

RESOLUTION NO. 88-30

A RESOLUTION SUPPLEMENTING RESOLUTION NO. 88-29 OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, ADOPTED FEBRUARY 3, 1988, ENTITLED: "A RESOLUTION OF ST. JOHNS COUNTY, FLORIDA, PROVIDING FOR THE ACQUISITION, CONSTRUCTION AND RECONSTRUCTION OF CERTAIN ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE ROAD, BRIDGE AND OTHER TRANSPORTATION FACILITIES IN THE COUNTY; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$13,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF TRANSPORTATION IMPROVEMENT REVENUE BONDS, SERIES 1988, TO FINANCE THE COST OF SUCH PROJECT, FUND A DEBT SERVICE RESERVE AND PAY THE COSTS OF ISSUANCE OF SUCH BONDS; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS THE COUNTY'S PORTION OF THE PROCEEDS OF THE SIX-CENT LOCAL OPTION GAS TAX DISTRIBUTED TO ST. JOHNS COUNTY AND ITS MUNICIPALITIES, ALL MONEYS ON DEPOSIT IN AND INVESTMENTS HELD FOR THE CREDIT OF CERTAIN FUNDS CREATED HEREUNDER AND THE EARNINGS ON SUCH INVESTMENTS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE;" FOR THE PURPOSE OF ACCEPTING THE DISCLOSURE STATEMENT OF THE BOND PURCHASER AND AUTHORIZING A NEGOTIATED SALE OF THE SERIES 1988 BONDS AND THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT TO THE SERIES 1988 BONDS; FIXING THE DATE, MATURITIES, INTEREST RATES, AND REDEMPTION PROVISIONS FOR THE SERIES 1988 BONDS; RATIFYING THE ISSUER'S ACCEPTANCE OF THE INSURER'S COMMITMENT AND MAKING CERTAIN COVENANTS FOR THE BENEFIT OF THE INSURER; RATIFYING THE ISSUER'S ACCEPTANCE OF THE RESERVE INSTRUMENT PROVIDER'S COMMITMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A POLICY AGREEMENT; APPOINTING THE REGISTRAR AND PAYING AGENT FOR THE SERIES 1988 BONDS; RATIFYING THE ISSUER'S APPROVAL OF A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE SERIES 1988 BONDS AND AUTHORIZING A FINAL OFFICIAL STATEMENT WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. DEFINITIONS. The terms used in this resolution shall have the respective meanings assigned to them in the Original Instrument and in this Section, unless the text hereof clearly otherwise requires:

"Bond Counsel" shall mean Foley & Lardner, Jacksonville, Florida, bond counsel to the Issuer with respect to the issuance of the Series 1988 Bonds.

"Bond Year" shall mean the period commencing on the second day of October and ending on the first day of October in the next succeeding year. Each Bond Year shall be designated with the number of the calendar year in which such Bond Year commences.

"Original Instrument" shall mean Resolution No. 88-29 adopted by the Board on February 3, 1988, the title of which is quoted in the title of this resolution.

"Preliminary Official Statement" shall mean the document attached hereto as Exhibit A.

"Purchase Contract" shall mean the Bond Purchase Contract attached hereto as Exhibit B.

"Purchaser" shall mean Prudential-Bache Capital Funding, the purchaser of the Series 1988 Bonds.

"Series 1988 Bonds" shall mean \$12,475,000 principal amount of Series 1988 Bonds to be issued in accordance with the terms of the Original Instrument and this resolution.

SECTION 2. AUTHORITY FOR THIS RESOLUTION. This resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

SECTION 3. FINDINGS. It is hereby found and determined that:

(A) On February 3, 1988, the Board duly adopted the Original Instrument for the purpose of authorizing the acquisition and construction of the Initial Project and the issuance of the Series 1988 Bonds to pay a part of the Cost of the Initial Project.

(B) It is necessary, appropriate and in accordance with Section 2.02 of the Original Instrument that the Board adopt this supplemental resolution at this time in order to fix the date of the Series 1988 Bonds and their maturity dates, interest rates, redemption provisions and other terms, preparatory to the sale thereof to the Purchaser as herein authorized and provided.

(C) The Issuer has received from Financial Guaranty Insurance Company a commitment to provide a policy of municipal bond insurance with respect to the Series 1988 Bonds, a copy of which is attached hereto as Exhibit C, the Issuer has accepted said commitment, and it is now appropriate that such acceptance be approved, ratified and confirmed and that certain covenants be made for the benefit of the Insurer.

(D) The Issuer has received from Financial Guaranty Insurance Company a commitment to provide a Reserve Instrument in the amount of the Reserve Account Requirement for the Series 1988 Bonds, a copy of which is attached hereto as Exhibit D, the Issuer has accepted said commitment, and it is now appropriate that such acceptance be approved, ratified and confirmed and that the execution and delivery of a policy agreement be authorized.

(E) The Board is advised that due to the present volatility of the market for tax-exempt public obligations such as the Series 1988 Bonds, it is in the best interest of the Issuer to sell the Series 1988 Bonds by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Series 1988 Bonds and, accordingly, the Issuer does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Series 1988 Bonds be authorized. The Purchaser has offered to purchase the Series 1988 Bonds and has submitted to the Issuer the Purchase Contract expressing the terms of such offer; and the Board does hereby find and determine that it is in the best financial interest of the Issuer that the terms expressed in the Purchase Contract be accepted by the Issuer and that the Chairman or Vice Chairman and the Clerk or Deputy Clerk be authorized to execute its acceptance on the Purchase Contract.

(F) It is appropriate that the Issuer approve, ratify and confirm the distribution of a preliminary official statement for the purpose of acquainting potential investors with pertinent information with respect to the Issuer and the Series 1988 Bonds and that the Issuer authorize distribution of a final official statement contemporaneously with the issuance and delivery of the Series 1988 Bonds. For this purpose, the Preliminary Official Statement has been examined and approved by the staff of the Board and by its counsel and by Bond Counsel, and it is appropriate that such approval and the authorization of the distribution thereof be ratified and confirmed and that preparation and distribution of a final official statement be authorized in substantially the form of the Preliminary Official Statement, the final form thereof to be approved by the Chairman or the Clerk at any time prior to the issuance of the Series 1988 Bonds.

(G) It is necessary and appropriate that the Issuer appoint a registrar and a paying agent for the Series 1988 Bonds, and the institution hereinafter named is acceptable to the Issuer; and it appears to the Board that the same is qualified to serve as Registrar for the Series 1988 Bonds in accordance with the terms of the Original Instrument.

SECTION 4. SPECIFICATIONS. The Series 1988 Bonds shall be dated as of February 1, 1988, shall be in denominations of \$5,000 and integral multiples thereof, and shall bear interest from their date (payable on April 1, 1988, and semiannually thereafter on April 1 and October 1 in each year) at the rates per annum and mature on October 1, in the years and amounts as follows:

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>
1989	\$360,000	5.10	1996	\$535,000	6.50
1990	380,000	5.30	1997	565,000	6.70
1991	400,000	5.50	1998	605,000	6.80
1992	420,000	5.70	1999	645,000	6.90
1993	445,000	5.90	2000	690,000	7.00
1994	470,000	6.10	2001	740,000	7.10
1995	500,000	6.30	2002	790,000	7.20

\$4,950,000 7.625% Term Bonds Due October 1, 2007

The Series 1988 Bonds maturing prior to October 1, 1997 shall not be subject to redemption prior to maturity. Series 1988 Bonds maturing on October 1, 1997 or thereafter may be redeemed prior to maturity, at the option of the Issuer, as a whole on October 1, 1996 or on any date thereafter, or in part, on October 1, 1996 or on any interest payment date thereafter, from any source of available funds deposited with the Paying Agent on or before the date fixed for redemption, at a redemption price (plus accrued interest to the date fixed for redemption) equal, for each period indicated below, to the percentage of the principal amount thereof shown in the following table:

<u>Redemption Date</u> <u>(both dates inclusive)</u>	<u>Redemption Price</u>
October 1, 1996 to September 31, 1997	102%
October 1, 1997 to September 31, 1998	101
October 1, 1998 and thereafter	100

The Series 1988 Bonds maturing in the Year 2007 are designated as Term Bonds for which the following Amortization Installments shall be deposited in the Bond Amortization Account for mandatory redemption of such Series 1988 Bonds at a redemption

price equal to the principal amount of the Series 1988 Bonds to be redeemed plus accrued interest on October 1 in the following years:

<u>Years</u>	<u>Amortization Installments</u>
2003	\$ 850,000
2004	915,000
2005	985,000
2006	1,060,000
2007	1,140,000

The Series 1988 Bonds maturing on October 1, 2007 shall be subject to mandatory redemption prior to maturity in part out of moneys on deposit in the Bond Amortization Account, by lot in such manner as the Board shall determine, by application of Amortization Installments on October 1, 2009, and on each October 1 thereafter, at a redemption price equal to the principal amount of the Series 1988 Bonds to be redeemed plus accrued interest to the date of redemption, in the years and in the amounts corresponding to those stated in the foregoing table of Amortization Installments.

SECTION 5. ACCEPTANCE OF INSURANCE COMMITMENT. The Issuer's acceptance of the Insurer's commitment to provide municipal bond insurance is hereby approved, ratified and confirmed. For the purpose of complying with a condition of such commitment, the Issuer hereby covenants and agrees to furnish to the Insurer within thirty (30) days of the issuance of any debt obligations of the Issuer secured by the Pledged Funds, notice of such issuance and a copy of any disclosure document prepared in connection therewith and to furnish to the Insurer such additional information as the Insurer may from time to time reasonably request.

Until the Insurer shall notify the Issuer otherwise, the notice address for the Insurer is: Financial Guaranty Insurance Company, 175 Water Street, New York, New York 10038; Attention: President.

SECTION 6. ACCEPTANCE OF RESERVE INSTRUMENT COMMITMENT. The Issuer's acceptance of the Reserve Instrument Provider's commitment to provide a Reserve Instrument in the amount of the Reserve Account Requirement for the Series 1988 Bonds is hereby approved, ratified and confirmed. The execution and delivery of a policy agreement is hereby authorized.

SECTION 7. SALE OF THE BONDS. The Purchaser having filed with the Board its disclosure statement required by Section 218.385(4), Florida Statutes, as amended, a copy of which is attached hereto as Exhibit I to the Purchase Contract, the Series 1988 Bonds are hereby sold and awarded to the Purchaser at the

price, and on such other terms and conditions as are stated in the Purchase Contract. The Chairman or Vice Chairman and the Clerk or Deputy 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 Series 1988 Bonds in accordance with the provisions of the Purchase Contract.

SECTION 8. APPROVAL OF PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZATION OF FINAL OFFICIAL STATEMENT. The delivery of the Preliminary Official Statement to the Purchaser is hereby approved, ratified and confirmed, and a final official statement in substantially the form of the Preliminary Official Statement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or Vice Chairman or the Clerk or Deputy Clerk prior to the release thereof, is hereby authorized to be delivered by the Issuer to the Purchaser simultaneously with the issuance and delivery of the Series 1988 Bonds. The Chairman or Vice Chairman and the Clerk or Deputy Clerk are hereby authorized to evidence the Issuer's approval of the final official statement by either's endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations may be presumed from such endorsement upon any copy of such final official statement. Bond Counsel is hereby directed to furnish to the Division of Bond Finance of the Department of General Services of the State of Florida a copy of the final official statement, a notice of the impending sale of the Series 1988 Bonds and the other information required by Section 218.38, Florida Statutes, as amended, within the appropriate time periods specified by such section.

SECTION 9. AUTHORIZATION OF EXECUTION OF OTHER CERTIFICATES AND OTHER INSTRUMENTS. The Chairman or Vice Chairman and the Clerk or Deputy Clerk are hereby authorized and directed, either alone or jointly, under the official seal of the Issuer, to execute and deliver certificates of the Issuer certifying such facts as the Board's counsel or Bond Counsel shall require in connection with the issuance, sale and delivery of the Series 1988 Bonds, and to execute and deliver the Series 1988 Bonds and such other instruments as shall be necessary or desirable to perform the Issuer's obligations under the Original Instrument, this resolution and the Purchase Contract and to consummate the transactions contemplated thereby.

SECTION 10. REGISTRAR AND PAYING AGENT. Florida National Bank, St. Petersburg, Florida, is hereby appointed as Registrar under the Original Instrument, to serve as registrar and paying agent for the Series 1988 Bonds; and the Chairman or Vice Chairman and the Clerk or Deputy Clerk are hereby authorized to execute

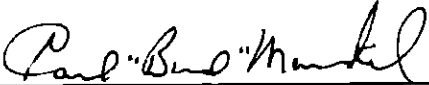
and deliver on behalf of the Issuer a Registrar and Paying Agency Agreement in substantially the form attached as Exhibit E hereto.

SECTION 11. EFFECTIVE DATE. This resolution shall become effective immediately upon its adoption.


PASSED, APPROVED AND ADOPTED this third day of February, 1988.

(SEAL)

ATTEST:



Clerk, Board of County
Commissioners



Chairman, Board of County
Commissioners

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Exhibit A

Preliminary Official Statement

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 28, 1988

RATINGS: Moody's: Aaa
Standard & Poor's: AAA
("Financial Guaranty" Insured)
(See "Bond Ratings" herein)

NEW ISSUE

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, assuming compliance with certain covenants in the Resolution described herein, interest on the Bonds is excluded from gross income for federal income tax purposes, 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, as amended. See, however, "TAX EXEMPTION" herein for a description of certain federal minimum and other special taxes that may affect the tax treatment of interest on the Bonds.

\$12,475,000*

ST. JOHNS COUNTY, FLORIDA
Transportation Improvement Revenue Bonds, Series 1988

Dated: February 1, 1988

Due: October 1, as shown below

The Bonds are being issued as fully registered bonds in denominations of \$5,000 each and integral multiples thereof. Interest on the Bonds (first payment due April 1, 1988 and semiannually on each April 1 and October 1 thereafter) will be payable by check or draft of Florida National Bank, St. Petersburg, Florida, as Registrar and Paying Agent, made payable and mailed to the registered owner, as shown on the registration books kept by the Registrar 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, when due, at the principal corporate trust office of the Paying Agent.

The Bonds are being issued for the purposes of: (i) acquiring, constructing and reconstructing certain additions, extensions and improvements to the road, bridge and other transportation facilities in the County, and (ii) paying certain costs and expenses (including the municipal bond insurance premium and the Reserve Account insurance premium) relating to the issuance of the Bonds.

The Bonds and interest thereon are payable solely from and secured by a lien upon and pledge of the payments received by the County representing its portion of the collections of the Local Option Gas Tax pursuant to and in the manner authorized by the provisions of Section 336.025, Florida Statutes (1987), and, until applied in accordance with the provisions of the Resolution, all moneys deposited in the Restricted Revenue Account and all moneys deposited in and investments held for the credit of the Debt Service Fund, and all earnings derived from such investments.

The Bonds are subject to redemption prior to maturity as described herein.

Neither the Bonds nor the interest thereon constitute general indebtedness of the County within the meaning of any constitutional or statutory provision or limitation and neither the faith nor credit of the County is pledged for their payment. No owner of any Bond shall ever have the right to compel the exercise of the ad valorem taxing power of the County to pay such Bond, or for any other payments required by the Resolution. The Bonds and the obligations evidenced by the Resolution shall not constitute a lien upon any real or personal property owned by or situated within the territorial limits of the County, but shall constitute a lien only upon and shall be payable solely from the Pledged Funds in the manner provided in the Resolution.

Payment of principal of and interest on the Bonds, when due, will be guaranteed by a municipal bond insurance policy to be issued by Financial Guaranty Insurance Company simultaneously with the delivery of the Bonds. (See "The Municipal Bond Insurance Policy" herein.)

Certain payments (up to a stated maximum) with respect to the Reserve Account Requirement will be guaranteed by a Reserve Account insurance policy to be issued by Financial Guaranty Insurance Company simultaneously with the delivery of the Bonds. (See "Reserve Account" herein.)



Service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. government agency.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES*
Serial Bonds

Year	Principal Amount	Interest Rate	Price or Yield	Year	Principal Amount	Interest Rate	Price or Yield
1989	\$355,000			1996	\$530,000		
1990	375,000			1997	570,000		
1991	395,000			1998	605,000		
1992	415,000			1999	645,000		
1993	445,000			2000	690,000		
1994	470,000			2001	740,000		
1995	500,000			2002	790,000		

\$4,950,000 % Term Bonds Due October 1, 2007 Price %

(Plus Accrued Interest from February 1, 1988)

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approving 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 and for the Underwriter by Cobb & Cole, Daytona Beach, 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 February 17, 1988.

Prudential-Bache Capital Funding

*Preliminary; subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These Securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

ST. JOHNS COUNTY, FLORIDA

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Lawrence O. Hartley, Chairman

Sarah W. Bailey

Francis N. Brubaker

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

\$12,475,000*
ST. JOHNS COUNTY, FLORIDA
TRANSPORTATION IMPROVEMENT REVENUE BONDS, SERIES 1988

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 Transportation Improvement Revenue Bonds, Series 1988 (the "Bonds") in the aggregate principal amount of \$12,475,000*, authorized by a resolution adopted by the Board of County Commissioners of the County on February 3, 1988, as amended and supplemented (the "Resolution").

The Bonds are being issued for the purpose of (i) acquiring, constructing and reconstructing certain additions, extensions and improvements to the road, bridge and other transportation facilities in the County, 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 the payments received by the County representing its portion of the collections of the Local Option Gas Tax pursuant to and in the manner authorized by the provisions of Section 336.025, Florida Statutes (1987), and, until applied in accordance with the provisions of the Resolution, all moneys deposited in the Restricted Revenue Account and all moneys deposited in and investments held for the credit of the Debt Service Fund, and all earnings derived from such investments.

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, a copy of which is attached to this Official Statement as Appendix B. 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.

*Preliminary; subject to change

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, are dated February 1, 1988, and 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, and premium, if any, on the Bonds is payable to the registered owner thereof, or his legal representative, when due at the principal corporate trust office of Florida National Bank, St. Petersburg, Florida, as Registrar and Paying Agent, or its successor. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year, commencing April 1, 1988, and will (except for the final payment of interest which will be paid only upon presentation and surrender of Bond at the office of Paying Agent) be paid by check or draft of the Paying Agent to the owner in whose name such Bond shall be registered 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 the applicable interest payment date, or, at the option of the Paying Agent, and at the request and expense of such registered owner, by bank wire transfer for the account of such owner.

Notice of Redemption

Unless waived by any registered owner of Bonds to be redeemed, notice of any redemption of Bonds prior to maturity shall be given by the Registrar by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of Bonds to be redeemed at the address of such registered owner shown on the Bond Register or at such other address as shall be furnished in writing by such registered owner to the Registrar.

In addition to the foregoing notice, further notice shall be given by the Clerk as set forth below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(1) Each further notice of redemption given pursuant to the Resolution shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed;

(iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to any Insurer which shall have insured any of the Bonds being redeemed and to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(3) Each such further notice shall be published one time in The Bond Buyer of New York, New York or, if such publication is impractical or unlikely to reach a substantial number of the Owners of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of obligations similar to the Bonds, such publication to be made at least 30 days prior to the date fixed for redemption.

Optional Redemption

The Bonds maturing prior to October 1, 1997 shall not be redeemable prior to their stated dates of maturity. Bonds maturing on October 1, 1997 or thereafter may be redeemed prior to their dates of maturity at the option of the County, as a whole on October 1, 1996 or on any date thereafter, or in part by maturities to be selected by the County and by such method as the Registrar shall deem fair and appropriate within a maturity if less than a full maturity, on October 1, 1996 or any interest payment date thereafter from moneys which may be available for such purpose and deposited with the Paying Agent on or before the date fixed for redemption, at the following redemption prices expressed as a percentage of the principal amount of the Bonds so redeemed, if redeemed in the following periods:

<u>Redemption Period (Both Dates Inclusive)</u>	<u>Redemption Price</u>
October 1, 1996 through September 30, 1997	102%
October 1, 1997 through September 30, 1998	101
October 1, 1998 and thereafter	100

Mandatory Redemption

The Bonds maturing in the year 2007 are designated as Term Bonds for which the following Amortization Installments shall be deposited in the Bond Amortization Fund for mandatory redemption of such Bonds

at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest on October 1 in the following years:

<u>Years</u>	<u>Amortization Installments</u>
2003	\$ 850,000
2004	915,000
2005	985,000
2006	1,060,000
2007	1,140,000

The Bonds maturing on October 1, 2007 shall be subject to mandatory redemption prior to maturity in part out of moneys on deposit in the Bond Amortization Account, by lot in such manner as the County shall determine, by application of Amortization Installments on October 1, 2003, and on each October 1 thereafter, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption, in the years and in the amounts corresponding to those stated in the foregoing table of Amortization Installments.

Registration and Transfer

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 such owner's attorney duly authorized in writing, containing such identification information for the transferee as the Registrar shall reasonably require.

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 an amount 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 transfer shall be made or any new certificated Bond shall be delivered.

ESTIMATED 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	
Par Amount of Bonds	\$
Accrued Interest	
 Total Sources	 \$ =====

Uses of Funds	
Construction Fund	\$
Deposit to Interest Account	
Deposit to Reserve Account (2)	
Underwriter's Discount	
Costs of Issuance (1)	
 Total Uses	 \$ =====

- (1) Includes municipal bond insurance premium, Reserve Account insurance premium, and bond counsel, administrative and other costs associated with the issuance of the Bonds.
- (2) The County has elected to deposit into the Reserve Account a Reserve Instrument (See "Reserve Account" herein.)

SECURITY

Pledged Funds

The Bonds are payable solely from and secured by a pledge of and lien upon the payments received by the County representing its portion of the collections of the Local Option Gas Tax pursuant to and in the manner authorized by the provisions of Section 336.025, Florida Statutes (1987) and, until applied in accordance with the provisions of the Resolution, all moneys deposited in the Restricted Revenue Account and all moneys deposited in and investments held for the credit of the Debt Service Fund, and all earnings derived from such investments (collectively, the "Pledged Funds").

Neither the Bonds nor the interest thereon constitute general indebtedness of the County within the meaning of any constitutional or statutory provision or limitation and neither the faith nor credit of

the County is pledged for their payment. No owner of any Bond shall ever have the right to compel the exercise of the ad valorem taxing power of the County to pay any Bond, or for any other payments required by the Resolution. The Bonds and the obligations evidenced by the Resolution shall not constitute a lien upon any real or personal property owned by or situated within the territorial limits of the County, but shall constitute a lien only upon and shall be payable solely from the Pledged Funds in the manner provided in the Resolution.

Reserve Account

The Resolution provides for the establishment and maintenance of a Reserve Account within the Debt Service Fund. Upon delivery of the Bonds, the County shall deposit into the Reserve Account a sum equal to the Reserve Account Requirement or such other security as hereinafter described. Pursuant to the Resolution, the "Reserve Account Requirement" is defined, as of any date of calculation, as an amount equal to the lesser of (i) Maximum Annual Debt Service for all Outstanding Bonds, (ii) 125% of the average annual debt service for all Outstanding Bonds, or (iii) 10% of the aggregate proceeds of Outstanding Bonds. The Reserve Account is required to be funded at all times in an amount equal to the Reserve Account Requirement.

Moneys on deposit in the Reserve Account shall be applied in accordance with the provisions of the Resolution solely for the purpose of the payment of maturing principal of or interest or Amortization Installments on the Bonds when other moneys in the Debt Service Fund established under the Resolution are insufficient therefor.

Any moneys drawn from the Reserve Account are required to be subsequently restored from the first Pledged Funds available after all required current payments for the Interest Account, Principal Account and Bond Amortization Account, including all deficiencies for prior payments, have been made in full.

