, the Bonds would be obligations to which Section 103(a) of the Internal Revenue Code, as proposed to be amended by said H.R. 3838, would apply, the interest on which is excluded from gross income for federal income tax purposes, and that such interest would not be an item of tax preference for purposes of the alternative minimum tax on individuals and corporations. However, under H.R. 3838, a provision, applicable to corporations (as defined for federal income tax purposes) beginning in 1987, that would require an alternative minimum tax on a portion of the excess of adjusted net book income (certain earnings and profits for years after 1989) over pre-book alternative minimum taxable income, could subject interest on the Bonds received by corporations to such corporate alternative minimum tax.

This opinion is based on and assumes the accuracy of certain representations and certifications of St. Johns County, which we have not independently verified, and compliance with certain covenants of St. Johns County, all as contained in the Resolution defined in our said approving opinion of bond counsel and the Certificate as to Arbitrage to be obtained from the appropriate officials of St. Johns County. Certain of the requirements of H.R. 3838 must be complied with after issuance of the Bonds in

PaineWebber Incorporated  
October 16, 1986  
Page 2

order for the interest on the Bonds to be and continue to be exempt from taxation after the date of issuance. Noncompliance with such request could cause interest on the Bonds to be subject to federal income taxation retroactive to the date of issuance.

H.R. 3838 would adversely affect certain federal income tax deductions of certain financial institutions and property and casualty insurance companies which purchase any of the Bonds.

It cannot be known whether or in what form H.R. 3838 or other tax proposals may be enacted, and no opinion is expressed with respect thereto except as stated above with respect to H.R. 3838 in the form reported and recommended by the Committee of Conference in Report No. 99-841, dated September 18, 1986.

If the President does sign said H.R. 3838, then we will add to our proposed approving opinion of bond counsel, previously submitted, a statement to the effect that the Bonds are not private activity bonds.

October 8, 1986

First Union National Bank of Florida

P. O. Box 2080

Jacksonville, Florida 32231-0010

904-632-6811

Mr. Chuck Rosenthal  
Public Financial Management  
2000 Walnut Street  
Philadelphia, PA 19103

RE: St. Johns County Florida  
\$4,500,000 Notes

Dear Mr. Rosenthal:

This letter is to confirm our fee proposal for serving as Registrar and Paying Agent and Escrow Agent for the above referenced issues as follows:

1. An annual administration fee of \$1,000.00 due at closing and each anniversary date thereafter.
2. Reimbursement for all on-going out-of-pocket expenses including closing expenses.

Should you have any questions regarding this proposal, please do not hesitate to call me at (904) 632-7690.

Cordially,



William A. Lamm  
Asst. Vice President  
& Trust Officer

WAL: bgl