Upon the issuance of any Additional Bonds under the terms, limitations and conditions as provided in the Resolution, the County shall, on the date of delivery of such Additional Bonds, increase the sum required to be accumulated and maintained on deposit in the Reserve Account to be at least equal to the Reserve Account Requirement on all Outstanding Bonds including the Additional Bonds then issued. Such required sum may be paid in full or in part from the proceeds of such Additional Bonds or may be accumulated in equal monthly payments to the Reserve Account over a period of months from the date of issuance of the Additional Bonds, which shall not exceed

the greater of (a) twenty-four (24) months, or (b) the number of months for which interest on such Additional Bonds has been capitalized, as determined by a supplemental resolution of the County. In the event moneys in the Reserve Account are accumulated as provided above, (i) the amount in said Reserve Account on the date of delivery of the Additional Bonds shall not be less than the Reserve Account Requirement on all Bonds Outstanding (excluding the Additional Bonds) on such date, and (ii) a portion of the Reserve Account Requirement equal to at least one-half of the difference between the Reserve Account Requirement for all Bonds Outstanding (excluding such Additional Bonds) on the date of delivery of such Additional Bonds and the Reserve Account Requirement on all such Bonds and such Additional Bonds shall be funded upon delivery of such Additional Bonds.

Notwithstanding the foregoing provisions, with the consent of all Insurers, in lieu of the required deposits into the Reserve Account, the County may cause to be deposited into the Reserve Account a Reserve Instrument for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement and the sum, if any, then on deposit in the Reserve Account. If and to the extent that cash shall also have been deposited in the Reserve Account, all such cash shall be applied by the County (and investments or Reserve Account moneys, if any, liquidated and the proceeds thereof so applied) to the purposes of the Reserve Account prior to any claim upon any Reserve Instrument. The County shall ascertain the need for any claim upon a Reserve Instrument and provide notice thereof to the Reserve Instrument Provider within the time and in the manner required by the the Reserve Instrument. If a disbursement is made by a Reserve Instrument Provider under a Reserve Instrument provided pursuant to this paragraph, the County shall, promptly following such disbursement, but solely from Pledged Funds, reinstate the limits of such Reserve Instrument to the amount required by the first sentence of this paragraph, or deposit into the Reserve Account funds in an amount sufficient to meet the Reserve Account Requirement, or accomplish a combination of such alternatives; and if compliance with the foregoing part of this sentence does not accomplish the payment and reimbursement to the Reserve Instrument Provider of such disbursement and its expenses and interest in accordance with the Reserve Instrument and any County's reimbursement agreement related thereto, the County shall pay to the Reserve Instrument Provider all such sums in full prior to such replenishment of the Reserve Account to the Reserve Account Requirement. If and to the extent that more than one Reserve Instrument shall be provided pursuant to this paragraph, disbursements under all such Reserve Instruments and reimbursements thereof and payments of related expenses and interest to the Reserve Instrument Providers shall be made on a pro rata basis,

after applying all available cash in the Reserve Account and prior to replenishing the Reserve Account to the Reserve Account Requirement. If the County shall fail to make any payment to a Reserve Instrument Provider as required in this paragraph, such Reserve Instrument Provider shall be entitled to exercise any and all remedies available at law or under the Resolution other than (i) acceleration of the maturity of any Bond or (ii) any remedy which shall adversely affect any Bondholder. Reserve Instrument Providers shall have a security interest in the Pledged Funds subordinate only to that of the Bondholders, to secure all of the County's payment and reimbursement obligations under the Resolution and under the Reserve Instruments and all County reimbursement agreements related thereto, and this Resolution shall not be discharged until all such obligations shall have been met and paid in full by the County.

If a disbursement is made by the Reserve Instrument Provider for the Bonds, pursuant to the Reserve Instrument provided pursuant to this paragraph for the Reserve Account Requirement for the Bonds, the County shall reimburse to such Reserve Instrument Provider such disbursement and pay to such Reserve Instrument Provider its related reasonable expenses (together with interest thereon at a rate equal to the lower of (i) the prime rate of Morgan Guaranty Trust Company of New York in effect from time to time plus 2% per annum or (ii) the highest rate permitted by law) in the manner provided in the immediately preceding paragraph. The County shall ascertain the need for any claim upon such Reserve Instrument for the Bonds and provide notice to the Reserve Instrument Provider for the Bonds in accordance with the terms of such Reserve Instrument at least two (2) business days prior to the Interest Date for which disbursement is claimed.

The County contemplates that upon the issuance of the Bonds, it will cause to be deposited into the Reserve Account a Reserve Instrument to be issued by Financial Guaranty Insurance Company. Reference is made to Appendix E for a specimen of the Reserve Instrument.

Additional Bonds

The County may issue Additional Bonds payable on a parity from the Pledged Funds with the Bonds, for the construction and acquisition of capital projects of the County or for refunding purposes only upon the conditions, among others, and in the manner described below:

(1) Except as otherwise provided in paragraph (5) below, there shall have been obtained and filed with the County a statement of an independent certified public accountant of reasonable experience and responsibility: (1) stating that the books and records of the County relating to the Gas Tax Revenues have been examined by him; (2) setting forth the amount of the Gas Tax Revenues and Investment Earnings which has been received by the County during any twelve (12)

consecutive months designated by the County within the eighteen (18) months immediately preceding the date of delivery of such Additional Bonds with respect to which such statement is made; and (3) stating that the amount of the Gas Tax Revenues and Investment Earnings received during the aforementioned 12-month period equals at least 1.35 times the Maximum Annual Debt Service of all Bonds then Outstanding and such Additional Bonds with respect to which such statement is made plus 1.00 times the maximum aggregate annual obligations of the County under all Reserve Instruments then in effect for the Reserve Account.

(2) In computing Maximum Annual Debt Service under paragraph (1) hereof, the interest rate on additional parity Variable Rate Bonds then proposed to be issued shall be deemed to be the Maximum Interest Rate applicable thereto. For the purposes of paragraph (1) hereof, Investment Earnings shall not be deemed to include any investment income which shall exceed the sum which would have been earned upon the investment of moneys on deposit in the Reserve Account had such investment achieved a yield of five and one-half per centum (5 1/2%) per annum.

(3) In computing Maximum Annual Debt Service under paragraph (1) hereof, the interest rate on Outstanding Variable Rate Bonds shall be deemed to be the Maximum Interest Rate applicable thereto.

(4) Additional Bonds shall be deemed to have been issued pursuant to the Resolution the same as the Outstanding Bonds, and all of the other covenants and other provisions of the Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the owners of all Bonds issued pursuant to the Resolution; provided, however, any Supplemental Resolution authorizing the issuance of Additional Bonds may provide that any of the covenants contained in the Resolution will not be applicable to such Additional Bonds, provided that such provision shall not, in the opinion of bond counsel, adversely affect the rights of any Bonds which shall then be Outstanding. Except as provided in Sections 4.02 and 4.05 of the Resolution, all Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Funds and their sources and security for payment therefrom without preference of any Bonds over any other; provided, however, that the County shall include a provision in any Supplemental Resolution authorizing the issuance of Variable Rate Bonds that in the event the principal thereof is accelerated due to such Bonds being held by the issuer of a Credit Facility, the lien of such Bonds on the Pledged Funds shall be subordinate in all respects to the pledge of the Pledged Funds created by the Resolution.

(5) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions set forth in paragraphs (1)-(4) hereof shall not apply, provided that the issuance of such Additional Bonds shall not result in an increase in the aggregate amount of principal of and interest on the Outstanding Bonds becoming due in the current Fiscal Year and all subsequent Fiscal Years. The conditions of paragraph (1) shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph (5).

Gas Tax Revenues

In 1983, the State enacted legislation, codified as Section 336.025, Florida Statutes, authorizing counties to impose for a period not to exceed five years a Local Option Gas Tax of up to four cents upon every gallon of motor fuel and special fuel sold in a county and taxed under Chapter 206, Florida Statutes (the "Gas Tax Act"). In 1985, the State adopted Chapter 85-180, Laws of Florida, which amended the Gas Tax Act to allow counties to extend the term of the Local Option Gas Tax to 30 years and to impose an additional tax of up to two cents.

On July 23, 1985, the County duly enacted Ordinance No. 85-48, imposing a four-cent tax upon motor fuel and special fuels for a period of thirty years, commencing September 1, 1985 (the "First Gas Tax Ordinance"). An interlocal agreement dated June 18, 1985 (the "First Interlocal Agreement") between the County and the City of St. Augustine, representing a majority of the population of the incorporated area of the County, provided for the distribution of the proceeds of the Local Option Gas Tax collected within the County. The First Interlocal Agreement became effective on September 1, 1985.

On July 8, 1986, the County duly enacted Ordinance No. 86-61, which repealed the First Gas Tax Ordinance and imposed a six-cent tax upon motor fuel and special fuel for a period of thirty years, commencing September 1, 1986. An interlocal agreement dated June 10, 1986 (the "Second Interlocal Agreement") between the County and the City of St. Augustine, representing a majority of the population of the incorporated area of the County, amended and superseded the First Interlocal Agreement, and provides for the distribution of the Local Option Gas Tax collected within the County. The Second Interlocal Agreement became effective as of September 1, 1986.

Under the Second Interlocal Agreement, the division of the Local Option Gas Tax collected by the County for the five year period effective as of July 14, 1986, is as follows:

<u>Recipient</u>	<u>Share of Proceeds</u>
City of St. Augustine	19%
City of St. Augustine Beach	4
Town of Hastings	1
St. Johns County	76

The division of the Local Option Gas Tax established above reflects the percentage (rounded to the nearest whole number) of the population of each separate entity (the County population being computed as those persons living in the unincorporated areas of the County) when compared to the sum of the populations of all such entities. The population figures used to compute the percentages were derived from the figures contained in the document referred to as the Florida Estimates of Population, published on an annual basis by the Bureau of Economic and Business Research, Population Division, University of Florida.

Under the Second Interlocal Agreement, the division of the Local Option Gas Tax collected by the County shall be adjusted for each succeeding five year period during which the Second Interlocal Agreement is in effect based on the then current population figures published by the Bureau of Economic and Business Research, Population Division, University of Florida. This five year adjustment shall be determined as of September 1 of the first year of each succeeding five year period during which the Second Interlocal Agreement is in effect. Under the terms of the Second Interlocal Agreement, therefore, it is possible that the Local Option Gas Tax may be reallocated such that the amount distributed to the County could be insufficient to pay in full the principal of and interest on the Bonds as the same shall become due.

However, the following projections of population distribution within St. Johns County made by the Bureau of Economic & Business Research indicate that in future years the anticipated increase in population within the unincorporated areas of the County will exceed the anticipated increase in the populations of the municipalities of the County. If these projections are accurate, there will be distributed to the County upon any future reallocation pursuant to the terms of the Second Interlocal Agreement a greater portion of the Local Option Gas Tax proceeds than the County is presently receiving under the initial allocation formula.

ST. JOHNS COUNTY, FLORIDA
 TRANSPORTATION IMPROVEMENT REVENUE BONDS, SERIES 1988
 PROJECTED POPULATION DISTRIBUTION WITHIN THE COUNTY

<u>YEAR</u>	<u>TOTAL POPULATION FOR COUNTY</u>	<u>ST. AUGUSTINE</u>		<u>ST. AUGUSTINE BEACH</u>		<u>HASTINGS</u>		<u>UNINCORPORATED</u>	
		<u>Population</u>	<u>% Total</u>	<u>Population</u>	<u>% Total</u>	<u>Population</u>	<u>% Total</u>	<u>Population</u>	<u>% Total</u>
1980	51,303	11,985	23.3%	1,289	2.5%	636	1.2%	37,370	72.8%
1985	68,822	11,891	17.3	2,789	4.1	636	0.9	53,538	77.8
1990	89,300	11,658	13.1	4,018	4.5	636	0.7	73,410	82.2
2000	120,400	11,950	9.9	6,020	5.0	636	0.5	102,430	85.1
2010	143,300	12,100	8.4	7,165	5.0	636	0.4	124,034	86.6

Source: University of Florida, Bureau of Economic and Business Research, Medium projections, Fleet and Associates, 1987.

The County does not expect that any future incorporation or annexation of presently unincorporated areas of the County will result in a population shift of such magnitude that the County's share of the Local Option Gas Tax proceeds will be insufficient to pay in full the principal of and interest on the Bonds as the same shall come due.

The Gas Tax Act expressly provides that after issuance of the Bonds no interlocal agreement may be entered into which shall adversely affect the rights of the holders of the Bonds.

The Gas Tax Act also provides that any dispute as to the determination by the County of distribution of the Gas Tax Revenues shall be resolved through an appeal to the Administration Commission of the State. Pending final disposition of such proceeding, the Gas Tax Revenues shall be held in escrow by the Clerk of the Circuit Court of the County. If such proceeding should occur, payment of Gas Tax Revenues into escrow rather than into the Revenue Fund may create a temporary shortage of funds available to pay principal of and interest on the Bonds.

By Resolution 88-_____ the County provided for the payment of the Bonds from the Gas Tax Revenues. The Gas Tax Revenues represent the County's share of the proceeds of the Local Option Gas Tax collected within the County.

"Motor Fuel" is statutorily defined as gasoline and fuels containing a mixture of gasoline and other products. "Special Fuel" is statutorily defined as any liquid product, gas product, or combination thereof used in an internal combustion engine or motor to propel any form of vehicle, machine, or mechanical contrivance including diesel fuel and kerosene, but excluding liquified petroleum gas and compressed natural gas.

The State Department of Revenue receives and deposits the tax into the Local Option Gas Tax Trust Fund (the "Gas Tax Fund"). Monies in the Gas Tax Fund, net of service charges and fees collected by State agencies pursuant to law, are distributed monthly by the State to local governments. That portion of the tax representing the Gas Tax Revenues is deposited upon receipt by the County into the Revenue Fund created by the Resolution.

Disbursements from the Gas Tax Fund may be used only for the following purposes: (1) public transportation operations and maintenance; (2) roadway and right-of-way maintenance and equipment; (3) roadway and right-of-way drainage; (4) streetlighting; (5) traffic signs, traffic engineering, signalization, and pavement markings; (6) bridge maintenance and operation; and (7) debt service and current expenditures for transportation capital projects associated with the previous items, including construction or reconstruction of roads.

Actual Gas Tax Revenues

The Local Option Gas Tax was levied by the County effective September 1, 1985 with the first distribution received in November 1985. The following table shows the monthly distributions to the County of the Gas Tax Revenues, representing its portion of the Local Option Gas Tax.

<u>Month Of Collection</u>	<u>Receipt of Gas Tax Revenues</u>
September, 1985	\$100,975.67
October, 1985	121,521.05
November, 1985	116,975.63
December, 1985	117,890.22
January, 1986	86,384.07 (1)
February, 1986	117,267.91
March, 1986	132,673.67
April, 1986	162,447.28
May, 1986	119,205.25
June, 1986	180,638.68
July, 1986	132,152.46
August, 1986	135,540.61
September, 1986	135,233.06 (2)
October, 1986	131,525.98
November, 1986	197,389.49
December, 1986	186,464.63
January, 1987	143,579.99
February, 1987	224,664.23
March, 1987	279,440.69
April, 1987	245,146.97
May, 1987	228,072.42
June, 1987	199,562.37
July, 1987	207,651.92
August, 1987	231,391.85
September, 1987	239,968.72

(1) Effective January 1, 1986, two collection procedures were changed: (a) collecting and remitting of the tax were changed from the wholesale distributor to the retail operator. Because retailers had stock of previously taxed fuel on hand, there was a one-time slow down in the flow of revenues; and (b) a new dealer collection allowance was granted.

(2) Effective September 1, 1986, the tax was increased from four cents to six cents.

Source: St. Johns County

Bond Insurance

The County has received a commitment from Financial Guaranty Insurance Company ("Financial Guaranty") for a policy of insurance on the Bonds. The insurance policy will unconditionally and irrevocably guarantee the timely payment of principal of and interest on the Bonds when due. The insurance policy is noncancellable and the premium will be fully paid at delivery of the Bonds. See "THE MUNICIPAL BOND INSURANCE POLICY."

THE MUNICIPAL BOND INSURANCE POLICY

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

Concurrently with the issuance of the Bonds, Financial Guaranty will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which become due for payment, but shall be unpaid by reason of nonpayment by the County. Financial Guaranty will make such payments to Citibank, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Paying Agent of the nonpayment of such amount by the County. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal or interest made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal of the Bonds on their respective stated maturity dates, or dates on which the same shall have been called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been accelerated, and covers the failure to pay an installment of interest on the stated date for its payment.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The

following investors or affiliates thereof own approximately 83% of the stock of the Corporation: General Electric Credit Corporation, General Re Corporation, Lumbermens Mutual Casualty Company (affiliated with the Kemper Group), Shearson Lehman Brothers Inc., Merrill Lynch & Co., Inc., J.P. Morgan & Co. Incorporated and Gerald L. Friedman. The investors of the Corporation are not obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is domiciled in the State of New York and is subject to regulation by the State of New York Insurance Department. As of September 30, 1987, the total capital and surplus of Financial Guaranty was approximately \$361,500,000.

DEBT SERVICE SCHEDULE

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

<u>Bond Year</u> <u>Ending</u> <u>October 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
1989	\$	\$	\$
1990			
1991			
1992			
1993			
1994			
1995			
1996			
1997			
1998			
1999			
2000			
2001			
2002			
2003			
2004			
2005			
2006			
2007			

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 encompasses an area of approximately 608 square miles. The County seat is St. Augustine. The County had an estimated 1987 population of approximately 77,359. 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>
Lawrence Hartley, Chairman	November 21, 1988
Sarah W. Bailey	November 21, 1988
Francis N. Brubaker	November 19, 1990
Phyllis L. Lydon	November 21, 1988
Harry Waldron	November 19, 1990

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

LITIGATION

The County, the County Attorney, the County Property Appraiser, the County Tax Collector and the Clerk of the Circuit Court for St. Johns County are currently involved in litigation in federal district court with a private citizen (Barrow v. St. Johns County, et al., Case Nos. 84-456-Civ-J-14 and 85-160-Civ-J-10). Mr. Barrow has sued for damages of \$50,000,000 in connection with the calculation of interest on tax sale certificates and the issuance of tax deeds. The United States District Court has ruled that Mr. Barrow's claims are frivolous and held a hearing to assess attorney's fees. The final dismissal of the suits has not been ordered, but special counsel for the County is of the opinion that there is no realistic possibility Mr. Barrow will recover any money from the County. Additionally, a lawsuit and several claims have been filed against the County and against its sheriff seeking substantial damages, including punitive damages, for injuries alleged to have been incurred by inmates of the county jail, for false arrest, and for various other reasons pertaining to law enforcement or inmate incarceration. The County Attorney has been advised by counsel for the sheriff that such claims are generally covered by the Florida Sheriffs Self-Insurance Fund and should not affect the County's ability to perform its financial obligations. It is, therefore, the opinion of the County Attorney that no legal proceedings are pending or threatened which materially affect the County's ability to perform its obligations to the owners of the Bonds.

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, whose approving opinion will be available at the time of delivery of the Bonds. Certain legal matters will be passed upon for the County by the County Attorney, James G. Sisco, Esquire, and for the Underwriter by Cobb & Cole, Daytona Beach, Florida, Counsel to the Underwriter.

TAX EXEMPTION

Federal Tax Opinion of Bond Counsel

In the opinion of Foley & Lardner, Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that interest on the Bonds is included in calculating the following: (i) "adjusted net book income" and "adjusted current earnings" for purposes of calculating the alternative minimum tax on corporations pursuant to Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) the environmental tax on corporations imposed by Section 59A of the Code, (iii) the branch profits tax imposed on foreign corporations by Section 884 of the Code, and (iv) the tax on "excess net passive income" imposed by Section 1375 of the Code on certain Subchapter S corporations that have Subchapter C earnings and profits. The opinion set forth in clause (a) above is subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements.

As to questions of fact material to Bond Counsel's opinion, Bond Counsel will rely upon representations and covenants made on behalf of

the County in the Resolution, the Bond Purchase Contract, and certificates of public officials, without undertaking to verify the same by independent investigation.

Summary of Federal Income Tax Consequences Applicable to Certain Bondholders

The Code in general, and the Tax Reform Act of 1986 in particular, contain numerous provisions which could affect the economic value of the Bonds to Bondholders. The following is a brief summary of some of the significant provisions which may be applicable to particular Bondholders. PROSPECTIVE BONDHOLDERS, HOWEVER, SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE IMPACT OF SUCH PROVISIONS ON THEIR OWN TAX SITUATIONS.

Section 55 of the Code imposes an alternative minimum tax ("AMT") on corporations which is levied for taxable years beginning after December 31, 1986, in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the taxable income with certain adjustments. One of the adjustment items used in computing AMTI of the corporation (excluding S Corporations, Regulated Investment Companies, Real Estate Investment Trusts, or REMIC's) is an amount equal to 50% of the excess of such corporation's "adjusted net book income" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). For taxable years beginning after 1989, such adjustment item will be 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). Both "adjusted net book income" and "adjusted current earnings" would include all tax-exempt interest, including interest on the Bonds.

Section 59A of the Code imposes a tax on a corporation's "modified alternative minimum taxable income: (alternative minimum taxable income before net operating losses and any deduction for the tax) at the rate of 0.12% of "modified alternative minimum taxable income" in excess of \$2,000,000. The tax will be imposed for taxable years beginning after December 31, 1987, and will be imposed even if the corporation pays no alternative minimum tax because the corporation's regular income tax liability exceeds its minimum liability. For purposes of Section 59A, alternative minimum taxable income includes interest on all tax exempt bonds in the same manner as such interest is included in AMTI under Section 55.

Interest on the Bonds is not includable in the alternative minimum taxable income of taxpayers other than corporations for the purposes of the alternative minimum tax imposed by Section 55 of the Code.

Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry tax exempt obligations, including the Bonds or, in the case of financial institutions, that portion of a holder's interest expense allotted to certain tax-exempt obligations, including the Bonds. The Bonds will not be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code, and therefore, interest expense incurred or continued by banks and certain other financial institutions and allocable to their purchase or carrying of the Bonds will not be deductible for federal income tax purposes.

Life insurance companies must include, for taxable years beginning after December 31, 1986, tax-exempt interest, including interest on the Bonds, in computing the amount of income or deductible expenses for federal income tax purposes with respect to certain insurance reserves. Property and casualty insurance companies will be required for all taxable years beginning after December 31, 1986, to reduce the amount of their deductible losses by 15% of the amount of tax-exempt interest received or accrued during such taxable year on certain obligations, including the Bonds, acquired after August 7, 1987.

Under the provisions of Section 884 of the Code, a branch profits tax may be levied (for taxable years beginning after December 31, 1986) on the "effectively connected earnings and profits" of certain foreign corporations, which term includes tax-exempt interest such as interest on the Bonds.

Interest on the Bonds may be taken into account under Section 86 of the Code so as to cause a Bondholder to be subject to federal income tax on a portion of his or her social security or railroad retirement benefits, if any.

Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the Subchapter S corporation is passive investment income.

Florida Tax Matters

In the opinion of Foley & Lardner, Bond Counsel, under existing statutes, regulations, rulings and court decisions, 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 the corporations, banks and savings associations as defined by Chapter 220, Florida Statutes, as amended.

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 Financial Guaranty upon issuance of the Bonds. Such ratings reflect 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, Prudential-Bache Securities, Inc., at an aggregate purchase price of \$ _____, 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.

Prudential-Bache Capital Funding is the name under which Prudential-Bache Securities, Inc. conducts its corporate, government and institutional business.

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 and upon the authority of such firm as experts in auditing and accounting.

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

Chairman of the Board of
County Commissioners

APPENDIX A

Information Regarding St. Johns County

THE FOLLOWING INFORMATION CONCERNING ST. JOHNS COUNTY, FLORIDA, IS INCLUDED ONLY FOR THE PURPOSE OF PROVIDING GENERAL BACKGROUND INFORMATION. THE BONDS ARE PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE OFFICIAL STATEMENT TO WHICH THIS IS APPENDED, AND ARE NOT GENERAL 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 encompasses approximately 608 square miles and is located in the Northeast region of the State of Florida. The County is located directly south 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.

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
1980 U.S. Census	51,303
1985 Estimate (1)	68,822
1990 Estimate (1)	89,400

(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 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 Northeast region of the State's economy. Agriculture is a major industry in St. Johns County and in 1986 provided the County with on-farm revenue in excess of \$44 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 1986 are as follows:

Potatoes	\$30,200,000
Cabbage	3,600,000
Other Vegetables	1,500,000
Forest Products	3,400,000
Livestock and Dairy	1,500,000
Corn and Grain Sorghum	500,000
Cut Flowers and Nurseries	3,000,000
Poultry	<u>1,000,000</u>
	\$44,700,000

Source: Florida Department of Agriculture - St. Johns County Extension Service, 1987.

The County's temperate climate with a mean temperature of 70 degrees 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>Number of Employees</u>	<u>Percentage of Total</u>
<u>Distribution</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
Parker Hannifan	Manufacturing	400+
Tree of Life	Health Food Distributor	200
V.A.W. of America, Inc.	Aluminum extrusion	300
Florida Department of Military Affairs	Florida National Guard Headquarters	191

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, utilize the recreation facilities and 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 1A, 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 Railway with freight service only. Amtrak 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, 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
1978-1986
(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
1986	35,097	32,815	2,282	6.5	5.7

Source: Florida Department of Labor and Employment Security, Bureau of Research and Information, 1978-1986.

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
1986	1,968,339,974	207,796,386	10,647,913	2,186,784,273
1987	2,184,537,016	233,803,639	9,286,723	2,427,627,378

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

ST. JOHNS COUNTY, FLORIDA
1987 TAXPAYERS HAVING LARGEST ASSESSED VALUATIONS

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>
Arvida Corporation	Home Construction/Land Developer/Land Holder	\$32,216,020
General Development Corporation	Land Developer	25,184,160
Ponte Vedra Corporation	Real Estate/Land Holder	20,278,710
Jacksonville Ventures, Inc.	Developer	11,426,930
The Plantation	Developer	10,181,070
Hutton/Con	Multi-Family Developer	9,230,560
Hospital Affiliates	Owner of General Hospital	8,135,920
Atlantic East Condo Partnership	Condominium Developer	7,668,020
Ponce de Leon Partnership	Shopping Mall	6,084,370
ITT Rayonier, Inc.	Timber	5,920,640

Source: St. Johns County Property Appraiser and Tax Collector.

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

<u>Year</u>	<u>Property Taxes Levied</u>	<u>Total Tax Collections(1)</u>	<u>% of Levy Collected(2)</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
1986	35,783,406	35,549,355	99.35	234,051
1987	40,093,043	(3)		

- (1) Aggregate amount of tax collections as of close-out of fiscal year ending September 30, which includes the 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. 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.
- (2) Represents percentage of current gross collections (total collections plus discounts taken) to property taxes levied.
- (3) Process not completed until September, 1988

Source: Tax Collector, St. Johns County

Current Millage Levy
As of October 1, 1987

St. Johns County	7.656 mills
St. Johns County School Board	7.397 mills
St. Johns County Special Districts	.849 mills
Town of Hastings	6.300 mills
City of St. Augustine	6.470 mills
City of St. Augustine Beach	1.989 mills

Source: Tax Collector, St. Johns County

ST. JOHNS COUNTY, FLORIDA
 SCHEDULE OF LONG-TERM DEBT
 as of September 30, 1987

<u>Issue Title</u>	<u>Amount Issued</u>	<u>Outstanding Principal</u>	<u>Pledged for Payment</u>
1966 General Obligation Bonds	\$1,300,000	\$ 300,000	ad valorem taxes
1981 Water Revenue Bonds	2,422,700	2,296,000	water revenues
1983 Jail and Criminal Justice Facilities Construction Bonds	5,000,000	4,485,000	ad valorem taxes
1986 Water and Sewer Refunding Revenue Bonds	5,400,000	5,310,000	water and sewer revenues
1986 Refunding Revenue Bonds	4,060,000	4,060,000	half cent sales tax
1987A Capital Improvement Revenue Bonds	<u>3,140,000</u>	<u>3,140,000</u>	guaranteed entitlement and pari-mutuel tax
	\$21,322,700	\$19,591,000	

Source: St. Johns County

Police And Fire Protection

St. Johns County is served by the Sheriff's Department, which has over 300 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 for 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, 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

RESOLUTION NO. _____

A RESOLUTION OF ST. JOHNS COUNTY, FLORIDA, PROVIDING FOR THE ACQUISITION, CONSTRUCTION AND RECONSTRUCTION OF CERTAIN ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE ROAD, BRIDGE AND OTHER TRANSPORTATION FACILITIES IN THE COUNTY; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$13,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF TRANSPORTATION IMPROVEMENT REVENUE BONDS, SERIES 1988, TO FINANCE THE COST OF SUCH PROJECT, FUND A DEBT SERVICE RESERVE AND PAY THE COSTS OF ISSUANCE OF SUCH BONDS; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS THE COUNTY'S PORTION OF THE PROCEEDS OF THE SIX-CENT LOCAL OPTION GAS TAX DISTRIBUTED TO ST. JOHNS COUNTY AND ITS MUNICIPALITIES, ALL MONEYS ON DEPOSIT IN AND INVESTMENTS HELD FOR THE CREDIT OF CERTAIN FUNDS CREATED HEREUNDER AND THE EARNINGS ON SUCH INVESTMENTS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE.

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BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF
ST. JOHNS COUNTY, FLORIDA:

ARTICLE I

GENERAL

SECTION 1.01. Definitions. When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

"Accreted Value" shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Date next preceding the date of computation or the date of computation if an Interest Date, such interest to accrue at a rate not exceeding the legal rate, compounded semiannually, plus, with respect to matters related to the payment upon redemption or acceleration of the Capital Appreciation Bonds, if such date of computation shall not be an Interest Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Date and the Accreted Value as of the immediately succeeding Interest Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a 360-day year.

"Act" shall mean Chapter 125, Part I, Florida Statutes (1987), Section 336.025, Florida Statutes (1987), and other applicable provisions of law.

"Additional Bonds" shall mean the obligations issued at any time under the provisions of Section 5.02 hereof on a parity with the Series 1988 Bonds.

"Additional Project" shall mean the acquisition, construction and reconstruction of capital transportation projects and shall include all property rights, easements, franchises and equipment relating thereto and deemed necessary or convenient for the acquisition, construction or the operation thereof which shall be authorized by the Act and financed in whole or in part with the proceeds of Additional Bonds.

"Amortization Installment" shall mean a mandatory redemption amount designated as such by Supplemental Resolution of the Issuer and established with respect to any Term Bonds.

"Annual Debt Service" shall mean, with respect to any Fiscal Year, the aggregate amount of (1) all interest required to be paid on the Outstanding Bonds during such Fiscal Year, except

to the extent that such interest is to be paid from deposits in the Interest Account made from Bond proceeds, (2) all principal of Outstanding Serial Bonds maturing in such Fiscal Year, (3) all Amortization Installments designated with respect to such Fiscal Year, and (4) all deposits to the Reserve Account which the Issuer shall be required to make in such Fiscal Year pursuant to Section 4.05 (A) (4) hereof. For purposes of this definition, all amounts payable on every Capital Appreciation Bond shall be considered a principal payment due in the year of its maturity.

"Authorized Investments" shall mean any of the following which shall be authorized from time to time by applicable laws of the State for deposit or purchase by the Issuer for the investment of its funds:

- (1) accounts with the State Board of Administration;
- (2) direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America ("Direct Obligations");
- (3) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; debentures of the Federal Housing Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Corporations; guaranteed Title XI financing of the U.S. Maritime Administration; mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; and participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (collectively, "Agency Obligations");
- (4) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured general obligation debt is rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation;
- (5) commercial paper rated "Prime-1" by Moody's Investors Service and "A-1" or better by Standard & Poor's Corporation;
- (6) obligations rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation;

- (7) deposits, Federal funds or bankers acceptances of any domestic bank, including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which:
- a. has an unsecured, uninsured and unguaranteed obligation rated "Prime-1" or A3" or better by Moody's Investors Service and "A-1" or "A-" or better by Standard & Poor's Corporation, or
 - b. is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting the rating requirements in (a.) above;
- (8) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are fully insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation;
- (9) investments in a money-market fund rated "Am" or "Am-G" or better by Standard & Poor's Corporation;
- (10) repurchase agreements collateralized by Direct Obligations or Agency Obligations with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's Investors Service and "A-1" or "A-" or better by Standard & Poor's Corporation, provided:
- a. a master repurchase agreement or specific written, repurchase agreement governs the transaction, and
 - b. the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (a) a Federal Reserve Bank, (b) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, or (c) a bank approved in writing for such purpose by Financial Guaranty Insurance Company, and the Trustee shall have received written confirmation from such third party that it holds such securities, free of any lien, as agent for the Trustee, and

- c. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Trustee, and
 - d. the repurchase agreement has a term of thirty days or less, or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation, and
 - e. the repurchase agreement matures at least ten days (or other appropriate liquidation period) prior to a debt service payment date, and
 - f. the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 100%;
- (11) investment agreements with a bank or insurance company which has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation, or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, provided:
- a. interest is paid at least semi-annually at a fixed rate during the entire term of the agreement, consistent with bond payment dates, and
 - b. moneys invested thereunder may be withdrawn without any penalty, premium, or charge upon not more than one day's notice (provided such notice may be amended or canceled at any time prior to the withdrawal date), and
 - c. the agreement is not subordinated to any other obligations of such insurance company or bank, and
 - d. the same guaranteed interest rate will be paid on any future deposits made to restore the reserve to its required amount, and
 - d. the Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such insurance company or bank; and

(12) with the consent of the Insurer, such other obligations as shall be legal investments of the Issuer under the laws of the State.

"Authorized Issuer Officer" shall mean any person authorized by resolution of the Issuer to perform such act or sign such document.

"Board" shall mean the Board of County Commissioners of the Issuer.

"Bond Amortization Account" shall mean the separate account established pursuant to Section 4.04 hereof in the Debt Service Fund.

"Bond Counsel" shall mean any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Bond Year" shall mean the period commencing on and ending on the dates specified by Supplemental Resolution of the Issuer.

"Bondholder" or "Holder" or "holder" or any similar term, when used with reference to a Bond or Bonds, shall mean any Person who shall be the registered owner of any Outstanding Bond or Bonds as provided in the registration books of the Issuer.

"Bonds" shall mean the Series 1988 Bonds, together with any Additional Bonds issued pursuant to this Resolution and any Subordinated Indebtedness which accedes to the status of Bonds pursuant to Section 5.04 hereof.

"Capital Appreciation Bonds" shall mean those Bonds so designated by Supplemental Resolution of the Issuer, which may be either Serial Bonds or Term Bonds and which shall bear interest payable at maturity or redemption. In the case of Capital Appreciation Bonds that are convertible to Bonds with interest payable prior to maturity or prior to redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time prior to such conversion.

"Chairman" shall mean the Chairman of the Board or such other person as may be duly authorized by the Issuer to act on his or her behalf.

"Clerk" shall mean the Clerk of the Board or such other person as may be duly authorized by the Clerk of the Board to act on his or her behalf.

"Code" shall mean the United States Internal Revenue Code of 1986, as the same may be amended from time to time, and the regulations thereunder, whether proposed, temporary or final, promulgated by the Department of the Treasury, Internal Revenue Service, and all other promulgations of said service pertaining thereto.

"Construction Fund" shall mean the St. Johns County Transportation Improvement Revenue Bonds Construction Fund established pursuant to Section 4.03 hereof.

"Cost" when used in connection with a Project, shall mean (1) the Issuer's cost of physical construction; (2) costs of acquisition by or for the Issuer of such Project; (3) costs of land and interests therein and the cost of the Issuer incidental to such acquisition; (4) the cost of any indemnity and surety bonds and premiums for insurance during construction; (5) all interest due to be paid on the Bonds and other obligations relating to the Project during, and if deemed advisable by the Issuer for up to one (1) year after the end of, the construction period of such Project and for a reasonable period thereafter; (6) engineering, legal and other consultant fees and expenses; (7) costs and expenses incidental to the issuance of the Bonds including bond insurance premium, rating agency fees and the fees and expenses of any auditors, Paying Agent, Registrar, Credit Bank or depository; (8) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Issuer (other than the Bonds) incurred for such Project; (9) costs of machinery or equipment required by the Issuer for the commencement of operation of such Project; and (10) any other costs properly attributable to the issuance of the Bonds, and such construction or acquisition, as determined by generally accepted accounting principles and shall include, with approval of Bond Counsel, reimbursement to the Issuer for any such items of Cost heretofore paid by the Issuer. Any Supplemental Resolution may provide for additional items to be included in the aforesaid Costs.

"Credit Bank" shall mean as to any particular Series of Bonds, the Person (other than an Insurer) providing a letter of credit, a line of credit or another credit or liquidity enhancement facility, as designated in the Supplemental Resolution providing for the issuance of such Bonds.

"Credit Facility" shall mean as to any particular Series of Bonds, a letter of credit, a line of credit or another credit or legal liquidity enhancement facility (other than an

insurance policy issued by an Insurer), as approved in the Supplemental Resolution providing for the issuance of such Bonds.

"Debt Service Fund" shall mean the St. Johns County Transportation Improvement Revenue Bonds Debt Service Fund established pursuant to Section 4.04 hereof.

"Federal Securities" shall mean direct obligations of the United States of America and with the approval of the Insurer obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, none of which permit redemption prior to maturity at the option of the obligor. Federal Securities shall include with the approval of the Insurer any certificates or any other evidences of an ownership interest in the aforementioned obligations or in specified portions thereof (which may consist of specified portions of the interest thereon).

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

"Gas Tax Revenues" shall mean the Issuer's portion of the six-cent local option gas tax distributed to the Issuer and the municipalities of St. Johns County by the Florida Department of Revenue from the State Local Option Gas Tax Trust Fund pursuant to and in the manner authorized by Section 336.025, Florida Statutes (1987).

"Initial Project" shall mean the acquisition, construction and reconstruction of additions, extensions and improvements to the road, bridge and other capital transportation facilities in St. Johns County, as more particularly described in and in accordance with certain plans on file or to be on file with the Issuer, with such changes, deletions, additions or modifications to the enumerated improvements, equipment and facilities, or such other improvements as approved by the Board in accordance with the Act.

"Insurer" shall mean such Person as shall be in the business of insuring or guaranteeing the payment of principal of and interest on municipal securities and whose credit is such that, at the time of any action or consent required or permitted by the Insurer pursuant to the terms of this Resolution, all municipal securities insured or guaranteed by it are then rated, because of such insurance or guarantee, in one of the two most secure grades by either Moody's Investors Service or Standard and Poor's Corporation, and with respect to any Series of Bonds, the Insurer which shall have insured or guaranteed payment of the principal of or Redemption Price, if applicable, and interest on such Bonds. With respect to the Series 1988 Bonds, "Insurer"

shall mean "Financial Guaranty Insurance Company, a New York stock insurance corporation, and any successor".

"Interest Account" shall mean the separate account established pursuant to Section 4.04 hereof in the Debt Service Fund.

"Interest Date" shall be such date or dates for the payment of interest on a Series of Bonds as shall be provided by Supplemental Resolution.

"Investment Earnings" shall mean all investment income derived from the investment of moneys on deposit in the Reserve Account which shall be transferred to the Interest Account pursuant to this Resolution.

"Issuer" shall mean St. Johns County, Florida.

"Maximum Annual Debt Service" shall mean the largest amount of Annual Debt Service for any Fiscal Year in which Bonds shall be Outstanding, excluding all Fiscal Years which shall have ended prior to the Fiscal Year in which Maximum Annual Debt Service shall be computed.

"Maximum Interest Rate" shall mean, with respect to any particular Variable Rate Bonds, a numerical rate of interest, which shall be set forth in the Supplemental Resolution of the Issuer delineating the details of such Bonds, that shall be the maximum rate of interest such Bonds may at any time bear in the future in accordance with the terms of such Supplemental Resolution.

"Moody's Investors Service" shall mean Moody's Investors Service, and any assigns or successors thereto.

"Outstanding", when used with reference to Bonds and as of any particular date, shall describe all Bonds theretofore and thereupon being authenticated and delivered except, (1) any Bond in lieu of which another Bond or other Bonds have been issued under an agreement to replace lost, mutilated or destroyed Bonds, (2) any Bond surrendered by the Holder thereof in exchange for another Bond or other Bonds under Sections 2.06 and 2.08 hereof, (3) Bonds deemed to have been paid pursuant to Section 8.01 hereof, and (4) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity.

"Paying Agent" shall mean any paying agent for Bonds appointed by or pursuant to Supplemental Resolution and its successors or assigns, and any other Person which may at any time be substituted in its place pursuant to Supplemental Resolution.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

"Pledged Funds" shall mean the Gas Tax Revenues and, until applied in accordance with the provisions of this Resolution, all moneys deposited in the Restricted Revenue Account and all moneys deposited in and investments held for the credit of the Debt Service Fund, and all earnings derived from such investments.

"Prerefunded Obligations" shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (1) which are (a) not callable prior to maturity or (b) as to which irrevocable instructions have been given to the fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (2) which are fully secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or Federal Securities, secured in the manner set forth in Section 8.01 hereof, which fund may be applied only to the payment of such principal of, redemption premium, if any, and interest on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as the case may be, (3) as to which the principal of and interest on the Federal Securities, which have been deposited in such fund along with any cash on deposit in such fund, are sufficient, as verified by an independent certified public accountant, to pay principal of, redemption premium, if any, and interest on the bonds or other obligations on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (1) above, and (4) which are rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service; provided, however, that the escrow agreements providing for the refunding of such obligations (1) shall permit the deposit solely of cash and/or direct noncallable obligations of the United States of America ("Direct Obligations") and shall permit substitution of Direct Obligations solely upon the receipt by the escrow agent of (A) a new verification of the sufficiency of the escrowed securities (assuming such substitution has been made) to provide for the payment of the Prerefunded Obligations in accordance with the terms of the escrow agreements and (B) an opinion of bond counsel to the effect that such substitution shall not affect the tax-exempt status of interest on the refunded Bonds or the refunding Bonds and (2) shall require the consent of the holders of 100% of the principal amount of the Prerefunded Obligations to amendments thereto.

"Principal Account" shall mean the separate account established pursuant to Section 4.04 hereof in the Debt Service Fund.

"Project" shall mean the Initial Project and any Additional Project.

"Rebate Administrator" shall mean the Person designated as such by Section 4.06 hereof and its successors hereafter appointed by resolution of the Issuer in the manner provided in such section.

"Rebate Amount" shall mean the amount certified in the Rebate Certificate for deposit to the Rebate Fund as provided in Section 4.06 hereof.

"Rebate Certificate" shall mean the certificate furnished by the Rebate Administrator specifying a Rebate Amount for the purposes of Section 4.06 hereof.

"Rebate Fund" shall mean the St. Johns County Transportation Improvement Revenue Bonds Rebate Fund established pursuant to Section 4.04 hereof.

"Redemption Price" shall mean, with respect to any Bond or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or Supplemental Resolution.

"Registrar" shall mean any registrar for the Bonds appointed by or pursuant to Supplemental Resolution and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to Supplemental Resolution.

"Reserve Account" shall mean the separate account established pursuant to Section 4.04 hereof in the Debt Service Fund.

"Reserve Account Requirement" shall mean, as of any date of calculation, an amount equal to the lesser of (1) Maximum Annual Debt Service for all Outstanding Bonds, (2) 125% of the average annual debt service for all Outstanding Bonds, or (3) 10% of the proceeds of Outstanding Bonds. In computing the Reserve Account Requirement in respect of any Bonds that constitute Variable Rate Bonds, the interest rate on such Bonds shall be assumed to be the greater of (a) 110% of the daily average interest rate on such Variable Rate Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period of time that such Bonds shall have been Outstanding, or (b) the actual rate of interest borne by the Variable Rate Bonds on such date of calculation; provided, in no event shall the Reserve Account Requirement as adjusted on such date of calculation exceed the lesser of the amounts specified in the immediately preceding

sentence. In computing the Reserve Account Requirement in accordance with clause (3) of this definition in respect of any Capital Appreciation Bonds, the principal amount of such Bonds shall be the original principal amount thereof, not the Accreted Value.

"Reserve Instrument" shall mean a surety bond, irrevocable letter of credit, guaranty or insurance policy issued by a Reserve Instrument Provider for the benefit of the Bondholders, assuring payment of all or a portion of the Reserve Account Requirement, payable to the Paying Agent (upon the giving of notice as required under such Reserve Instrument) on any Interest Date on which a deficiency exists in the moneys required for the payment of any principal of or interest on the Bonds on such Interest Date which cannot be cured by funds in any other fund or account held pursuant to this Resolution and available for such purpose.

"Reserve Instrument Provider" shall mean the issuer of a Reserve Instrument and which shall be either (a) an insurer (i) whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories) by either Standard & Poor's Corporation or Moody's Investors Service, or (ii) which holds one of the two highest policyholder ratings accorded insurers by A. M. Best & Company, or any comparable service, or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have been assigned a rating by either Moody's Investors Service or Standard & Poor's Corporation in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories), and with respect to any Series of Bonds, the Reserve Instrument Provider who shall have provided a Reserve Instrument to be deposited into the Reserve Account in satisfaction of all or a portion of the Reserve Account Requirement applicable to such Series of Bonds. With respect to the Series 1988 Bonds, "Reserve Instrument Provider" shall mean "Financial Guaranty Insurance Company, a New York stock insurance corporation, and any successor."

"Resolution" and "this Resolution" shall mean this instrument, as the same may from time to time be amended, modified or supplemented by any and all Supplemental Resolutions.

"Restricted Revenue Account" shall mean the separate account established pursuant to Section 4.04 hereof in the Revenue Fund.

"Revenue Fund" shall mean the St. Johns County Transportation Improvement Revenue Bonds Revenue Fund established pursuant to Section 4.04 hereof.

"Securities" shall mean Federal Securities and Prere-funded Obligations.

"Serial Bonds" shall mean all of the Bonds other than the Term Bonds.

"Series" shall mean all the Bonds delivered on original issuance in a simultaneous transaction and identified pursuant to Sections 2.01 and 2.02 hereof or a Supplemental Resolution authorizing the issuance by the Issuer of such Bonds as a separate Series, regardless of variations in maturity, interest rate, Amortization Installments or other provisions.

"Series 1988 Bonds" shall mean the Issuer's Transportation Improvement Revenue Bonds, Series 1988, authorized pursuant to Section 2.02 hereof.

"Standard and Poor's Corporation" shall mean Standard and Poor's Corporation, and any assigns and successors thereto.

"State" shall mean the State of Florida.

"Subordinated Indebtedness" shall mean that indebtedness of the Issuer, subordinate and junior to the Bonds, issued in accordance with the provisions of Section 5.01 hereof and any Variable Rate Bonds which become Subordinate Indebtedness in accordance with Section 5.02(C) hereof.

"Supplemental Resolution" shall mean any resolution of the Issuer amending or supplementing this Resolution, adopted and becoming effective prior to the issuance of the Series 1988 Bonds or in accordance with the terms of Sections 7.01, 7.02 and 7.03 hereof.

"Taxable Bond" shall mean any Bond which states, in the body thereof, that the interest income thereon is includable in the gross income of the Holder thereof for federal income taxation purposes or that such interest is subject to federal income taxation.

"Term Bonds" shall mean those Bonds which shall be designated as Term Bonds hereby or by Supplemental Resolution of the Issuer and which are subject to mandatory redemption by Amortization Installments.

"Unrestricted Revenue Account" shall mean the separate account established pursuant to Section 4.04 hereof in the Revenue Fund.

"Variable Rate Bonds" shall mean Bonds issued with a variable, adjustable, convertible or other interest rate which at

the date of issue is not fixed as one or more stated percentages for the entire term of such Bonds.

The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the masculine gender include every other gender.

Words importing the singular number include the plural number, and vice versa.

SECTION 1.02. Authority for Resolution. This Resolution is adopted pursuant to the provisions of the Act.

SECTION 1.03. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds and shall be a part of the contract of the Issuer with any Credit Bank and any Insurer. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds and for the benefit, protection and security of any Credit Bank and any Insurer. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

SECTION 1.04. Findings. It is hereby ascertained, determined and declared as follows:

(A) The Issuer deems it necessary, desirable and in the best interests of the Issuer that the Initial Project be acquired and constructed.

(B) A part of the Cost of the Initial Project shall be financed with the proceeds of the Series 1988 Bonds.

(C) Estimated Pledged Funds will be sufficient to pay the principal of and interest on the Series 1988 Bonds, as the same become due, and all other payments provided for in this Resolution.

(D) The principal of and interest on the Bonds and all other payments provided for in this Resolution will be paid solely from the Pledged Funds; and the ad valorem taxing power of the Issuer will never be necessary or authorized to pay the principal of and interest on the Bonds and, except as otherwise provided herein, the Bonds shall not constitute a lien upon any property of the Issuer.

SECTION 1.05. Initial Project Authorized. The Issuer does hereby authorize the acquisition and construction of the Initial Project.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

SECTION 2.01. Authorization of Bonds. The Issuer hereby authorizes the issuance of Bonds of the Issuer to be designated as "St. Johns County, Florida, Transportation Improvement Revenue Bonds," which may be issued in one or more Series as hereinafter provided. The aggregate principal amount of the Bonds which may be executed and delivered under this Resolution is not limited except as is or may hereafter be provided in this Resolution or as limited by the Act or by other applicable law.

The Bonds may, if and when authorized by the Issuer pursuant to this Resolution, be issued in one or more Series, with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine and as may be necessary to distinguish such Bonds from the Bonds of any other Series. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

The Bonds shall bear interest at such rate or rates not exceeding the maximum rate permitted by law; and shall be payable in lawful money of the United States of America on such dates; all as determined by Supplemental Resolution of the Issuer. From and after any maturity date of any of the Bonds (deposit of moneys and/or Securities for the payment of the principal and interest on such Bonds having been made by the Issuer with the Paying Agents), notwithstanding that any of such Bonds shall not have been surrendered for cancellation, no further interest shall accrue upon the principal or upon the interest which shall have accrued and shall then be due on such date, and such Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holders shall have no rights in respect of such Bonds except to receive payment of such principal and unpaid interest accrued to the maturity date.

The Bonds shall be issued in such denomination or denominations and such form, whether coupon or registered; shall be dated such date or dates; shall bear such numbers; shall be payable at such place or places; shall contain such redemption provisions; shall have such Paying Agents and Registrars; shall mature in such years and amounts; and may be issued to finance the Costs of such Projects; all as determined by Supplemental Resolution of the Issuer. The Issuer may issue Bonds which may be secured by a Credit Facility or by an insurance policy of an Insurer all as shall be determined by Supplemental Resolution of the Issuer.

SECTION 2.02. Authorization and Description of Series 1988 Bonds. A Series of Bonds entitled to the benefit, protection and security of this Resolution is hereby authorized in an aggregate principal amount not to exceed \$13,000,000 for the principal purposes of acquiring and constructing the Initial Project, funding the Reserve Account and paying certain costs of issuance incurred with respect to such Series. Such Series shall be designated as, and shall be distinguished from the Bonds of all other Series by the title "St. Johns County, Florida, Transportation Improvement Revenue Bonds, Series 1988."

The Series 1988 Bonds shall be dated as of the first day of the month in which occurs the delivery of the Series 1988 Bonds to the purchaser or purchasers thereof or such other date as may be set forth by Supplemental Resolution of the Issuer; shall be issued as fully registered Bonds; and shall be numbered consecutively from one upward in order of maturity preceded by the letter "R." The Series 1988 Bonds shall be in such denominations and shall bear interest at a rate or rates not exceeding the maximum rate permitted by law, payable in such manner and on such dates; shall consist of such amounts of Serial Bonds, Term Bonds, Variable Rate Bonds and Capital Appreciation Bonds, maturing in such amounts and in such years not exceeding twenty-eight (28) years from their date; shall be payable in such place or places; shall have such Paying Agents and Registrars; and shall contain such redemption provisions; all as the Issuer shall hereafter provide by Supplemental Resolution.

The principal of or Redemption Price, if applicable, on the Series 1988 Bonds are payable upon presentation and surrender of the Series 1988 Bonds at the office of the Paying Agent. Interest payable on any Series 1988 Bond on any Interest Date will (except for the final payment of interest which will be paid only upon presentation and surrender of such Series 1988 Bond at the office of the Paying Agent) be paid by check or draft of the Paying Agent to the Holder in whose name such Bond shall be registered 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 Date, or, unless otherwise provided by Supplemental Resolution, at the option of the Paying

Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. In the event the interest payable on any Series 1988 Bond is not punctually paid or duly provided for by the Issuer on such Interest Date, such defaulted interest will be paid to the Holder in whose name such Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Holder, not less than ten (10) days preceding such special record date. All payments of principal of or Redemption Price, if applicable, and interest on the Series 1988 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 2.03. Application of Series 1988 Bond Proceeds.

Except as otherwise provided by Supplemental Resolution of the Issuer, the proceeds derived from the sale of the Series 1988 Bonds, including accrued interest and premium, if any, shall, simultaneously with the delivery of the Series 1988 Bonds to the purchaser or purchasers thereof, be applied by the Issuer as follows:

(A) Accrued and capitalized interest shall be deposited in the Interest Account and shall be used only for the purpose of paying the interest which shall thereafter become due on the Series 1988 Bonds.

(B) A sufficient amount of Series 1988 Bond proceeds shall be deposited in the Reserve Account which, together with any moneys and securities on deposit therein and any surety bond, irrevocable letter of credit, guaranty or insurance policies obtained in accordance with Section 4.05 hereof, shall equal the Reserve Account Requirement.

(C) A sufficient amount of the Series 1988 Bond proceeds shall be applied to the payment of the premiums of any municipal bond insurance policies applicable to the Series 1988 Bonds or reserves established therefor and to the payment of costs and expenses relating to the issuance of the Series 1988 Bonds which must be paid upon delivery of the Series 1988 Bonds. Such amount may, at the option of the Issuer, be deposited in and disbursed from the Construction Fund.

(D) The balance of the Series 1988 Bond proceeds shall be deposited in the Construction Fund.

SECTION 2.04. Execution of Bonds. The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and the official seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the

Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond shall hold the proper office of the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

SECTION 2.05. Authentication. No Bond of any Series shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such purpose. Such certificate on any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.10 hereof.

SECTION 2.06. Temporary Bonds. Until the definitive Bonds of any Series are prepared, the Issuer may execute, in the same manner as is provided in Section 2.04, and deliver, upon authentication by the Registrar pursuant to Section 2.05 hereof, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Issuer by Supplemental Resolution, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Issuer, at its own expense, shall prepare and execute definitive Bonds, which shall be authenticated by the Registrar. Upon the surrender of such temporary Bonds for exchange, the Registrar, without charge to the Holder thereof, shall deliver in exchange therefor definitive Bonds, of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution. All temporary Bonds surrendered in exchange for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Registrar.

SECTION 2.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, or be destroyed,

stolen or lost, the Issuer may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new 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 Holder furnishing the Issuer and the Registrar proof of such Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered or otherwise substituted shall be cancelled by the Registrar. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.07 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as all other Bonds issued hereunder.

SECTION 2.08. Interchangeability, Negotiability and Transfer. Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any other authorized denominations.

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code of the State of Florida, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bonds. Any Insurer and its designated agents shall be entitled to inspect and copy such books for the registration and transfer of any Series of Bonds insured by such Insurer.

Each Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing

upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to any Series of Bonds, shall forthwith (a) following the fifteenth day prior to an interest payment date for such Series, (b) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Bonds of such Series, and (c) at any other time as reasonably requested by the Paying Agent of such Series, certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check or draft to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Issuer shall execute and the Registrar shall authenticate and deliver such Bonds in accordance with the provisions of this Resolution. Execution of Bonds by the Chairman and the Clerk for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the Series of which such Bonds are a part. All Bonds surrendered in any such exchanges or transfers shall be held by the Registrar in safekeeping until directed by the Issuer to be cancelled by the Registrar. For every such exchange or transfer of Bonds, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The Issuer and the Registrar shall not be obligated to make any such exchange or transfer of Bonds of any Series during the fifteen (15) days next preceding an Interest Date on the Bonds of such Series (other than Capital Appreciation Bonds and Variable

Rate Bonds), or, in the case of any proposed redemption of Bonds, during the fifteen (15) days next preceding the redemption date established for such Bonds.

The Issuer may elect to issue any Bonds as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry obligations, provided it shall establish a system of registration therefor by Supplemental Resolution.

SECTION 2.09. Coupon Bonds. The Issuer, at its discretion, may by Supplemental Resolution authorize the issuance of coupon Bonds, registrable as to principal only or as to both principal and interest. Such Supplemental Resolution shall provide for the negotiability, transfer, interchangeability, denominations and form of such Bonds and coupons appertaining thereto. Coupon Bonds (other than Taxable Bonds) shall only be issued if an opinion of Bond Counsel is received to the effect that issuance of such coupon Bonds will not adversely affect the exemption from federal income taxation of the interest payable on such Bonds.

SECTION 2.10. Form of Bonds. Except as otherwise provided pursuant to Section 2.09 hereof and except for Capital Appreciation Bonds and Variable Rate Bonds, the form of which shall be provided by Supplemental Resolution of the Issuer, the Bonds shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

No. R- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF ST. JOHNS
TRANSPORTATION IMPROVEMENT REVENUE BOND,
SERIES _____

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
_____ %	_____, _____	_____, _____	_____

Registered Holder:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, that St. Johns County, a political subdivision created and existing under and by virtue of the laws of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the Pledged Funds hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and interest on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above on _____ and _____ of each year commencing _____, _____ until such Principal Amount shall have been paid or provided for, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.

Such Principal Amount and interest and the premium, if any, on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount and the premium, if any, on this Bond, are payable, upon presentation and surrender hereof, at the office of the Clerk of the Board of County Commissioners of the Issuer, [or: _____,] as paying agent, or such other paying agent as the Issuer shall hereafter duly appoint (the "Paying Agent"). Payment of each installment of interest shall (except for the final payment of interest which shall be made only upon presentation and surrender of this Bond at the office of such Paying Agent) be made to the person in whose name this Bond shall be registered on the registration books of the Issuer maintained by

the Clerk of the Board of County Commissioners of the Issuer, [or: _____, _____, _____,] as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "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 each interest payment date and shall be paid by a check or draft of such Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the option of such Paying Agent, and at the request and expense of such Registered Holder, by bank wire transfer for the account of such Holder. In the event interest payable on this Bond is not punctually paid or duly provided for by the Issuer on such interest payment date, payment of each installment of such defaulted interest shall be made to the person in whose name this Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Registered Holder, not less than ten (10) days preceding such special record date.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN THIS PLACE.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Registrar.

IN WITNESS WHEREOF, St. Johns County, Florida, has issued this Bond and has caused the same to be executed by the manual or facsimile signature of the Chairman of its Board of County Commissioners and attested and countersigned by the manual or facsimile signature of the Clerk of said Board and its official seal or a facsimile thereof to be affixed or reproduced hereon, all as of the _____ day of _____, 19__.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

By _____
Chairman, Board of County
Commissioners

ATTESTED AND COUNTERSIGNED:

Clerk, Board of County
Commissioners

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

Registrar

By: _____
Authorized Officer

(Provisions on Reverse Side of Bond)

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$ _____ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, denomination and number, issued to finance _____, in and for the Issuer, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes (1987), Section 336.025, Florida Statutes (1987), and other applicable provisions of law (the "Act"), and a resolution duly adopted by the Board of County Commissioners of the Issuer on _____, 19____, as amended and supplemented (the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This Bond and the interest hereon are payable solely from and secured by a lien upon and a pledge of (1) the Issuer's portion of the six-cent local option gas tax distributed to the Issuer and the municipalities of St. Johns County by the Florida Department of Revenue from the state Local Option Gas Tax Trust Fund pursuant to and in the manner authorized by Section 336.025, Florida Statutes (1987), and (2) until applied in accordance with the provisions of the Resolution, all moneys on deposit in and investments held for the credit of certain of the funds and accounts established by the Resolution and the earnings on such investments, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). It is expressly agreed by the Registered Holder of this Bond that neither the full faith and credit of the Issuer, the State of Florida, nor any political subdivision thereof, are pledged to the payment of the principal, premium, if any, and interest on this Bond and that such Holder shall never have the right to require or compel the exercise of any taxing power of the Issuer, the State of Florida, or any political subdivision thereof, to the payment of

such principal, premium, if any, and interest. This Bond and the obligation evidenced hereby shall not constitute a lien upon any property of the Issuer, except the Pledged Funds, and shall be payable solely from the Pledged Funds.

Neither the members of the Board of County Commissioners of the Issuer nor any person executing this Bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

(INSERT REDEMPTION PROVISIONS)

Notice of redemption, unless waived, is to be given by the Registrar by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Holders of the Bonds to be redeemed at such Holders' addresses shown on the registration books maintained by the Registrar or at such other addresses as shall be furnished in writing by such Registered Holders to the Registrar. Provided, however, that no defect in any such notice to any Registered Holder of Bonds to be redeemed nor failure to give such notice to any such Registered Holder nor failure of any such Registered Holder to receive such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Registered Holders of Bonds to be redeemed. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

This Bond is transferable in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the office of the Registrar by the Registered Holder hereof in person or by such Holder's attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or such Holder's attorney duly authorized in writing, and thereupon a new Bond or Bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. The Bonds are issuable in the form of fully registered Bonds in the denominations of \$5,000 and integral multiples thereof, not exceeding the aggregate principal amount of the Bonds maturing on the same date. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer and the Registrar shall not be obligated to make any exchange or transfer of the Bonds during the fifteen (15) days next preceding an interest payment date, or

in the case of any proposed redemption of the Bonds, then, during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed, in regular and due form and time as required by the Constitution and laws of the State of Florida applicable thereto, and that the issuance of the Bonds does not violate any constitutional or statutory limitations or provisions.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

Insert Social Security or Other
Identifying Number of Assignee

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____, as attorneys to register the transfer of the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entirety

JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF TRANS MIN ACT -- _____
(Cust.)

Custodian for _____

under Uniform Transfer to Minors Act of _____
(State)

Additional abbreviations may also be used though not in list above.

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01. Privilege of Redemption. The terms of this Article III shall apply to redemption of Bonds other than Capital Appreciation Bonds or Variable Rate Bonds. The terms and provisions relating to redemption of Capital Appreciation Bonds and Variable Rate Bonds shall be provided by Supplemental Resolution.

SECTION 3.02. Selection of Bonds to be Redeemed. The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall, at least sixty (60) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the redemption date by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the Issuer by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Issuer and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

SECTION 3.03. Notice of Redemption. Unless waived by any Holder of Bonds to be redeemed, notice of any redemption made pursuant to this section shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to each Holder of Bonds to be redeemed at the address of such Holder shown on the registration books maintained by the Registrar or at such other address as shall be furnished in writing by such Holder to the Registrar. Provided, however, that no defect in any notice given pursuant to this section to any Holder of Bonds to be redeemed nor failure to give such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Bonds to be redeemed.

Every official notice of redemption shall be dated and shall state:

- (1) the redemption date,
- (2) the Redemption Price,
- (3) if less than all outstanding Bonds are to be redeemed, the number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed,
- (4) that on the redemption date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (5) that such Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price plus accrued interest at the office of the Paying Agent.

Prior to any redemption date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the Redemption Price. Each check or other transfer of funds issued by the Paying Agent for the purpose of the payment of the Redemption Price of Bonds being redeemed shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Holder a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such partially redeemed Bond. All Bonds which have been redeemed shall be cancelled and destroyed by the Registrar and shall not be reissued.

In addition to the foregoing notice, further notice shall be given by the Issuer as set out below, but no defect in said further notice nor any failure to give all or any portion of

such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(1) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to any Insurer which shall have insured any of the Bonds being redeemed and to all registered securities depositories then in the business of holding substantial amounts of obligations of types similar to the type of which the Bonds consist (such depositories now being Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, Pacific Securities Depository Trust Company of San Francisco, California, and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(3) Each such further notice shall be published one time in the Bond Buyer of New York, New York or, if such publication is impractical or unlikely to reach a substantial number of the Holders of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of obligations similar to the Bonds, such publication to be made at least 30 days prior to the date fixed for redemption.

SECTION 3.04. Redemption of Portions of Bonds. Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

SECTION 3.05. Payment of Redeemed Bonds. Other than (i) mandatory redemptions from moneys on deposit in the Bond Amortization Account and (ii) redemptions from the proceeds of refunding bonds, redemption of any and all Bonds shall be made only from and to the extent of funds on deposit with the Paying Agent for such Bonds and available for such purpose on the date the notice of redemption of such bonds is mailed. Notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. All Bonds which have been redeemed shall be cancelled by the Registrar and shall not be reissued.

ARTICLE IV

SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF

SECTION 4.01. Bonds not to be Indebtedness of Issuer. The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds in accordance with the terms of this Resolution. No Holder of any Bond or any Credit Bank or any Insurer 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 Issuer except from the Pledged Funds in the manner provided herein.

The Pledged Funds shall be subject to the lien of this pledge forthwith, without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer.

SECTION 4.02. Security for Bonds. The payment of the principal of or Redemption Price, if applicable, and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds; provided, however, a Series of Bonds may be further secured by a Credit Facility or any insurance policy of an Insurer in addition to the security provided herein. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds in accordance

with the provisions hereof and, subordinate only to such pledge in favor of the Bonds, to the payment and reimbursement of all sums due Reserve Instrument Providers in accordance with the provisions of Reserve Instruments issued by them for the purposes and in the manner herein authorized.

SECTION 4.03. Construction Fund. The Issuer covenants and agrees to establish a separate fund with the State Board of Administration or with a bank or trust company in the State of Florida, which is eligible under the laws of such State to receive funds of the Issuer, to be known as the "St. Johns County Transportation Improvement Revenue Bonds Construction Fund," which shall be used only for payment of the Cost of the Project.

The Issuer shall establish within the Construction Fund a separate account for the Initial Project and each Additional Project, the Cost of which is to be paid in whole or in part out of the Construction Fund.

When the construction of any Project has been completed and all Costs thereof shall have been paid in full, all funds remaining in the Construction Fund shall be retained in the Construction Fund and promptly expended by the Issuer to pay all or part of the costs of any other capital transportation project of the Issuer with respect to which the Issuer shall obtain an opinion of Bond Counsel that such expenditure will not cause the interest on any of the Bonds to be includable in the gross income of the Holders thereof, or applied, to the extent possible, to the purchase of Bonds which may be available in the open market or, if not available, to the redemption of Bonds on the earliest optional redemption date, in the manner provided herein, where upon any balance thereof shall be deposited in the Interest Account and the Construction Fund shall be closed.

SECTION 4.04. Funds and Accounts. The Issuer covenants and agrees to establish with the State Board of Administration or with a bank or trust company in the State of Florida, which is eligible under the laws of such State to receive funds of the Issuer, separate funds to be known as the "St. Johns County Transportation Improvement Revenue Bonds Revenue Fund", the "St. Johns County Transportation Improvement Revenue Bonds Debt Service Fund" and the "St. Johns County Transportation Improvement Revenue Bonds Rebate Fund." The Issuer shall maintain in the Revenue Fund two accounts: the "Restricted Revenue Account" and the "Unrestricted Revenue Account." The Issuer shall maintain in the Debt Service Fund four accounts: the "Interest Account," the "Principal Account," the "Bond Amortization Account," and the "Reserve Account." Moneys in the Restricted Revenue Account and the Debt Service Fund, until applied in accordance with the provisions hereof, shall be subject to a lien and charge in favor of the Holders and for the further security of the Holders.

The Issuer shall at any time and from time to time appoint one or more depositories to hold, for the benefit of the Bondholders, any one or more of the funds and accounts established hereby. Such depository or depositories shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from each of such funds and accounts as herein set forth, and all records of such depository in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agent and employees. Any such depository shall be the State Board of Administration or a state or national bank or trust company situated in the State, which is a member of the Federal Deposit Insurance Corporation, subject to examination by federal or state authority, in good standing, and eligible under the laws of the State to receive county funds.

SECTION 4.05. Flow of Funds.

(A) The Issuer shall deposit the Gas Tax Revenues into the Restricted Revenue Account promptly upon receipt thereof. At least two days before the last day of each month, commencing with the month in which delivery of the Series 1988 Bonds shall be made to the purchaser or purchasers thereof, the moneys in the Restricted Revenue Account shall be deposited or credited in the following manner and in the following order of priority:

(1) Interest Account. The Issuer shall deposit into or credit to the Interest Account the sum which, together with the balance in said Account, shall equal the interest on all Outstanding Bonds accrued and unpaid and to accrue to the end of the then current calendar month. Moneys in the Interest Account shall be applied by the Issuer to pay interest on the Bonds as and when the same become due, whether by redemption or otherwise, and for no other purpose. The Issuer shall adjust the amount of the deposit into the Interest Account not later than the month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Date.

(2) Principal Account. Next, the Issuer shall deposit into or credit to the Principal Account the sum which, together with the balance in said Account, shall equal (i) the principal amount of all Outstanding Bonds due and unpaid, (ii) that portion of the principal amount of the Bonds next due which would have accrued on such Bonds next due during the then current calendar month if such principal amount thereof were deemed to accrue monthly (assuming that a year consists of twelve (12) equal calendar months of thirty (30) days each) in equal installments from a date one year preceding the due date of such Bonds next due and (iii) the portion of the principal amount of the Bonds next due which shall have accrued on such basis in prior months. Moneys in the Principal Account shall be applied by the Issuer to

pay the principal of the Bonds as and when the same shall mature, and for no other purpose. Serial Capital Appreciation Bonds shall be payable from the Principal Account and monthly deposits or credits to the Principal Account to provide funds for such purpose shall commence in the month which is one year prior to the date on which such Bonds mature. The Issuer shall adjust the amount of deposit to the Principal Account not later than the month immediately preceding any principal payment date so as to provide sufficient moneys in the Principal Account to pay the principal on Bonds becoming due on such principal payment date.

(3) Bond Amortization Account. Commencing in the month which is one year prior to each Amortization Installment due date, the Issuer shall deposit into or credit to the Bond Amortization Account the sum which, together with the balance in said Account held for the credit of such Amortization Installment and all Outstanding Term Bonds due and unpaid, shall equal (i) the principal amount of all such Outstanding Term Bonds due and unpaid, (ii) that portion of such Amortization Installment which would have accrued during the then current calendar month if such Amortization Installment were deemed to accrue monthly (assuming that a year consists of twelve (12) equal calendar months having thirty (30) days each) in equal amounts from a date one year preceding the due date of such Amortization Installment and (iii) the portion of such Amortization Installment which shall have accrued on such basis in prior months. Moneys in the Bond Amortization Account shall be applied by the Issuer to purchase or redeem Term Bonds in the manner herein provided, and for no other purpose. The Issuer shall adjust the amount of the deposit into the Bond Amortization Account not later than the month immediately preceding any date for payment of an Amortization Installment so as to provide sufficient moneys in the Bond Amortization Account to pay such Amortization Installment on such date. Payments to the Bond Amortization Account shall be on a parity with payments to the Principal Account.

Amounts accumulated in the Bond Amortization Account with respect to any Amortization Installment (together with amounts accumulated in the Interest Account with respect to interest, if any, on the Term Bonds for which such Amortization Installment was established) may be applied by the Issuer, on or prior to the sixtieth (60th) day preceding the due date of such Amortization Installment (a) to the purchase of Term Bonds of the Series and maturity for which such Amortization Installment was established, at a price not greater than the Redemption Price at which such Term Bonds may be redeemed on the first date thereafter on which such Term Bonds shall be subject to redemption, or (b) to the redemption at the applicable Redemption Price of such Term Bonds, if then redeemable by their terms. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part

of the Bond Amortization Account until such Amortization Installment date, for the purposes of calculating the amount of such Account. As soon as practicable after the sixtieth (60th) day preceding the due date of any such Amortization Installment, the Issuer shall proceed to call for redemption on such due date, by causing notice to be given as provided in Section 3.03 hereof, Term Bonds of the Series and maturity for which such Amortization Installment was established (except in the case of Term Bonds maturing on an Amortization Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Amortization Installment. The Issuer shall pay out of the Bond Amortization Account and the Interest Account to the appropriate Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the Issuer from the Restricted Revenue Account.

(4) Reserve Account. Next, the Issuer shall deposit into or credit to the Reserve Account a sum sufficient to maintain therein an amount equal to the Reserve Account Requirement. Moneys in the Reserve Account shall be applied by the Issuer to the payment of maturing principal of or interest or Amortization Installments on the Bonds when the other moneys in the Debt Service Fund are insufficient therefor, and shall be used by the Issuer for no other purpose. However, whenever the moneys on deposit in the Reserve Account exceed the Reserve Account Requirement, such excess shall be withdrawn and deposited into the Interest Account. The Issuer shall promptly, and in any event within thirty (30) days of the occurrence thereof, give written notice to every Insurer of any withdrawal from the Reserve Account other than a withdrawal pursuant to the last sentence of this part (4).

Upon the issuance of any Additional Bonds under the terms, limitations and conditions as herein provided, the Issuer shall increase the sum on deposit in the Reserve Account to the Reserve Account Requirement for all Outstanding Bonds including such Additional Bonds. The required deposit to the Reserve Account may be paid in full or in part from the proceeds of such Additional Bonds and may be accumulated in part, to the extent hereinafter provided, in equal monthly payments to the Reserve Account over a period of months from the date of issuance of the Additional Bonds, which shall not exceed the greater of (a) twenty-four (24) months, or (b) the number of months for which interest on such Additional Bonds has been capitalized, as determined by Supplemental Resolution. In the event that any part of the Reserve Account Requirement is to be accumulated, (i) the amount in the Reserve Account immediately after delivery of such Additional Bonds shall not be less than the Reserve Account Requirement on all Bonds Outstanding (excluding such Additional Bonds) on such

date, and (ii) a portion of the Reserve Account Requirement equal to at least one-half of the difference between the Reserve Account Requirement for all Bonds Outstanding (excluding such Additional Bonds) on the date of delivery of such Additional Bonds and the Reserve Account Requirement on all such Bonds and such Additional Bonds shall be funded upon delivery of such Additional Bonds.

Notwithstanding the foregoing provisions, with the consent of all Insurers, in lieu of the required deposits into the Reserve Account, the Issuer may cause to be deposited into the Reserve Account a Reserve Instrument for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement and the sum, if any, then on deposit in the Reserve Account. If and to the extent that cash shall also have been deposited in the Reserve Account, all such cash shall be applied by the Issuer (and investments of Reserve Account moneys, if any, liquidated and the proceeds thereof so applied) to the purposes of the Reserve Account prior to any claim upon any Reserve Instrument. The Issuer shall ascertain the need for any claim upon a Reserve Instrument and provide notice thereof to the Reserve Instrument Provider within the time and in the manner required by the Reserve Instrument. If a disbursement is made by a Reserve Instrument Provider under a Reserve Instrument provided pursuant to this paragraph, the Issuer shall, promptly following such disbursement, but solely from Pledged Funds and after complying with parts (1), (2) and (3) of this subsection (A), reinstate the limits of such Reserve Instrument to the amount required by the first sentence of this part (4), or deposit into the Reserve Account funds in an amount sufficient to meet the Reserve Account Requirement, or accomplish a combination of such alternatives; and if compliance with the foregoing part of this sentence does not accomplish the payment and reimbursement to the Reserve Instrument Provider of such disbursement and its expenses and interest in accordance with the Reserve Instrument and any Issuer's reimbursement agreement related thereto, the Issuer shall pay to the Reserve Instrument Provider from Pledged Funds all such sums in full prior to such replenishment of the Reserve Account to the Reserve Account Requirement. If and to the extent that more than one Reserve Instrument shall be provided pursuant to this paragraph, disbursements under all such Reserve Instruments and reimbursements thereof and payments of related expenses and interest to the Reserve Instrument Providers shall be made from Pledged Funds on a pro rata basis, after applying all available cash in the Reserve Account and prior to replenishing the Reserve Account to the Reserve Account Requirement. If the Issuer shall fail to make any payment to a Reserve Instrument Provider as required in this paragraph, such Reserve Instrument Provider shall be entitled to exercise any and all remedies available at law or under this Resolution for the enforcement of such payment from Pledged Funds only, other than (i) acceleration of the maturity of any Bond or (ii) any remedy which shall adversely affect any Bondholder. Reserve Instrument Providers shall have a security interest in

the Pledged Funds subordinate only to that of the Bondholders, to secure all of the Issuer's payment and reimbursement obligations under this Resolution and under the Reserve Instruments and all Issuer reimbursement agreements related thereto, and this Resolution shall not be discharged until all such obligations shall have been met and paid in full by the Issuer.

If a disbursement is made by the Reserve Instrument Provider for the Series 1988 Bonds, pursuant to the Reserve Instrument provided pursuant to this paragraph for the Reserve Account Requirement for the Series 1988 Bonds, the Issuer shall, but solely from Pledged Funds, reimburse to such Reserve Instrument Provider such disbursement and pay to such Reserve Instrument Provider its related reasonable expenses (together with interest thereon at a rate equal to the lower of (i) the prime rate of Morgan Guaranty Trust Company of New York in effect from time to time plus 2% per annum or (ii) the highest rate permitted by law) in the manner provided in the immediately preceding paragraph. The Issuer shall ascertain the need for any claim upon such Reserve Instrument for the Series 1988 Bonds and provide notice to the Reserve Instrument Provider for the Series 1988 Bonds in accordance with the terms of such Reserve Instrument at least two (2) business days prior to the Interest Date for which disbursement is claimed.

Whenever the amount in the Reserve Account, together with the other amounts in the Debt Service Fund, are sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), the funds on deposit in the Reserve Account may be transferred to the other accounts of the Debt Service Fund for the payment of the Bonds.

(5) Unrestricted Revenue Account. The balance of any moneys remaining in the Restricted Revenue Account after the deposits required by parts (1) through (4) of this subsection (A) may be transferred, at the discretion of the Issuer, to the Unrestricted Revenue Account or any other appropriate fund or account of the Issuer and used by the Issuer for any lawful county purpose.

(B) The Issuer, in its discretion, may use moneys in the Principal Account and the Interest Account to purchase or redeem Bonds coming due on the next principal payment date, provided such purchase or redemption does not adversely affect the Issuer's ability to pay the principal or interest coming due on such principal payment date on the Bonds not so purchased or redeemed.

(C) At least three (3) business days prior to the date established for payment of any principal or Redemption Price, if applicable, or interest on the Bonds, the Issuer shall withdraw

from the appropriate account of the Debt Service Fund sufficient moneys to pay such principal or Redemption Price, if applicable, or interest and deposit such moneys with the Paying Agent for the Bonds to be paid.

(D) In the event the Issuer shall issue a Series of Bonds secured by a Credit Facility, the Issuer may establish such separate subaccounts in the Interest Account, the Principal Account and the Bond Amortization Account to provide for payment of the principal of and interest on such Series; provided one Series of Bonds shall not have preference in payment from Pledged Funds over any other Series of Bonds. The Issuer may also deposit moneys in such subaccounts at such other times and in such other amounts from those provided in this Section 4.05 as shall be necessary to pay the principal of and interest on such Bonds as the same shall become due, all as provided by the Supplemental Resolution authorizing such Bonds.

In the case of Bonds secured by a Credit Facility, amounts on deposit in any subaccounts established for such Bonds may be applied as provided in the applicable Supplemental Resolution to reimburse the Credit Bank for amounts drawn under such Credit Facility to pay the principal of or Redemption Price, if applicable, and interest on such Bonds or to pay the purchase price of any such Bonds which are tendered by the Holders thereof for payment. The Issuer may also establish a separate subaccount in the Reserve Account for any Series of Bonds secured by a Credit Facility and provide a pledge of such account to the payment of such Series of Bonds apart from the pledge provided herein.

SECTION 4.06. Rebate Fund. Amounts on deposit in the Rebate Fund shall be held in trust by the Issuer and used solely to make required rebates to the United States Treasury (except to the extent the same may be transferred to the Revenue Fund). The Issuer agrees to undertake all actions required of it in its arbitrage certificate, dated the date of issuance of the Series 1988 Bonds, relating to such Series 1988 Bonds, and the actions hereinafter provided for. The provisions of the arbitrage certificate may be amended from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

The Issuer shall withdraw first from moneys on deposit to the credit of the Construction Fund, to the extent that such moneys shall be sufficient, and, if necessary, from other moneys of the Issuer derived from sources other than ad valorem taxation and legally available for such purpose, within five days after receipt of a Rebate Certificate from the Rebate Administrator, (i) the Rebate Amount certified in such Rebate Certificate and deposit the same into the Rebate Fund and (ii) the aggregate amount of the fee and the expenses of the Rebate Administrator

certified in such Rebate Certificate and pay the same to the Rebate Administrator. Moneys on deposit to the credit of the Rebate Fund shall be used only for the purposes specified in this section and for no other purpose. Moneys on deposit to the credit of the Rebate Fund shall not be deemed to be Pledged Funds available for payment of any principal of or Redemption Price, if applicable, and interest on the Bonds, or available to make any other payment or transfer described in this Resolution except as provided in this section. Until applied as herein provided, moneys on deposit to the credit of the Rebate Fund shall be invested in Authorized Investments maturing not later than the date that such moneys shall be required for application by the Issuer as herein provided. All earnings derived from the investment of sums on deposit in the Rebate Fund shall be retained therein and applied by the Issuer as herein provided.

Foley & Lardner, Jacksonville, Florida, is hereby appointed to serve as Rebate Administrator hereunder with respect to every Series of the Bonds until the Issuer shall by resolution appoint as successor Rebate Administrator any other Bond Counsel or any certified public accountant, bank or trust company, or other agent of the Issuer who shall be qualified to perform the duties of Rebate Administrator prescribed hereunder. The Rebate Administrator is hereby authorized to hire counsel, accountants and other experts which the Rebate Administrator may, in its sole discretion, determine advisable for the purpose of obtaining the required calculations of the Rebate Amounts and determinations as to the due dates for the rebate thereof and other matters necessary for compliance with section 148(f) of the Code as the same relates to the Bonds. The Rebate Administrator will not be liable for any loss occasioned by its reliance upon the instructions of such experts or upon the Issuer's certification of the amounts earned on all nonpurpose investments, as such term is defined in Section 148(b)(2) of the Code, in which gross proceeds of the Bonds shall be invested. The duties and responsibilities of the Rebate Administrator may be performed by more than one Person.

With respect to each Series of the Bonds, the Rebate Administrator shall provide to the Issuer, by delivery thereof to the Chairman and to the Clerk, as long as any Bonds of such Series shall remain outstanding, a Rebate Certificate on each date which shall be twenty days after the expiration date of each Bond Year and on the date which shall be twenty days after the date on which the last bond of such Series of the Bonds shall be redeemed. Each Rebate Certificate shall establish compliance with this section during the applicable Bond Year, shall be in a form acceptable to the Rebate Administrator, and shall set forth (i) the Rebate Amount, calculated in accordance with Section 148(f) of the Code and in accordance with any promulgation in regard thereto by the Internal Revenue Service, (ii) all calculation and other information, if any, required by the Internal Revenue Service pertaining to the Rebate Amount, and (iii) the fee and expenses

of the Rebate Administrator due from the Issuer as of the date of such Rebate Certificate. Notwithstanding anything herein to the contrary, the Rebate Amount certified in each Rebate Certificate by the Rebate Administrator may be calculated and based upon the Issuer's certification of the amounts earned on all nonpurpose investments in which gross proceeds of the Bonds shall be invested by the Issuer and may be provided by any Bond Counsel, certified public accountant or other agent of the Rebate Administrator or of the Issuer who shall be qualified to make the calculations required.

The Rebate Administrator shall provide written investment instructions to the Issuer such that the Issuer will not make or direct any Person to make on its behalf a Prohibited Payment, as such term is defined in Temporary U.S. Treasury Regulations, Section 1.103-15AT(d)(6) or in any promulgation under Section 148(f) of the Code. As set forth therein, a Prohibited Payment is the payment, or an agreement to pay, to a Person other than the United States Treasury, an amount that is required to be paid to the United States Treasury by entering into a nonpurpose investment transaction that reduces the Rebate Amount because such transaction results in a smaller profit or a larger loss to the Issuer than would have resulted had the transaction been at arms length between the parties thereto and the yield on the Bonds not been relevant to either of such parties.

The Issuer shall furnish to the Rebate Administrator the amounts of all earnings derived by the Issuer from such nonpurpose investments and from the investment of Rebate Fund moneys and all such other information, certifications and consents as may be reasonably required by the Rebate Administrator in order that the Rebate Administrator may provide all of the calculations and instructions required for the administration of the Rebate Fund by the Issuer in accordance with this section.

Simultaneously with submission of each Rebate Certificate, the Rebate Administrator shall give to the Issuer written instructions as to the amount and due date of any rebate payment then required by the Code and shall direct the Issuer to withdraw from the Rebate Fund and pay to the United States Treasury (i) in the case of any rebate payment other than a final rebate payment, for each Series of the Bonds, not later than 30 days after the expiration date of each Bond Year which shall be divisible by five (determined for the purpose of this subsection only on the basis of the Bond Years' being numbered from 1 upward commencing with the date of issuance), an amount equal to 90% of the full unpaid rebate requirement as of such date, if any, with respect to such Series, and (ii) in the case of a final rebate payment, for each Series of the Bonds, not later than 60 days after the date on which the last Bond of such Series shall be redeemed or paid, an amount equal to 100% of the full unpaid balance of the rebate requirement, if any, with respect to such Series of the

Bonds; each of which withdrawals from the Rebate Fund and payments to the United States Treasury as directed by the Rebate Administrator pursuant to this paragraph the Issuer shall make promptly in the amount specified and on or before the date specified in such written instructions.

Notwithstanding anything in this Resolution to the contrary, neither the Issuer nor the Rebate Administrator shall be required to comply with any of the requirements in this section as to any Series of the Bonds (i) if the gross proceeds of any Series of the Bonds (excluding any amounts on deposit in the Debt Service Fund) shall be fully spent for the Cost of the Project within six months from the date of issuance of such Series, or (ii) if such gross proceeds (excluding any amounts on deposit in the Debt Service Fund), other than a remaining amount which shall not exceed the lesser of 5% of such gross proceeds or \$100,000, shall be spent for the Cost of the Project within six months from the date of issuance of such Series and such remaining amount (excluding any amounts on deposit in the Debt Service Fund) shall be spent for the Cost of the Project within one year from the date of issuance of such Series, or (iii) if such Series shall qualify for the small governmental unit exception provided in Section 148(f)(4)(C) of the Code, or (iv) if an opinion of Bond Counsel (who may be the Rebate Administrator) states that such noncompliance will not cause the interest on any of the Bonds (other than Taxable Bonds) to be includable in the gross income of the Holders thereof.

Any deficiency in Rebate Fund moneys required to assure full compliance with applicable provisions of the Code, U.S. Treasury Regulations and any promulgations of the Internal Revenue Service, as determined by the Rebate Administrator, shall be deposited in the Rebate Fund by the Issuer forthwith from the following sources in the order listed: (i) any moneys remaining on deposit in the Construction Fund; and (ii) any moneys of the Issuer which shall have been derived by the Issuer from sources other than ad valorem taxation and which shall be lawfully available for such purpose.

SECTION 4.07. Investments. The Construction Fund, the Restricted Revenue Account and the Debt Service Fund shall be continuously secured in the manner by which the deposit of county funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund, other than the Reserve Account, may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed. Moneys on deposit in the Reserve Account may be invested or reinvested in Securities which shall mature no later than five (5) years from the date of acquisition thereof. Any and all income

received by the Issuer from the investment of moneys in the Construction Fund, the Interest Account, the Principal Account, the Bond Amortization Account, the Restricted Revenue Account and the Reserve Account (to the extent the amount therein is less than the Reserve Account Requirement), shall be retained in such respective fund or account unless otherwise required by applicable law. Any and all income received by the Issuer from the investment of moneys in the Reserve Account (to the extent the amount therein is greater than the Reserve Account Requirement) shall be deposited in the Interest Account. All investments of moneys in the Reserve Account shall be valued initially at cost and marked-to-market on April 1, 1988 and quarterly thereafter. All other investments shall be valued at cost.

Nothing contained in this Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under this Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

SECTION 4.08. Separate Accounts. The moneys required to be accounted for in each of the foregoing funds and accounts established herein may be deposited in a single bank account, and funds allocated to the various funds and accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as herein provided.

The designation and establishment of the various funds and accounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds 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 herein provided.

ARTICLE V

SUBORDINATED INDEBTEDNESS ADDITIONAL BONDS, AND COVENANTS OF ISSUER

SECTION 5.01. Subordinated Indebtedness. The Issuer will not issue any other obligations, except under the conditions and in the manner provided herein, payable from the Pledged Funds or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien thereon in favor of the Bonds and the interest thereon. The Issuer may at any time or from time to time issue evidences of indebtedness that are not

Additional Bonds and that are payable in whole or in part out of the Pledged Funds and which may be secured by a pledge of the Pledged Funds; provided, however, that such pledge shall be, and shall be expressed to be, subordinated in all respects to the pledge of the Pledged Funds created by this Resolution. The Issuer shall have the right to covenant with the holders from time to time of any Subordinated Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued pursuant to Section 5.02 hereof. The Issuer agrees to pay promptly any Subordinated Indebtedness as the same shall become due.

SECTION 5.02. Issuance of Additional Bonds. No Additional Bonds, payable on a parity with the Bonds then Outstanding pursuant to this Resolution, shall be issued except upon the conditions and in the manner herein provided. The Issuer may issue one or more Series of Additional Bonds for any one or more of the following purposes: financing the Cost of an Additional Project, or the completion thereof or of the Initial Project, or refunding any or all Outstanding Bonds or of any Subordinated Indebtedness of the Issuer.

No such Additional Bonds shall be issued unless the following conditions are complied with:

(A) Except as otherwise provided in Section 5.02(E) hereof, there shall have been obtained and filed with the Issuer a statement of an independent certified public accountant of reasonable experience and responsibility: (1) stating that the books and records of the Issuer relating to the Gas Tax Revenues have been examined by him; (2) setting forth the amount of the Gas Tax Revenues and Investment Earnings which has been received by the Issuer during any twelve (12) consecutive months designated by the Issuer within the eighteen (18) months immediately preceding the date of delivery of such Additional Bonds with respect to which such statement is made; and (3) stating that the amount of the Gas Tax Revenues and Investment Earnings received during the aforementioned 12-month period equals at least 1.35 times the Maximum Annual Debt Service of all Bonds then Outstanding and such Additional Bonds with respect to which such statement is made plus 1.00 times the maximum aggregate annual obligations of the Issuer under all Reserve Instruments then in effect for the Reserve Account.

(B) In computing Maximum Annual Debt Service for purposes of this Section 5.02, the interest rate on additional parity Variable Rate Bonds then proposed to be issued shall be deemed to be the Maximum Interest Rate applicable thereto. For the purposes of Section 5.02(A) hereof, Investment Earnings shall not be deemed to include any investment income which shall exceed the sum which would have been earned upon the investment of moneys

on deposit in the Reserve Account had such investment achieved a yield of five and one-half per centum (5 1/2%) per annum.

(C) In computing Maximum Annual Debt Service for purposes of this Section 5.02, the interest rate on Outstanding Variable Rate Bonds shall be deemed to be the Maximum Interest Rate applicable thereto.

(D) Additional Bonds shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and all of the other covenants and other provisions of this Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of all Bonds issued pursuant to this Resolution; provided, however, any Supplemental Resolution authorizing the issuance of Additional Bonds may provide that any of the covenants herein contained will not be applicable to such Additional Bonds, provided that such provision shall not, in the opinion of Bond Counsel, adversely affect the rights of any Bonds which shall then be Outstanding. Except as provided in Sections 4.02 and 4.05 hereof, all Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Funds and their sources and security for payment therefrom without preference of any Bonds over any other; provided, however, that the Issuer shall include a provision in any Supplemental Resolution authorizing the issuance of Variable Rate Bonds pursuant to this Section 5.02 that in the event the principal thereof is accelerated due to such Bonds being held by the issuer of a Credit Facility, the lien of such Bonds on the Pledged Funds shall be subordinate in all respects to the pledge of the Pledged Funds created by this Resolution.

(E) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of this Section 5.02 shall not apply, provided that the issuance of such Additional Bonds shall not result in an increase in the aggregate amount of principal of and interest on the Outstanding Bonds becoming due in the current Fiscal Year and all subsequent Fiscal Years. The conditions of subsection (A) of this Section 5.02 shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

SECTION 5.03. Bond Anticipation Notes. The Issuer may issue notes in anticipation of the issuance of Bonds which shall have such terms and details and be secured in such manner, not inconsistent with this Resolution, as shall be provided by resolution of the Issuer.

SECTION 5.04. Accession of Subordinated Indebtedness to Parity Status with Bonds. The Issuer may provide for the accession of Subordinated Indebtedness to the status of complete parity with the Bonds, if (A) the Issuer shall meet all the requirements imposed upon the issuance of Additional Bonds by Section 5.02 hereof, assuming, for purposes of said requirements, that such Subordinated Indebtedness shall be Additional Bonds, and (B) the Reserve Account, upon such accession, shall contain an amount equal to the Reserve Account Requirement in accordance with Section 4.05(A)(4) hereof. If the aforementioned conditions are satisfied, the Subordinated Indebtedness shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and such Subordinated Indebtedness shall be considered Bonds for all purposes provided in this Resolution.

SECTION 5.05. Books and Records. The Issuer will keep books and records of the receipt of the Gas Tax Revenues in accordance with generally accepted accounting principles, and any Credit Bank, Insurer, or Holder of Bonds shall have the right at all reasonable times to inspect the records, accounts and data of the Issuer relating thereto.

The Issuer covenants that within one hundred eighty (180) days of the close of each Fiscal Year it will cause to be prepared and filed with the Clerk and mailed to all Insurers and all Holders who shall have filed their names and addresses with the Clerk for such purpose a statement setting forth in respect of the preceding Fiscal Year: (A) the amount of the Gas Tax Revenues received in the preceding Fiscal Year; (B) the total amounts deposited to the credit of each fund and account created under the provisions of this Resolution; (C) the principal amount of all Bonds issued, paid, purchased or redeemed; and (D) the amounts on deposit at the end of such Fiscal Year to the credit of each such fund or account.

SECTION 5.06. Annual Audit. The Issuer shall, immediately after the close of each Fiscal Year, cause the financial statements of the Issuer to be properly audited by a recognized independent certified public accountant or recognized independent firm of certified public accountants or by an auditing official of the State, and obtain their report thereof in accordance with applicable law. Such annual reports shall contain, but not be limited to, a balance sheet, a statement of revenues, expenditures and changes in fund balance, and any other statements as required by law or accounting convention, and a report by such accountants or official disclosing any material default on the part of the Issuer of any covenant or agreement herein which is disclosed by such audit. The annual financial statement shall be prepared in conformity with generally accepted accounting principles. Promptly upon the same being made available to the Issuer, a copy of the

audited financial statements for each Fiscal Year shall be furnished to any Credit Bank and any Insurer and to any Holder of a Bond who shall have furnished such Holder's address to the Clerk and requested in writing that the same be furnished to such Holder. The Issuer shall be permitted to make a reasonable charge for furnishing to any Holder such audited financial statements. Promptly upon adoption by the Issuer of each of its annual budgets, the Issuer will furnish a copy thereof to every Credit Bank and Insurer.

SECTION 5.07. No Impairment. The pledging of the Pledged Funds in the manner provided herein shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceedings of the Board.

SECTION 5.08. Collection of Gas Tax Revenues. The Issuer covenants to do all things necessary on its part to continue the levy and collection of the Gas Tax Revenues in compliance with the Act and any successor provision of law. The Issuer will at all times comply with all of the requirements and conditions of Chapter 218, Parts II and VI, Florida Statutes, as amended, and take every necessary action to remain qualified to receive distribution of the Gas Tax Revenues; and the Issuer will not take any action which will jeopardize its eligibility for receipt of such funds which may adversely affect its undertakings as provided in this Resolution. The Issuer will not take any action or enter into any agreement which will have the effect of reducing the level of Gas Tax Revenues distributed to the Issuer from that prevailing at the time the Issuer takes such action or enters into such agreement.

SECTION 5.09. Covenants with Credit Banks and Insurers. The Issuer may make such covenants as it may in its sole discretion, determine to be appropriate with any Insurer, Credit Bank or other financial institution that shall agree to insure or to provide for Bonds of any one or more Series credit or liquidity support that shall enhance the security or the value of such Bonds. Such covenants may be set forth in the applicable Supplemental Resolution and shall be binding on the Issuer, the Registrar, the Paying Agent and all the Holders of Bonds the same as if such covenants were set forth in full in this Resolution.

SECTION 5.10. Federal Income Tax Covenants; Taxable Bonds.

(A) The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds), that it shall not use the proceeds of such Series of Bonds in any manner which would cause the interest on such Series of Bonds to be or become includable in the gross income of the Holder thereof for federal income tax purposes.

(B) The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and neither the Issuer nor any such other Person shall do any act or fail to do any act which would cause the interest on such Series of Bonds to become includable in the gross income of the Holder thereof for federal income tax purposes.

(C) The Issuer hereby covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it will comply with all provisions of the Code necessary to maintain the exclusion of interest on the Bonds from the gross income of the Holder thereof for federal income tax purposes, including, in particular, the payment of any amount required to be rebated to the United States Treasury pursuant to the Code.

(D) The Issuer may, if it so elects, issue one or more Series of Taxable Bonds the interest on which is (or may be) includible in the gross income of the Holder thereof for federal income taxation purposes, so long as each Bond of such Series states in the body thereof that interest payable thereon is (or may be) subject to federal income taxation and provided that the issuance thereof will not cause the interest on any other Bonds theretofore issued hereunder to be or become includable in the gross income of the Holder thereof for federal income tax purposes. The covenants set forth in subsections (A), (B) and (C) of this Section 5.10 shall not apply to any Taxable Bonds.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.01. Events of Default. The following events shall each constitute an "Event of Default":

(A) Default by the Issuer shall be made in the payment of the principal of, Amortization Installment, redemption premium or interest on any Bond when due.

(B) There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under

the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

(C) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the Issuer to be performed, and such default shall continue for a period of thirty (30) days after written notice of such default shall have been received from any Insurer or the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds Outstanding or any Credit Bank. Notwithstanding the foregoing, the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes curative action and diligently pursues such action until the default has been corrected.

SECTION 6.02. Remedies. Any Holder of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Bondholders may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer or by any officer thereof. Nothing contained herein shall be deemed to be a waiver of the Issuer's venue privileges.

The Holder or Holders of Bonds in an aggregate principal amount of not less than twenty-five percent (25%) of the Bonds then Outstanding may by a duly executed certificate in writing appoint any state bank, national bank, trust company or national banking association qualified to transact business in Florida as trustee for Holders of Bonds issued pursuant to this Resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Clerk. Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Issuer and the trustee and notice of appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first trustee hereunder, no further trustees may be appointed; however, the Holders of a majority in aggregate

principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

SECTION 6.03. Directions to Trustee as to Remedial Proceedings. The Holders of a majority in principal amount of the Bonds then Outstanding (or any Insurer insuring any then Outstanding Bonds) have the right, by an instrument or concurrent instruments in writing executed and delivered to the trustee, to direct the method and place of conducting all remedial proceedings to be taken by the trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof.

SECTION 6.04. Remedies Cumulative. No remedy herein conferred upon or reserved to the Bondholders or to any Insurer 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 hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 6.05. Waiver of Default. No delay or omission of any Bondholder or any Insurer 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 Section 6.02 of this Resolution to the Bondholders and the Insurers may be exercised from time to time, and as often as may be deemed expedient.

SECTION 6.06. Application of Moneys After Default. If an Event of Default shall happen and shall not have been remedied, the Issuer or a trustee or receiver appointed for the purpose shall apply all Pledged Funds as follows and in the following order:

A. To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver, Registrar and Paying Agent hereunder; and

B. To the payment of the interest and principal or Redemption Price, if applicable, then due on the Bonds, as follows:

(1) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the

amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 8.01 of this Resolution), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD: to the payment of the Redemption Price of any Bonds called for optional redemption pursuant to the provisions of this Resolution.

(2) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

SECTION 6.07. Control by Insurer. Upon the occurrence and continuance of an Event of Default, each Insurer, if such Insurer shall have honored all of its commitments under its bond insurance policy, shall be entitled to direct and control the enforcement of all rights and remedies of Bondholders with respect to the Bonds it shall insure, including the appointment of a receiver or trustee, effecting any waiver, or accelerating any of such Bonds, none of which may occur without its consent.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS

SECTION 7.01. Supplemental Resolution Without Bondholders' Consent. The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolution shall thereafter form a part hereof) for any of the following purposes:

(A) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder.

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

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

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

(E) To specify and determine the matters and things referred to in Sections 2.01, 2.02 or 2.09 hereof, and also any other matters and things relative to such Bonds which, in the opinion of Bond Counsel, are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds.

(F) To authorize Additional Projects or to change or modify the description of the Initial Project or any Additional Project.

(G) To specify and determine matters necessary or desirable for the issuance of Capital Appreciation Bonds or Variable Rate Bonds.

(H) To authorize Additional Bonds or Subordinated Indebtedness.

(I) To make any other change that, in the opinion of Bond Counsel, would not materially adversely affect the security for the Bonds.

Except Supplemental Resolutions described in subsection (F) of this Section 7.01 and Supplemental Resolutions adopted for the purpose of authorizing Additional Bonds in compliance with all applicable provisions hereof, no Supplemental Resolution adopted pursuant to this Article VII shall become effective unless approved by every Insurer; and the Issuer covenants and agrees to furnish to each Insurer an executed original transcript of the Issuer's proceedings with respect to the adoption of each Supplemental Resolution.

SECTION 7.02. Supplemental Resolution With Bondholders' and Insurer's Consent. Subject to the terms and provisions contained in this Section 7.02 and Section 7.01 hereof, the Holder or Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolution or Resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 7.02. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 7.02 shall also require the written consent of the Insurer of any Bonds which are Outstanding at the time such Supplemental Resolution shall take effect. No Supplemental Resolution may be approved or adopted which shall permit or require (a) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (b) reduction in the principal amount of any Bond or the Redemption Price or the rate of interest thereon, (c) the creation of a lien upon or a pledge of other than the lien and pledge created by this Resolution which adversely affects any Bondholders, (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders or the Insurer of the adoption of any Supplemental Resolution as authorized in Section 7.01 hereof.

If at any time the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 7.02, the Clerk shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books and to all Insurers of Bonds Outstanding. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Clerk and the Registrar for inspection by all Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 7.02 to be mailed

and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 7.02.

Whenever the Issuer shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 7.02, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Issuer and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

SECTION 7.03. Amendment with Consent of Insurer Only.
If all of the Bonds Outstanding hereunder are insured as to payment of principal and interest by an Insurer or Insurers, and the Insurer or Insurers are not in default, and the Bonds, at the time of the hereinafter described amendment, shall be rated by the rating agencies which shall have rated the Bonds at the time such Bonds were insured no lower than the ratings assigned thereto by such rating agencies on the date of being insured, the Issuer may enact one or more Supplemental Resolutions amending all or any part of Articles I, IV, V and VI hereof with the written consent of said Insurer or Insurers and the acknowledgment by said Insurer or Insurers that its insurance or guaranty policy will remain in full force and effect. The consent of the Holders of any Bonds shall not be necessary. The foregoing right of amendment, however, does not apply to any amendment to Section 5.10 hereof with respect to the exclusion, if applicable, of interest on said Bonds from the gross income of the Holders thereof for

federal income tax purposes nor may any such amendment deprive the Holders of any Bond of right to payment of the Bond from, and their lien on, the Pledged Funds. Upon filing with the Clerk of evidence of such consent of the Insurer or Insurers as aforesaid, the Issuer may adopt such Supplemental Resolution. After the adoption by the Issuer of such Supplemental Resolution, notice thereof shall be mailed in the same manner as notice of an amendment under Section 7.02 hereof.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Defeasance. If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of the Pledged Funds, and all covenants, agreements and other obligations of the Issuer to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agents shall pay over or deliver to the Issuer all money or securities held by them pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section 8.01 if (a) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (b) there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Issuer either moneys in an amount which shall be sufficient, or Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such bank or trust company at the same time shall be sufficient, to pay the principal of or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Neither the Securities nor any moneys so deposited with such bank or trust company nor any moneys received by such bank or trust company on account of principal of or Redemption Price, if applicable, or interest on said Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Redemption Price, if applicable, of the Bonds for the payment

or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption thereof; provided, however, the Issuer may substitute new Securities and moneys for the deposited Securities and moneys if the new Securities and moneys are sufficient to pay the principal of or Redemption Price, if applicable, and interest on such Bonds.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or the redemption date thereof, as the case may be, by the deposit of moneys, or specified Securities and moneys, if any, in accordance with this Section 8.01, the interest to come due on such Variable Rate Bonds on or prior to the maturity or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than the Maximum Interest Rate for any period, the total amount of moneys and specified Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to satisfy this Section 8.01, such excess shall be paid to the Issuer free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this Resolution.

In the event the Bonds for which moneys are to be deposited for the payment thereof in accordance with this Section 8.01 are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall cause the Registrar to mail a notice to the Holders of such Bonds that the deposit required by this Section 8.01 of moneys or Securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 8.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of or Redemption Price, if applicable, and interest on said Bonds.

Nothing herein shall be deemed to require the Issuer 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 Issuer in determining whether to exercise any such option for early redemption.

In the event that the principal of or Redemption Price, if applicable, and interest due on the Bonds or any portion thereof shall be paid by an Insurer or Insurers, such Bonds or any portion thereof shall remain Outstanding, shall not be defeased and shall not be considered paid by the Issuer, and the pledge of the Pledged Funds and all covenants, agreements and

other obligations of the Issuer to the Bondholders shall continue to exist and such Insurer or Insurers shall be subrogated to the rights of such Bondholders.

SECTION 8.02. Capital Appreciation Bonds. For the purposes of (A) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (B) receiving payment of a Capital Appreciation Bond if the principal of all Bonds becomes due and payable under the provisions of this Resolution, or (C) computing the amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to the Issuer or any trustee or receiver appointed to represent the Bondholders any notice, consent, request or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

SECTION 8.03 General Authority. The members of the Board and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the initial purchaser of the Bonds to effectuate the sale of the Bonds to said initial purchaser.

SECTION 8.04 No Personal Liability. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Bonds, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any Board member, officer, employee or agent of the Issuer in his individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Bonds, or any certificate or other instrument to be executed in connection with the issuance of the Bonds, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

SECTION 8.05 No Third Party Beneficiaries. Except such other Persons as may be expressly described herein or in the Bonds, nothing in this Resolution, or in the Bonds, expressed or implied, is intended or shall be construed to confer upon any Person other than the Issuer and the Holders any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Bonds, all provision hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Persons who shall from time to time be the Holders.

SECTION 8.06. Sale of Bonds. The Bonds shall be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the Act, the requirements of this Resolution and other applicable provisions of law.

SECTION 8.07. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

SECTION 8.08. Repeal of Inconsistent Resolutions. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 8.09 Table of Contents and Headings not Part Hereof. The Table of Contents preceding the body of this Resolution and the headings preceding the several articles and sections hereof shall be solely for convenience of reference and shall not constitute a part of this Resolution or affect its meaning, construction or effect.

SECTION 8.10. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this ____ day of February, 1988.

(SEAL)

Chairman, Board of County
Commissioners

ATTEST:

Clerk, Board of County
Commissioners

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APPENDIX C

Financial Statements and Auditor's Report

2500 Independent Square
Jacksonville, FL 32202

Telephone 904 355 6500

Price Waterhouse



February 13, 1987

Board of County Commissioners
St. Johns County, Florida

In our opinion, the general purpose financial statements on pages 2 to 20 present fairly the financial position of St. Johns County, Florida at September 30, 1986 and the results of its operations, the changes in financial position of its proprietary fund types and changes in assets and liabilities of its fiduciary fund types for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.


Certified Public Accountants

ST. JOHNS COUNTY, FLORIDA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNTS GROUPS
SEPTEMBER 30, 1986

	Governmental Fund Types						Proprietary Fund Types	Ciduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Special Assessments	Enterprise			Trust and Agency	General Fixed Assets		Long-term Debt
ASSETS												
Cash	159,933	51,253,278	510,108		891,697	516,133	5863,785				97,205,218	
Investments, at cost	1,915,020	2,490,972	485,139	54,768,463		1,630,098	119,394				11,409,086	
Receivables (net of allowance for uncollectibles):												
Accounts												
Special assessments	22,057	8,437				375,436	616				106,546	
Due from other county funds	778,175	26,908		1,556	302	36,151					1,556	
Due from other governments	187,006	117,426				106,610					841,536	
Inventory, at cost											106,610	
Restricted assets:												
Cash												
Investments, at cost												
Land											400	
Buildings and improvements											1,344,819	
Water and sewer systems											2,020,985	
Furniture and equipment											13,944,870	
Accumulated depreciation											8,528,473	
Construction in progress											9,314,696	
Other expenses/expenditures											(1,403,855)	
Amount available in debt service funds	4,491					4,409,241					5,688,638	
Amount to be provided for retirement of general long-term debt						163,478	7,816		5495,447		495,447	
Amount to be provided for retirement of general long-term compensated absences payable									8,592,385		8,592,385	
Total assets	\$2,876,816	\$3,896,971	\$495,147	\$4,770,019	\$91,999	\$15,992,606	\$991,611	\$25,674,286	\$20,745	\$9,608,577	\$64,398,332	

See Accompanying Notes To Financial Statements.

ST JOHNS COUNTY, FLORIDA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 1986

	Governmental Fund Types						Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Special Assessments	Enterprise			Trust and Agency	General Fixed Assets		Long-term Debt
LIABILITIES AND FUND EQUITY												
Liabilities:												
Vouchers payable and accrued liabilities	\$485,871	\$415,481	\$30	\$536,335	\$75,891	\$91,702					\$1,554,010	
Customer deposits		6,946				778,756	\$453,703				283,804	
Due to individuals		8,100					83,946				92,046	
Due to other county funds	17,562	704,057				35,971					881,536	
Due to other governmental units	74,456	15,832					731,391		\$4,060,000		321,679	
Other liabilities	216,659						727,371				419,230	
Revenue bonds payable											11,468,801	
General obligation bonds payable									4,995,000		4,995,000	
Lease purchase agreements	5,233								32,832		38,065	
General long-term compensated absences payable											520,745	
Total liabilities	799,801	1,150,418	30	536,335	75,891	8,034,730	991,611		520,745		21,146,593	
Fund equity:												
Investment in general fixed assets									\$25,674,286		25,674,286	
Contributed capital (net of amortization)											5,253,237	
Retained earnings:												
Reserved for bond debt service											95,158	
Unreserved											2,608,481	
Fund balances -												
Capital Outlay											4,233,684	
Retirement of long-term debt	2,077,015	2,746,553	495,417		66,908						495,417	
Unreserved	2,077,015	2,746,553	495,417	4,233,684	66,908	7,957,876			25,674,286		4,890,476	
Total fund equity											43,751,739	
Total liabilities and fund equity	\$2,876,816	\$3,896,971	\$495,447	\$4,770,019	\$91,999	\$15,982,606	\$991,611		\$25,674,286		\$64,398,332	

See Accompanying Notes To Financial Statements.

ST JOHNS COUNTY, FLORIDA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED SEPTEMBER 30, 1986

	General	Special Revenue
	-----	-----
Revenues:		
Taxes	\$8,005,576	\$3,657,584
Special assessments levied		59,848
Licenses and permits	522,181	
Federal shared revenues		593,339
State revenue:		
Shared revenues	2,727,251	1,635,648
Grants	45,712	488,515
Local grants and shared costs	2,160	
Charges for services	546,047	2,067,647
Fines and forfeitures	885,983	
Interest income	439,286	212,738
Miscellaneous revenue	130,029	75,379
	-----	-----
Total revenues	13,304,225	8,790,698
	-----	-----
Expenditures: -		
Current:		
General government	3,165,287	2,444,572
Public safety	3,463,685	3,623,854
Physical environment	693,522	
Transportation		2,934,386
Economic environment	30,521	52,658
Human services	620,611	709,112
Culture and recreation	558,463	158,896
Capital outlay	496,727	2,588,574
Debt service:		
Principal retirement		
Interest and fiscal charges		
	-----	-----
Total expenditures	9,028,816	12,512,052
	-----	-----
Excess (deficit) of revenues over expenditures	4,275,409	(3,721,354)
Other financing sources (uses):		
Operating transfers in	663,883	5,238,030
Operating transfers (out)	(5,724,026)	(600,783)
Bond proceeds and other uses	(29,695)	(17,936)
	-----	-----
Excess (deficit) of revenues and other sources over expenditures and other uses	(814,429)	897,957
Fund balance, beginning of year	2,891,444	1,848,596
	-----	-----
Fund balance, end of year	\$2,077,015	\$2,746,553
	=====	=====

See Accompanying Notes To Financial Statements.

Debt Service	Capital Projects	Special Assessments	Totals (Memorandum Only)
\$582,643	\$1,814,021	\$929,648	\$14,989,472
			59,848
			522,181
			593,339
490,784			4,853,683
	60,000		594,227
			2,160
		217,340	2,831,034
			885,983
28,862	182,602		863,488
	536,864	466	742,738
-----	-----	-----	-----
1,102,289	2,593,487	1,147,454	26,938,153
-----	-----	-----	-----
			5,609,859
		822,504	7,910,043
			693,522
		24,458	2,958,844
			83,179
			1,329,723
		17,796	735,155
	3,154,612	386,239	6,626,152
320,000			320,000
492,947			492,947
-----	-----	-----	-----
812,947	3,154,612	1,250,997	26,759,424
-----	-----	-----	-----
289,342	(561,125)	(103,543)	178,729
	597,301	303	6,499,517
	(109,750)	(64,958)	(6,499,517)
	2,440,846	(114)	2,393,101
-----	-----	-----	-----
289,342	2,367,272	(168,312)	2,571,830
206,075	1,866,412	235,220	7,047,747
-----	-----	-----	-----
\$495,417	\$4,233,684	\$66,908	\$9,619,577
=====	=====	=====	=====

ST. JOHN'S COUNTY, FLORIDA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED SEPTEMBER 30, 1986

	General Fund			Special Revenue Funds			Debt Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Taxes	88,213,844	98,005,376	(8210,260)	83,833,826	83,657,504	(8176,322)	9600,746	8582,643	(818,103)
Special assessments levied				13,902	39,848	45,946			
Licenses and permits	579,170	522,181	(56,989)						
Federal shared revenues				587,000	593,339	6,339			
State revenues:									
Shared revenues	2,431,029	2,727,251	296,222	1,656,772	1,838,648	(21,124)	490,784	490,784	
Grants	10,520	45,712	35,192	71,975	488,515	416,540			
Local grants and shared costs	360	2,160	1,800						
Charges for services	484,177	548,047	61,870	1,589,094	2,067,647	498,553			
Fines and forfeitures	499,252	885,982	386,730						
Interest income	300,356	439,286	(138,930)	118,500	212,738	94,238	92,900	20,862	(24,038)
Miscellaneous revenue	112,719	130,029	17,310	38,073	75,379	37,306			
Total revenues	13,833,428	13,304,728	270,797	7,889,242	8,790,698	901,456	1,144,430	1,102,289	(42,141)
Expenditures:									
Current:									
General government	3,171,856	3,145,207	6,569	2,530,405	2,444,972	85,433			
Public safety	3,463,732	3,463,685	47	3,723,010	3,623,854	99,156			
Physical environment	711,308	693,522	17,786						
Transportation				2,973,711	2,934,386	39,325			
Economic environment	30,524	30,521	3		32,450	(2,658)			
Human services	628,433	670,411	(41,978)	736,829	709,112	27,717			
Culture and recreation	558,476	558,483	(7)	166,241	158,896	7,345			
Capital outlay	604,116	498,727	105,389	3,451,741	2,588,578	863,163			
Debt service:									
Principal retirement							577,200	370,000	207,200
Interest and fiscal charges							548,861	492,947	55,914
Total expenditures	9,188,467	9,028,814	159,653	13,781,937	12,512,052	1,269,885	1,126,061	812,947	313,114
Excess (deficit) of revenues over expenditures	4,644,961	4,275,914	410,428	(5,892,695)	(3,721,354)	2,171,341	18,369	289,342	270,973
Other financing sources (uses):									
Operating transfers in	243,482	663,483	(420,001)	5,152,270	5,238,030	(85,760)			
Operating transfers (out)	(3,456,657)	(5,724,826)	(2,268,169)	42,437	(800,783)	(843,220)			
Bond proceeds and other uses	(29,693)	(29,693)		(2,104)	(17,938)	(15,834)			
Excess (deficit) of revenues and other sources over expenditures and other uses	(1,577,969)	(816,429)	761,540	(700,892)	897,957	1,598,049	18,369	289,342	270,973
Fund balance, beginning of year	2,891,444	2,891,444	-	1,848,596	1,848,596	-	206,075	206,075	-
Fund balance, end of year	81,313,475	82,077,015	(763,540)	81,148,504	82,746,553	(598,049)	8224,444	8495,417	(270,973)

See Accompanying Notes To Financial Statements.

ST JOHNS COUNTY, FLORIDA
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED SEPTEMBER 30, 1986

	ENTERPRISE FUNDS
Operating revenues:	
Water sales	\$1,502,830
Sewage treatment charges	771,741
Service fees	109,763
Merchandise sales	52,457
Total operating revenues	2,436,791
Operating expenses:	
Contractual services	199,247
Salaries and employee benefits	521,140
Operating expenses	599,469
Maintenance	273,823
Depreciation	398,021
Total operating expenses	1,991,700
Operating income	445,091
Nonoperating revenues (expenses):	
Interest income	250,159
Interest expense	(537,814)
Other expenses	(13,639)
Total nonoperating revenues (expenses)	(301,294)
Net income	143,797
Add depreciation on fixed assets acquired by grants externally restricted for capital acqui- sitions and construction that reduces contributed capital	109,726
Increase in retained earnings	253,523
Retained earnings, beginning of year	2,451,116
Retained earnings, end of year	\$2,704,639

See Accompanying Notes To Financial Statements.

ST JOHNS COUNTY, FLORIDA
 COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
 PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED SEPTEMBER 30, 1986

	ENTERPRISE FUNDS
Cash was provided by:	
Net income	\$143,797
Add (deduct) items not affecting cash:	
Depreciation	398,021
Amortization of bond discount	3,428
Increase in accounts receivable	(46,178)
Decrease in inventory	(22,612)
Change in accounts payable and accrued liabilities	(641,561)
Change in other current assets and liabilities	(164,800)
Cash provided by operations	(329,905)
Capital contributions	338,291
Increase in customer deposits	101,020
Proceeds from sale of Revenue Bonds and Anticipation Notes	5,562,801
Decrease in restricted assets	4,410,736
Total cash provided	10,082,943
Cash was used for:	
Net additions to fixed assets	1,208,712
Reduction of long-term debt	9,294,700
Total cash used	10,503,412
Net decrease in cash & investments	(420,469)
Cash & investments, beginning of year	2,066,700
Cash & investments, end of year	\$1,646,231

See Accompanying Notes to Financial Statements.

ST JOHNS COUNTY, FLORIDA
 COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 TRUST AND AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1986

ASSETS	Balance September 30, 1985 -----	Additions -----	Deductions -----	Balance September 30, 1986 -----
Cash	\$379,613	\$40,428,121	\$39,943,949	\$863,785
Investments	173,306	169,351	223,263	119,394
Juror and Witness Payrolls	8,896	33,928	35,008	7,816
Accounts Receivable	393	7,164	6,941	616
	-----	-----	-----	-----
Total assets	\$562,208	\$40,638,564	\$40,209,161	\$991,611
	-----	-----	-----	-----
LIABILITIES				
Documentary stamps	(\$100,000)	\$2,926,533	\$2,603,962	\$222,571
Due to individuals	277,986	1,386,015	1,210,298	453,703
Due to other county funds	86,013	14,772,759	14,774,826	83,946
Due to other governmental agencies	298,209	21,199,118	21,265,936	231,391
	-----	-----	-----	-----
Total liabilities	\$562,208	\$40,284,425	\$39,855,022	\$991,611
	-----	-----	-----	-----

See Accompanying Notes To Financial Statements.

ST. JOHNS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies

St. Johns County, Florida (the County) is an instrument of the State of Florida established to carry on a centralized municipal government. The financial statements include organizations, activities and functions where elected officials of the County exercise oversight responsibility. Oversight responsibility includes final decision-making authority and accountability for fiscal matters, designation of management and the ability to influence operations.

The following is a summary of the significant accounting principles and policies used in the preparation of these financial statements.

Basis of Presentation - The financial statements presented represent the combined financial statements of St. Johns County, Florida which includes the fund types and account groups of the Board of County Commissioners, Clerk of the Circuit and County Courts, Property Appraiser, Sheriff and Tax Collector. The accounts of the Supervisor of Elections are maintained by the Board of County Commissioners and are thus included therein.

The public schools within St. Johns County are operated by the St. Johns County School Board, an independent entity, and are excluded from these financial statements as are the assets, liabilities and operations of other independent authorities and agencies.

Although the Anastasia Sanitary District is an independent authority, its financial statements are included because it is governed by the same persons who constitute the Board of County Commissioners. The assets and revenues are not available to the County and the County is not liable for any expenses or liabilities of Anastasia.

The County records its financial transactions in numerous individual funds and two account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which is established to account for specific activities or functions. For reporting purposes, the various funds of the County are classified into three basic fund types (governmental, proprietary and fiduciary funds) and two account groups (general fixed assets and general long term debt).

All governmental funds and expendable trust funds (a fiduciary fund type) are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." The long term portions of assets and liabilities are included in the account groups. Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financial uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

All fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Each fiduciary fund is classified for accounting measurement purposes as either a governmental fund or a proprietary fund.

The columns entitled "Totals (Memorandum Only)" are included for information purposes only and are not comparable to consolidated financial information. The basic reporting entities are fund types which utilize different bases of accounting. In addition, interfund type eliminations have not been made in arriving at the amounts included in these columns.

Purposes of Funds and Account Groups - St. Johns County, Florida uses the following funds and account groups:

Governmental Fund Types

- o The General Fund is used to account for the general operations of the county government which are not accounted for in another fund. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

- o Special Revenue Funds are operating funds used to account for revenues which are restricted or designated as to use by outside sources. The general operating funds of the Clerk of the Circuit and County Courts, Property Appraiser, Tax Collector and Sheriff are included as special revenue funds.
- o Debt Service Funds are used to account for the payment of principal, interest and related costs of general long-term debt. Debt service revenues are primarily from property taxes or state-shared revenues.
- o Capital Project Funds are used to account for resources designated to construct or acquire general fixed assets and major improvements other than those financed by special assessments or enterprise funds.
- o Special Assessment Funds are used to account for special assessments levied to finance public improvements or services deemed to benefit the properties against which assessments are levied.

Proprietary Fund Types

- o Enterprise Funds are used to account for water and sewer services and merchandise sales that are financed and operated in a manner similar to profit-oriented business enterprises. The costs of sales and services are financed or recovered primarily through sales and user charges.

Fiduciary Fund Types

- o Trust and Agency Funds are used to account for assets held by the County as trustee or agent.

Account Groups

- o The General Fixed Asset Account Group is used to account for those fixed assets owned by the County except those accounted for in the Enterprise Funds.
- o The General Long-Term Debt Account Group is used to account for the outstanding principal balances of general long-term debt, except those accounted for in the Enterprise Funds, and to account for compensated absences which are not payable from currently expendable financial resources applicable to the Governmental Funds.

Basis of Accounting - The combined financial statements have been prepared in conformity with the accounting principles and reporting guidelines of the Governmental Accounting Standards Board.

The accounts of the governmental fund types are maintained on the modified accrual basis of accounting. Under the modified accrual basis, expenditures are recorded at the time liabilities are incurred except accrued interest on general long-term debt which is recorded when due; revenues are recorded when they are both measurable and available.

The financial statements of the enterprise funds are prepared on the accrual basis of accounting.

Expenditures for the overall accounting and investment function are recorded in the General Fund, except where there is a contractual requirement to record such expenditures in another type fund or account group.

Budget - Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board of County Commissioners.

Investments - Cash in excess of operating requirements is pooled and invested. Investment income is recorded in the General Fund, except where there is a contractual requirement to record such revenues in another fund. Investments are stated at cost which approximates market value.

Inventories - Inventories included in the enterprise funds consist primarily of utility stores. The inventory is valued at the lower of first-in first-out cost or market.

Ad Valorem Property Taxes - The County assesses property taxes effective in November of each year. Taxpayers are given five months within which to pay the tax, while a discount commencing at 4% and declining by 1% each additional month is allowed if taxes are paid within this five month period. After that time, the County sells tax certificates to collect unpaid taxes and any applicable penalties and interest. The County can hold the certificates up to two years, at which time it can apply for a tax deed to the property if taxes remain unpaid.

Interfund Transactions - During the course of normal operations, the County has various transactions between funds. Those transactions which are operating subsidies are recorded as transfers.

NOTE 2 - Fixed Assets

General Fixed Assets (Governmental Funds) - General fixed assets are recorded at cost as capital outlay in the purchasing fund at the time of acquisition. Rights-of-way and infrastructure improvements, such as roads and bridges, are not carried as assets. No depreciation is provided on those assets capitalized in the General Fixed Asset Account Group.

The County capitalizes major expenditures for additions and improvements. Expenditures for maintenance and repairs are charged to operations.

The following is a schedule of changes in the General Fixed Asset Account Group for the fiscal year ended September 30, 1986:

	<u>Balance September 30, 1985</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance September 30, 1986</u>
Land	\$ 1,575,694	\$ 277,678		\$ 1,853,372
Buildings and improve- ments	5,062,004	8,579,785		13,641,789
Furniture and equipment	6,980,832	2,191,117	\$ 495,902	8,676,047
Equipment under lease-purchase agreement	223,681			223,681
Construction in progress	<u>6,668,667</u>	<u>1,963,111</u>	<u>7,352,381</u>	<u>1,279,397</u>
	<u>\$20,510,878</u>	<u>\$13,011,691</u>	<u>\$7,848,283</u>	<u>\$25,674,286</u>

Fixed Assets (Enterprise Funds) - Acquisitions by the enterprise funds are capitalized at cost. Those acquired prior to 1972 are recorded at the 1971 appraised market values. Assets are depreciated on the straight-line method over the estimated lives of the assets, which range from 10 to 50 years. Major expenditures for additions and improvements are capitalized. Expenditures for maintenance and repairs are charged to operations.

NOTE 3 - Interfund Balances

The summary of individual interfund balances at September 30, 1986 follows:

	<u>Due from other county funds</u>	<u>Due to other county funds</u>
<u>General</u>		
Board of County Commissioners	<u>\$778,175</u>	<u>\$ 17,562</u>
<u>Special Revenue</u>		
County Transportation	4,657	
Clerk of the Courts		69,838
Sheriff	22,251	238,830
Tax Collector		395,389
	<u>26,908</u>	<u>704,057</u>
<u>Special Assessments</u>		
Vilano Street Lighting	109	
St. Augustine South Street Lighting	<u>193</u>	
	<u>302</u>	<u>-</u>
<u>Enterprise</u>		
Anastasia Sanitary District	32,765	3,567
Mainland Water System	<u>3,386</u>	<u>32,404</u>
	<u>36,151</u>	<u>35,971</u>
<u>Trust and Agency</u>		
Clerk of the Courts		76,748
Sheriff		<u>7,198</u>
	<u>-</u>	<u>83,946</u>
Total	<u>\$841,536</u>	<u>\$841,536</u>

NOTE 4 - Long-Term Debt

Long-term debt transactions of the County for the year ended September 30, 1986 are summarized below:

	<u>General Government</u>	<u>Enterprise</u>	<u>Total</u>
Long-term debt payable at September 30, 1985	\$6,834,369	\$11,357,272	\$18,191,641
Issuance of long-term debt	3,000,000	5,562,801	8,562,801
Amortization of debt issuance discount		3,428	3,428
Sinking fund payments & maturities	(364,679)	(9,294,700)	(9,659,379)
Increase in liability for compensated absences	<u>138,887</u>	<u> </u>	<u>138,887</u>
Long-term debt payable at September 30, 1986	<u>\$9,608,577</u>	<u>\$ 7,628,801</u>	<u>\$17,237,378</u>

Long-term debt at September 30, 1986 is comprised of the following individual issues:

General Government:-

Revenue bonds:

\$2,000,000 1967 Race Track and Jai Alai
Fronton Revenue Bonds secured by state
race track and jai alai tax revenues,
due in annual installments of \$70,000 to
\$130,000 through July 1, 1997; interest
at 5.7% to 5.75% payable semi-annually

\$1,110,000

\$3,000,000 1986 Capital Improvement
Revenue Note secured by half-cent sales
tax revenues, due in monthly installments
of \$50,000 through October 1, 1991; in-
terest at 61.8% of the current prime bank
lending rate (7.5% at 9/30/86) payable
monthly

2,950,000

4,060,000

General obligation bonds:	
\$1,300,000 1966 General Bonds due in annual installments of \$65,000 to \$85,000 through July 1, 1991; interest at 4.4% to 5.5% payable semi-annually	375,000
\$5,000,000 1983 Jail and Criminal Justice Facilities Construction Bonds due in annual installments of \$135,000 to \$500,000 through March 1, 2003; interest at 5% to 9.1% payable semi-annually	<u>4,620,000</u>
	<u>4,995,000</u>
Lease-purchase agreement:	
Secured by data processing equipment; monthly payments of \$4,394 including interest at 11.5% through August 1987	32,832
General long-term compensated absences payable	<u>520,745</u>
Total General Government	<u>\$9,608,577</u>

Enterprise:-

Revenue bonds:	
\$2,422,700 1981 Water Revenue Bonds secured by County water and sewer revenues, due in annual installments of \$26,000 to \$137,000 through September 1, 2020; interest at 5% payable annually	\$2,326,000
\$5,400,000 1986 Water and Sewer Refunding Revenue Bonds secured by County water and sewer revenues, due in annual installments of \$90,000 to \$460,000 through June 1, 2011; interest at 4.25% to 7.75% payable semi-annually (less unamortized discount of \$97,199)	<u>5,302,801</u>
Total Enterprise	<u>\$7,628,801</u>

The annual requirements to amortize all debt outstanding as of September 30, 1986, including interest payments of \$4,274,946 and \$9,169,607 for general government and enterprise fund debt, respectively, are as follows:

<u>Year ending, September 30</u>	<u>General Government</u>	<u>Enterprise</u>	<u>Total</u>
1987	\$ 4,748,794	\$ 557,852	\$ 5,306,646
1988	602,365	617,338	1,219,703
1989	608,880	624,662	1,233,542
1990	608,818	617,863	1,226,681
1991	612,197	623,812	1,236,009
1992-2020	<u>6,181,724</u>	<u>13,854,080</u>	<u>20,035,804</u>
	<u>\$13,362,778</u>	<u>\$16,895,607</u>	<u>\$30,258,385</u>

The bond resolutions authorizing each of the above debt obligations specified certain restrictive covenants. The bond restrictions require establishment of separate funds to control the order in which pledged proceeds are utilized by the County. The pledged proceeds in excess of debt service requirements may be used for any lawful purpose at the discretion of the Board of County Commissioners.

On August 15, 1986 the County issued \$5,400,000 of Revenue Refunding Bonds in the enterprise funds. Proceeds were used to redeem the Series 1984 and 1985 Water and Sewer Revenue Bonds and the Series 1973 Water and Sewer Revenue Bonds. \$320,000 was placed in escrow for defeasance of \$295,000 outstanding principal plus interest of the 1973 Water and Sewer Revenue Bonds. The Series 1973 bonds are scheduled to be redeemed on July 1, 1987.

On October 29, 1986, the County issued \$4,060,000 of General Government Refunding Revenue Bonds. Proceeds were used to redeem the 1967 Race Track and Jai Alai Fronton Revenue Bonds and the 1986 Capital Improvement Revenue Note.

NOTE 6 - Pension Plan

Substantially all of the County's employees are covered under the State of Florida Retirement System Pension Plan. Employer contributions of \$1,122,389 were recorded as expenditures or expenses during the current year.

NOTE 7 - Commitments and Contingent Liabilities

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, could constitute liabilities of the applicable funds. Management does not anticipate any such disallowances.

Litigation

The County is involved in various litigation arising in the normal course of governmental operations. The legal proceedings are not, in the opinion of the County Attorney, likely to have a material adverse impact on the County's financial position.

Financial Guaranty Insurance
 Company
 175 Water Street
 New York, New York 10038
 (212) 607-3000



Municipal Bond New Issue Insurance Policy

Issuer:

Policy Number:

Control Number:

Bonds:

Premium:

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to Citibank, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to

Financial Guaranty Insurance
Company
175 Water Street
New York, New York 10038
(212) 607-3000

FGICSM

Municipal Bond New Issue Insurance Policy

interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bond, to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officers in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Gerald L. Friedman

President

Robert J. Taylor

Executive Vice President

Effective Date:

Authorized Representative

Citibank, N.A. acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

[Signature]

Authorized Officer

Financial Guaranty Insurance
Company
175 Water Street
New York, New York 10038
(212) 607-3000

FGICSM

Endorsement To Financial Guaranty Insurance Company Insurance Policy

Policy Number:

Control Number:

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officers in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersigning of its duly authorized representative.

Derald L. Friedman
President

John A. Taylor
Executive Vice President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

[Signature]

Authorized Officer
Citibank, N.A., as Fiscal Agent

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APPENDIX E

Financial Guaranty Insurance
Company
175 Water Street
New York, New York 10038-4972
(212) 607-3000
(800) 352-0001

Municipal Bond Debt Service
Reserve Fund Policy

Issuer: Policy Number:
Control Number:
Bonds: Premium:
Paying Agent: Maximum Amount:

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay the paying agent named above or its successor, as paying agent for the Bonds (the "Paying Agent"), for the benefit of Bondholders, that portion (not to exceed the Maximum Amount set forth above) of the amount required to pay principal and interest (but not any prepayment premium) on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payment to the Paying Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. Upon such disbursement, Financial Guaranty shall become entitled to reimbursement therefor (together with interest thereon) all as provided in the Debt Service Reserve Fund Policy Agreement between the Issuer and Financial Guaranty dated as of the Effective Date of this Policy. The Maximum Amount shall be automatically reinstated when and to the extent that the Issuer repays amounts disbursed hereunder, but shall not be reinstated to the extent of amounts received by Financial Guaranty constituting interest on amounts disbursed to the Paying Agent pursuant to this Policy. Financial Guaranty shall provide Notice to the Paying Agent of any reinstatement of any portion of the Maximum Amount within one Business Day of such reinstatement.

This Policy is non-cancellable for any reason, including the failure of the Issuer to reimburse Financial Guaranty for any payment made hereunder.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of

Form 9008
Page 1 of 2

Financial Guaranty Insurance
Company
175 Water Street
New York, New York 10038-4972
(212) 607-3000
(800) 352-0001

Municipal Bond Debt Service
Reserve Fund Policy

Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest Due for Payment on such Bond and includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from the Paying Agent for the Bonds to Financial Guaranty or from Financial Guaranty to the Paying Agent, as the case may be. "Business Day" means any day other than a Saturday, Sunday or a day on which the Paying Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officers in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Executive Vice President

Effective Date:

Authorized Representative

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APPENDIX F

Form of Bond Counsel Opinion

FOLEY & LARDNER

POST OFFICE BOX 1290
JACKSONVILLE, FLORIDA 32201-1290

1700 ATLANTIC BANK BUILDING

200 WEST FORSYTH STREET

TELEPHONE (904) 356-2029

IN MILWAUKEE, WISCONSIN

FOLEY & LARDNER

777 EAST WISCONSIN AVENUE

MILWAUKEE, WIS. 53202-5367

TELEPHONE (414) 271-2400

TELEX 26-819

WASHINGTON, D.C.

MADISON, WISCONSIN

TAMPA, FLORIDA

ORLANDO, FLORIDA

February __, 1988

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

Ladies and Gentlemen:

We have examined the Constitution and statutes of the State of Florida, most particularly Part I, Chapter 125, Florida Statutes (1987), Section 336.025, Florida Statutes (1987), and other applicable laws, certified copies of proceedings of the Board of County Commissioners (the "Board") of St. Johns County, Florida (the "Issuer"), and other proofs submitted to us relative to the issuance and sale by the Issuer of the bonds hereinafter more particularly described (the "Bonds"), to wit:

§ _____
St. Johns County, Florida
Transportation Improvement Revenue Bonds, Series 1988
Dated as of February 1, 1988

The Bonds are issued pursuant to the Constitution and laws of the State of Florida, particularly Resolution No. 88-____ adopted by the Board on February 3, 1988, as supplemented (the "Resolution"), authorizing issuance of the Bonds to finance the cost of the acquisition, construction and reconstruction of additions, extensions and improvements to the road, bridge and other capital transportation facilities of the Issuer. The principal of and premium, if any, and interest on the Bonds are payable solely from and secured by a prior lien upon and pledge of (1) the Issuer's portion of the six-cent local option gas tax distributed to the Issuer and the municipalities of St. Johns County by the Florida Department of Revenue from the state Local Option Gas Tax Trust Fund pursuant to and in the manner authorized by Section 336.025, Florida Statutes (1987), and (2) until applied in accordance with the provisions of the Resolution, all moneys on deposit in and investments held for the credit of certain of the funds

The Honorable Chairman and Members
of the Board of County Commissioners
of St. Johns County, Florida
February __, 1988
Page Two

and accounts established by the Resolution and the earnings on such investments, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). The Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provision or limitation.

We are of the opinion, under existing statutes, regulations, rulings and court decisions, that:

1. The Issuer is duly created and validly existing as a political subdivision 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 issuance of the Bonds pursuant to the Resolution.

3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer enforceable in accordance with their 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), payable solely from the Pledged Funds.

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 Pledged Funds in the manner provided in the Resolution. No owner 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 the Pledged Funds.

5. 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

The Honorable Chairman and Members
of the Board of County Commissioners
of St. Johns County, Florida
February __, 1988
Page Three

obligations owned by corporations, banks and savings associations as defined by Chapter 220, Florida Statutes (1987).

6. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that interest on the Bonds is included in calculating the following: (i) "adjusted net book income" and "adjusted current earnings" for purposes of calculating the alternative minimum tax on corporations pursuant to Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) the environmental tax on corporations imposed by Section 59A of the Code, (iii) the branch profits tax imposed on foreign corporations by Section 884 of the Code, and (iv) the tax on "excess net passive income" imposed by Section 1375 of the Code on certain Subchapter S corporations that have Subchapter C earnings and profits. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. 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.

Respectfully submitted,

LT23MSCOP1

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\$12,475,000
St. Johns County, Florida
Transportation Improvement Revenue Bonds, Series 1988

BOND PURCHASE CONTRACT

February 3, 1988

The Board of County Commissioners
St. Johns County, Florida

Ladies and Gentlemen:

The undersigned Prudential-Bache Securities, Inc., as managing underwriter (hereinafter referred to as the "Underwriter"), hereby offers to enter into this Bond Purchase Contract (the "Bond Purchase Contract") with you (the "County") for the purchase by the Underwriter and sale by the County of the Bonds specified below. This offer is made subject to acceptance by the County prior to 5:00 p.m., local time, on the date hereof, and upon such acceptance, this Bond Purchase Contract shall be in full force and effect in accordance with its terms, and binding upon both the County and the Underwriter. Submitted to you herewith and attached hereto as Exhibit I is the Underwriter's disclosure statement required by Section 218.385(4), Florida Statutes.

1. Purchase of Bonds. Upon the terms and conditions and upon the basis of the representations and warranties herein set forth, the Underwriter hereby agrees to purchase from the County and the County hereby agrees to sell and deliver to the Underwriter all (but not less than all) of the \$12,475,000 aggregate principal amount of St. Johns County, Florida Transportation Improvement Revenue Bonds, Series 1988 (the "Bonds"), dated as of February 1, 1988 (the Bonds being more fully described in the Preliminary Official Statement attached hereto as Exhibit "A") at the purchase price of \$12,371,919³⁰ plus interest accrued thereon from February 1, 1988 to the Closing Date (as herein defined) referred to in Section 5 hereof, at which time all the Bonds shall be delivered to the Underwriter, subject to the terms and conditions herein. The Bonds shall bear interest at the rates per annum, shall be payable at such times and shall mature at the times and in the amounts, and are subject to redemption, all as set forth in Exhibit II and shall be issued pursuant to and under the authority of all applicable County Ordinances, Resolutions, Rules and Regulations and Florida Statutes, and other applicable provisions of law, and particularly Resolution 88-29, duly adopted by the Board of County Commissioners on February 3, 1988, as amended and supplemented

(hereinafter called the "Resolution"). The Underwriter agrees to make an initial public offering of the Bonds at the initial offering price set forth in the Official Statement; however, the Underwriter reserves the right to make concessions to dealers and to change such initial offering price to the public as the Underwriter shall deem necessary in connection with the marketing of the Bonds.

2. The Bonds. The Bonds constitute valid and binding special obligations of the County. The payment of the Bonds, premium, if any, and the interest thereon are payable from and secured by the Pledged Funds described in the Resolution. The Bonds are being issued for the purposes of (i) acquiring, constructing and reconstructing certain additions, extensions and improvements to the road, bridge and other transportation facilities in the County, and (ii) paying the costs and expenses relating to the issuance of the Bonds.

3. Official Statement. You shall cause to be delivered to us, simultaneously with your acceptance hereof, two copies of your Preliminary Official Statement, dated January 28, 1988, each signed on your behalf by the Chairman or Vice Chairman of the County. The County hereby authorizes the Underwriter to use and distribute the Preliminary Official Statement, the Resolution and this Bond Purchase Contract and all information contained therein, and all other documents, certificates and statements furnished by the County to the Underwriter in connection with the transactions contemplated by this Bond Purchase Contract, in accordance with applicable law, in connection with the public offering and sale of the Bonds.

4. Good Faith Check. Delivered to the County herewith is a corporate check payable to the order of the County, in the amount of \$130,000 (such check or proceeds thereof being hereinafter referred to as the "Good Faith Check"). If the County accepts this offer, the County shall hold the Good Faith Check as security for the performance by the Underwriter of its obligations to accept and pay for the Bonds at the Closing (as hereinafter defined). In the event of the Underwriter's compliance with such obligations, the Good Faith Check shall be returned to the Underwriter. In the event the County does not execute this Bond Purchase Contract, the Good Faith Check shall be immediately returned to the Underwriter. In the event the County fails to deliver the Bonds at the Closing, or in the event the County is unable to satisfy the conditions of its obligations to the Underwriter as set forth in the Bond Purchase Contract, or in the event such obligations of the Underwriter are terminated for any reason permitted by the Bond Purchase Contract, this Bond Purchase Contract shall terminate, and the Good Faith Check, uncashed, or the amount of the Good Faith Check shall be immediately returned to the Underwriter. In the event that the Underwriter fails (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, the amount of the

Good Faith Check may be presented by the County for payment and retained as full liquidated damages for such failure and for any defaults hereunder on the part of the Underwriter. Such retention shall constitute a full release and discharge of all claims by the County against the Underwriter out of the transactions contemplated hereby.

5. The Closing. At 10:00 a.m., local time, on February 15, 1988, or at such earlier or later time as shall be agreed upon by the Underwriter and the County (such time and date being herein referred to as the "Closing" or "Date of Closing"), you will deliver, or cause to be delivered to us, at a location to be designated by the Underwriter, in New York, New York, or such other location as shall be agreed upon by the Underwriter and the County, the Bonds in definitive form (all Bonds being printed or lithographed on steel engraved borders and bearing CUSIP numbers), duly executed by the County and authenticated by the Registrar, and the other documents herein mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (1) hereof, in Federal Funds. The Bonds shall be made available to the Underwriter at the location specified by the Underwriter not later than one business day before the Closing for the purposes of inspection and packaging. The Bonds shall be issued initially in fully registered form in the denominations of \$5,000 each or integral multiples thereof and registered in such names as the Underwriter shall request by written notice not later than two business days prior to the Closing.

6. Representations, Warranties and Agreements of the County. The County hereby represents, warrants to and agrees with the Underwriter that:

a. The County has, and at the Closing Date will have, full legal right, power and authority (i) to enter into this Bond Purchase Contract, (ii) to adopt the Resolution, (iii) to issue, sell and deliver the Bonds to the Underwriter pursuant to the Resolution as provided herein, and (iv) to carry out, give effect to and consummate the transactions contemplated by this Bond Purchase Contract, the Resolution, the Preliminary Official Statement, and the Official Statement;

b. The County has complied, and will on the Closing Date be in compliance in all respects, with applicable law and the Resolution;

c. The County has duly and validly adopted the Resolution, has duly authorized and approved the execution and delivery of the Bonds, this Bond Purchase Contract, the Preliminary Official Statement, and the Official Statement and has duly authorized and approved the performance by the County of its obligations contained in and the taking of any and all action as may be necessary to carry out,

give effect to and consummate the transactions contemplated by each of said documents, the Bonds, and the Resolution; and this Bond Purchase Contract will constitute a valid, legal and binding obligation of the County enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization or similar laws limiting creditors' rights generally, and the Resolution will be in full force and effect;

d. The County is not in breach of or in default under any constitutional provision, applicable law or administrative rule or regulation of the State of Florida, the United States, or of any department, division, agency or instrumentality of either thereof or any applicable court or administrative decree or indenture, contract, agreement or other instrument to which the County is a party or to which the County is otherwise subject or bound which in any material way, directly or indirectly, affects the issuance of the Bonds or the validity thereof, the validity or adoption of the Resolution or the execution and delivery of the Bonds, this Bond Purchase Contract or other instruments contemplated by the issuance of the Bonds to which the County is or will be a party, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any constitutional provision, applicable law or administrative rule or regulation of the State of Florida, the United States, or of any department, division, agency or instrumentality of either thereof;

e. All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction 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 under the Resolution, the Bonds, and this Bond Purchase Contract have been obtained and are in full force and effect, except that the County is not responsible for such approvals, consents and orders as may be required under the "Blue Sky" or securities laws of any state in connection with the offering and sale of the Bonds;

f. The Bonds and the Resolution conform to the description thereof contained in the Preliminary Official Statement and will conform to the description thereof contained in the Official Statement, and the Bonds, when delivered in accordance with the Resolution and paid for by the Underwriter at the Closing as provided herein, will be validly issued and outstanding special limited obligations of the County entitled to all the benefits and security of the Resolution;

g. The Preliminary Official Statement is, and the Official Statement (as supplemented with the approval of the Underwriter, if

the Official Statement shall have been supplemented) will be, as of the Closing Date, true, correct and complete in all material respects and does not, and will not as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

h. The Resolution creates a legally valid and binding pledge of the County's portion of the proceeds of the Local Option Gas Tax received by the County to the timely payment of the principal of and interest on the Bonds as the same shall be due and payable;

i. Except as described in the Official Statement or the opinion of Bond Counsel, in substantially the form set forth as Appendix "E" to the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or, to the knowledge of the County, threatened in any way affecting the existence of the County or the titles of its officers to their respective offices, or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Resolution, or the collection or application of the funds or the pledge of the County's portion of the Local Option Gas Tax receipts of the County, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution, this Bond Purchase Contract, or any action of the County contemplated by any of said documents or in any way contesting the completeness or accuracy of the Official Statement or the powers of the County or its authority with respect to the Bonds, the adoption of the Resolution, or the execution and delivery of this Bond Purchase Contract, or any action of the County contemplated by any of said documents, or which would adversely affect the exemption of interest paid on the Bonds from Federal income taxation, nor to the knowledge of the County is there any basis therefor;

j. 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 to 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; provided, however, that the County shall not be required to consent to service of process or to qualify to do business in other jurisdictions;

k. The audited financial statements of the County for the period ended September 30, 1986, delivered to the Underwriter and contained in the Preliminary Official Statement and to be contained in the Official Statement fairly present the financial position of the County as of the date indicated and the result of its operations for

the period specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied during the periods involved, except as otherwise expressly stated;

l. The County will apply the proceeds of the Bonds as contemplated by the Official Statement;

m. The County will at all times engage a transfer agent for the Bonds who is registered as such with the Securities and Exchange Commission (SEC) or who agrees to comply with the SEC's transfer turn-around standards; and

n. Any certificate signed by the Chairman or Vice Chairman or other authorized individual of the County shall be deemed a representation and warranty by the County to the Underwriter as to the statements made therein.

7. Conditions to the Obligations of the Underwriter. The obligations of the Underwriter to accept delivery of and pay for the Bonds at the Closing shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the County contained herein as of the date hereof and as of the Closing, to the accuracy in all material respects of the statements of the officers and other officials of the County made in any certificates or other documents furnished pursuant to the provision hereof, to the performance by the County of its obligations to be performed hereunder at or prior to the Closing and to the following conditions:

a. At the Closing, the Resolution shall have been duly adopted, shall be in full force and effect, and shall not have been repealed, amended, modified or supplemented, except as may have been agreed to by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Bond Purchase Contract, all such actions as, in the opinion of Foley & Lardner ("Bond Counsel"), shall be necessary and appropriate;

b. At the Closing, the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter;

c. Between the date hereof and the Closing, the market price or marketability of the Bonds, at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected, in the sole judgment of the Underwriter, by reason of any of the following:

(1) legislation enacted by or introduced in Congress or recommended for passage by any member of the House of Representatives or the U. S. Senate or by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling regulation or official statement (final, temporary or proposed) issued or made (i) by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing Federal income taxation upon such interest as would be received by the holders of the Bonds, or (ii) by or on behalf of the Securities and Exchange Commission, or any governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from the registration requirements of the Securities Act of 1933 or that the Resolution is not exempt from qualification under, or other requirements of, the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, otherwise is or would be in violation of the Federal securities laws as amended and then in effect;

(2) the declaration of war or engagement in major hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government of or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or Florida authorities, or the general suspension of trading on any national securities exchange;

(4) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or to the net capital requirements, of, underwriters;

(5) the withdrawal or downgrading of any rating of the Bonds by a national rating agency;

(6) any amendment to the Federal or Florida Constitution or action by any Federal or Florida court, legislative body, regulatory body, or other authority materially adversely affecting (i) the validity or enforceability of this Bond Purchase Contract, the Bonds or the Resolution or (ii) the ability of the

County to meet its covenants under the Resolution or under this Bond Purchase Contract;

(7) subsequent to the respective dates as of which information is given in the Official Statement, except as contemplated in the Official Statement, any materially adverse change in the financial position of the County; or

(8) any event occurring, or information becoming known, which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement 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 statement therein, in the light of the circumstances under which they were made, not misleading.

(d) At or prior to the Closing, the Underwriter shall have received two counterpart originals of the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) The Official Statement, executed on behalf of the County by the Chairman or Vice Chairman;

(2) The Resolution certified by the County to be a true, correct and complete copy of the one duly adopted or authorized by the County, which has not been amended, modified or rescinded without the consent of the Underwriter since the date of this Bond Purchase Contract and which is in full force and effect as of the Closing;

(3) An unqualified approving opinion of Bond Counsel, dated the date of Closing and addressed to the County, in substantially the form set forth as Appendix "E" to the Official Statement;

(4) A reliance letter of Bond Counsel, dated the date of Closing and addressed to the Underwriter, to the effect that the Underwriter may rely upon the approving opinion described in item (3) above, provided that no reliance letter shall be required if the opinion described in item (3) is also addressed to the Underwriter;

(5) An opinion of Bond Counsel, addressed to the County and the Underwriter, and dated the date of Closing, to the effect that the information (except for any financial and statistical data contained therein as to which no opinion need be expressed) set forth in the Official Statement under the headings "Bonds," "Tax Exemption," "Security," and "Appendix E - Form of Bond Counsel Opinion" insofar as such information purports to be the descriptions

or summaries of the Resolution, the Bonds, the Constitution and laws of the State of Florida and the United States, 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;

(6) An opinion of the County Attorney, dated the Closing Date and addressed to the County, Bond Counsel and the Underwriter to the effect that (i) the County is validly existing under the laws of the State of Florida and has full legal right, power and authority (a) to enter into this Bond Purchase Contract and to adopt the Resolution, (b) to issue, sell and deliver the Bonds to the Underwriter as provided in this Bond Purchase Contract, (c) to pledge the Pledged Funds as set forth in the Resolution, and (d) to carry out, give effect to and consummate the transactions contemplated by this Bond Purchase Contract, the Official Statement and the Bonds; (ii) the Resolution, and this Bond Purchase Contract constitute legal, valid, and binding obligations of the County enforceable in accordance with the terms thereof, subject to the provisions of bankruptcy or other similar laws affecting creditors' rights generally; (iii) the County is not in breach of or default under, and compliance by the County with the provisions of the Bonds, the Resolution, this Bond Purchase Contract, or the other instruments contemplated by any of such documents to which the County is a party will not conflict with or constitute a breach of or a default under, any applicable constitutional provision, law or administrative regulation of the State of Florida or the United States or of any department, division, agency or instrumentality of either thereto, or any applicable court or administrative decree or order or any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the County is a party or is otherwise subject or bound, which in any material way, directly or indirectly, affects the issuance of the Bonds or the validity thereof, the validity or adoption of the Resolution or the execution and delivery of the Bonds, this Bond Purchase Contract or the other instruments contemplated by any of such documents to which the County is a party or to which the County is otherwise subject; (iv) all approvals, consents, authorizations, elections and orders of or filings or registration with any governmental authority, legislative body, board, agency or commission having jurisdiction 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 under this Bond Purchase Contract, the Resolution and the Bonds have been duly obtained and are in full force and effect, except for such approvals, consents and orders as may be required under the "Blue Sky" or securities laws of any state in connection with the offering and sale of the Bonds; (v) except as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or

body, pending or, to his knowledge, threatened in any way affecting the existence of the County, or the titles of its officers to their respective offices, or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the collection or application of the Pledged Funds pursuant to the Resolution, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution, this Bond Purchase Contract, or any action of the County contemplated by any of said documents, or contesting in any way the completeness or accuracy of the Official Statement or contesting the powers of the County or its authority with respect to the Bonds, the adoption of the Resolution, or the execution and delivery of the Bond Purchase Contract, or any action of the County contemplated by any of said documents, or which to his knowledge would adversely affect the exclusion of interest to be paid on the Bonds from the gross income of the holder for purposes of Federal income taxation, nor to his knowledge, is there any basis therefor; (vi) based upon his participation in the preparation of the Official Statement and, without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of statements contained in the Official Statement, he does not believe the Official Statement as of its date and as of the Closing contains 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 light of the circumstances under which they were made, not misleading. Such opinion may state that the County Attorney has assumed that the interest on the Bonds is excluded from gross income for federal income tax purposes, and that neither the Bonds, the Resolution, nor any other matter or document need be registered under the Securities Act of 1933, as amended, the Florida Securities Act, Chapter 517, Florida Statutes, as amended, the Trust Indenture Act of 1939, as amended, the laws of Florida or the securities or "blue sky" laws of any jurisdiction;

(7) A certificate, dated the Closing Date and signed by the Chairman or Vice Chairman to the effect that (i) to the best knowledge of such official, the representations and warranties of the County contained therein are true and correct in all material respects on and as of the Closing with the same effect as if made on the Closing Date; (ii) to the best knowledge of such official, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) to the best knowledge of such official, the County has complied with all the agreements and satisfied all its requirements under the Bond Purchase Contract or otherwise at or prior to the Closing;

(8) A certificate as to certain federal tax matters in substance and form satisfactory to Bond Counsel;

(9) Reasonable evidence that no action has been taken or threatened to withhold or alter the ratings of Moodys' Investors Services, Inc. or Standard & Poor's Corporation as set forth in the Official Statement;

(10) A policy of Bond Insurance issued by Financial Guaranty Insurance Company insuring the payment of all principal and interest on the Bonds as the same shall become due;

(11) Reasonable evidence that the Bonds are in compliance with Florida Statutes;

(12) An opinion of counsel to the Underwriter to the effect that: (i) no facts have come to their attention which would lead them to believe that the Official Statement (apart from the financial and statistical data contained therein or attached thereto as to which they need not express any opinion on belief) contained as of this date or contained as of the date of Closing any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstance under which they were made, not misleading; and (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933 and the Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(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 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 at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the County in connection with the transactions contemplated hereby and by the Resolution and the Official Statement.

If any of the conditions to the obligations of the Underwriter contained in this section or elsewhere in this Bond Purchase Contract shall not have been satisfied when and as required herein, all obligations of the Underwriter hereunder may be terminated by the Underwriter at, or at any time prior to, the Closing by written notice to the County. The Underwriter shall not unreasonably withhold its consent to changes to the Resolution or the Official Statement prior to Closing, and its agreement thereto shall be presumed upon its purchase of the Bonds at Closing. The Underwriter will use its best

efforts to obtain the opinions, certificates and instruments required by this Section (d).

8. Expenses. 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: (a) the cost of the preparation and printing of the Bonds; (b) the fees and disbursements of Bond Counsel and the County Attorney; (c) the fees and disbursements of the County's certified public accountants; (d) the fees and disbursements of any engineers, accountants, and other experts, consultants or advisors retained by the County; (e) fees for bond ratings; (f) the fees and expenses of the Registrar, the Paying Agent and of their respective counsel; and (g) the costs of preparing, printing and delivering a reasonable number of the Official Statement in preliminary and final form and any supplements or amendments thereto. The Underwriter shall pay the costs of preparation (but not printing or distribution) of the Blue Sky Memorandum, filing fees for registration of the Bonds in certain jurisdictions where necessary and fees and expenses of its counsel.

9. Notices. Any notice or other communication to be given to the County under this Bond Purchase Contract may be given by delivering the same in writing to the County at P. O. Drawer 349, St. Augustine, FL 32085-0349, Attention: Henry Hendrix, Financial Director, and any notice or other communication to be given to the Underwriter under this Bond Purchase Contract may be given by delivering the same in writing to the Underwriter at Prudential-Bache Capital Funding, 4800 North Federal Highway, Suite 201A, Boca Raton, Florida 33431, Attention: Anthony C. Soviero.

10. Parties in Interest. This Bond Purchase Contract is made solely for the benefit of the County and the Underwriter (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

11. Applicable Law. This Bond Purchase Contract shall be governed and construed in accordance with the laws of the State of Florida, including all matters of interpretation, construction, performance and remedies.

12. Survival of Representations and Warranties. The representations and warranties of the County set forth or made pursuant to this Bond Purchase Contract, shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations or statements as to the results thereof made by or on behalf of the Underwriter and regardless of delivery of the payment for the Bonds.

13. Effective. This Bond Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the County and shall be valid and enforceable as of the time of such acceptance.

Prudential-Bache Securities, Inc.

By: _____
Vice President

Accepted February 3, 1988

St. Johns County, Florida

By: _____
Chairman, Board of
County Commissioners

The lettered paragraphs set forth above correspond to the information required in the lettered paragraphs contained in Section 218.385(4), Florida Statutes.

Very truly yours,

PRUDENTIAL-BACHE SECURITIES, INC.

By: _____
Vice President

EXHIBIT I

February 3, 1988

Board of County Commissioners
St. Johns County, Florida

Re: \$12,495,000 St. Johns County, Florida
Transportation Improvement
Revenue Bonds, Series 1988

Ladies and Gentlemen:

This letter shall serve as a disclosure statement delivered pursuant to Section 218.385(4), Florida Statutes, in connection with the award of the captioned Bonds (the "Bonds") by St. Johns County, Florida (the "Issuer") to Prudential-Bache Securities Inc. (the "Underwriter"). The Underwriter represents to you as follows:

(a) The estimated expenses to be incurred by the Underwriter in connection with the issuance of the Bonds (which are included in the Underwriting spread) are listed on Schedule A attached hereto.

(b) There are no "finders" as defined in Section 218.386, Florida Statutes, connected with the issuance of the Bonds. The undersigned will pay no compensation to any finder.

(c) The amount of the underwriting spread (gross bond discount) expected to be realized is \$110,705.70 (\$8.86 per \$1,000 of Bonds).

(d) The underwriting spread includes a management fee of \$5,372.85 (\$.43 per \$1,000 of Bonds).

(e) No fees, bonus or other compensation has been or will be paid by the Underwriter in connection with the sale or issuance of the Bonds to any person not regularly employed or retained by the Underwriter.

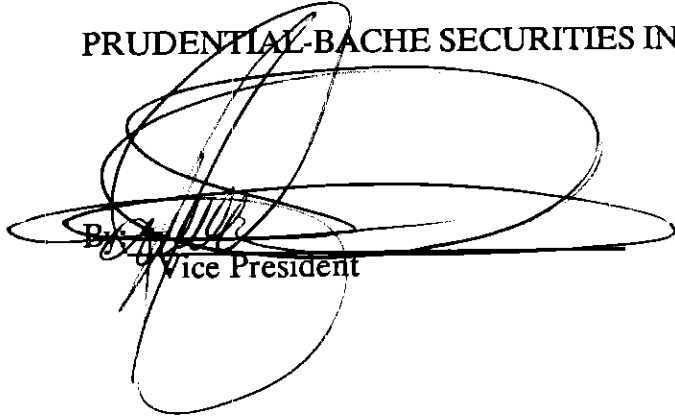
(f) The name and address of the firm serving as managing underwriter is:

Prudential-Bache Capital Funding
4800 North Federal Highway, Suite 201A
Boca Raton, Florida 33431
Attention: Anthony C. Soviero

The lettered paragraphs set forth above correspond to the information required in the lettered paragraphs contained in Section 218.385(4), Florida Statutes.

Very truly yours,

PRUDENTIAL-BACHE SECURITIES INC.

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

~~By~~ Vice President

ST. JOHNS COUNTY, FLORIDA

SCHEDULE A

Estimated Expenses of Underwriter

Underwriter's Counsel	\$10,000
Travel and Disbursements	1,000
Closing	750
Communication	300
Syndicate	725
Public Securities Association	250
Municipal Securities Rulemaking Board	125
CUSIP	66
Total Estimated Expenses	<u>13,216</u>
Per Bond	\$1.06

EXHIBIT II TO PURCHASE CONTRACT

TERMS OF BONDS

- I. AGGREGATE PRINCIPAL AMOUNT OF BONDS: \$12,495,000
- II. MATURITY DATES, AMOUNTS MATURING, INTEREST RATES, PRICES.

\$7,545,000 Current Interest Serial Bonds dated February 1, 1988 (interest to accrue from the dated date and be payable on April 1, and October 1 of each year commencing April 1, 1988), as follows:

<u>Maturity Date (Oct. 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
1989	\$360,000	5.10%	100%
1990	380,000	5.30	100
1991	400,000	5.50	100
1992	420,000	5.70	100
1993	445,000	5.90	100
1994	470,000	6.10	100
1995	500,000	6.30	100
1996	535,000	6.50	100
1997	565,000	6.70	100
1998	605,000	6.80	100
1999	645,000	6.90	100
2000	690,000	7.00	100
2001	740,000	7.10	100
2002	790,000	7.20	100

\$4,950,000 7.625% Term Bonds Due October 1, 2007, Price 99.75%

III. REDEMPTION PROVISIONS

The Bonds maturing prior to October 1, 1997 shall not be redeemable prior to their stated dates of maturity. Bonds maturing on October 1, 1997 or thereafter may be redeemed prior to their dates of maturity at the option of the County, as a whole on October 1, 1996 or on any date thereafter, or in part by maturities to be selected by the County and by such method as the Registrar shall deem fair and appropriate within a maturity if less than a full maturity, on October 1, 1996 or on any interest payment date thereafter from moneys which may be available for such purpose and deposited with the Paying Agent on or before the date fixed for redemption, at the following redemption prices expressed as a percentage of the principal amount of the Bonds so redeemed, if redeemed in the following periods:

<u>Redemption Period (Both Dates Inclusive)</u>	<u>Redemption Price</u>
October 1, 1996 through September 30, 1997	102%
October 1, 1997 through September 30, 1998	101
October 1, 1998 and thereafter	100

The Bonds maturing in the year 2007 are designated as Term Bonds for which the following Amortization Installments shall be deposited in the Bond Amortization Fund for mandatory redemption of such Bonds at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest on October 1 in the following years:

<u>Year</u>	<u>Amortization Installments</u>
2003	\$ 850,000
2004	915,000
2005	985,000
2006	1,060,000
2007	1,140,000

The Bonds maturing on October 1, 2007 shall be subject to mandatory redemption prior to maturity in part out of moneys on deposit in the Bond Amortization Account, by lot in such manner as the County shall determine, by application of Amortization Installments on October 1, 2003, and on each October 1 thereafter, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption, in the years and in the amounts corresponding to those stated in the foregoing table of Amortization Installments.

Exhibit C

Insurance Commitment

Financial Guaranty Insurance
Company
175 Water Street
New York, New York 10038
(212) 607-3000
(800) 352-0001



Commitment For Municipal Bond Insurance

Issuer: St. Johns County, Florida Date of Commitment:
January 20, 1987

Expiration Date:
March 20, 1988*

Bonds

Insured: Not to Exceed
\$13,000,000 principal amount of
Transportation Improvement
Revenue Bonds, Series 1988

Premium: .599% of total debt
service on the Bonds Insured**

Reimbursement for Standard
& Poor's Corporation Rating
Fee: \$4,500***

FINANCIAL GUARANTY INSURANCE COMPANY
("Financial Guaranty")

A Stock Insurance Company

hereby commits to issue a Municipal Bond New Issue Insurance Policy (the "Policy"), in the form attached hereto as Exhibit A, relating to the above-described debt obligations (the "Bonds"), subject to the terms and conditions contained herein or added hereto.

To keep this Commitment in effect after the expiration date set forth above, a request for renewal must be submitted to Financial Guaranty prior to such expiration date. Financial Guaranty reserves the right to refuse wholly or in part to grant a renewal.

THE MUNICIPAL BOND NEW ISSUE INSURANCE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.

* Subject to written acceptance of this Commitment being furnished to Financial Guaranty not later than January 28, 1988.

** No adjustment to the debt service calculation shall be made for accrued interest on the Bonds.

*** Such fee is payable to Financial Guaranty.

Financial Guaranty Insurance
Company

2. No event shall occur which would permit any purchaser of the Bonds, otherwise required, not to be required to purchase the Bonds on the date scheduled for the issuance and delivery thereof.
3. There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the official statement (or any similar disclosure documents) to be executed and delivered in connection with the issuance and sale of the Bonds from the descriptions or forms thereof approved by Financial Guaranty.
4. The Bonds shall contain no reference to Financial Guaranty, the Policy or the municipal bond insurance evidenced thereby except as may be approved by Financial Guaranty.
5. Financial Guaranty shall be provided with:
 - (a) Executed copies of all financing documents, the official statement (or any similar disclosure document), and all Bond documentation evidencing the Issuer's ability and intent to comply with the Internal Revenue Code of 1986 (if in the opinion of bond counsel (described below) on-going compliance would be necessary to maintain the exemption from federal income taxation of interest on the Bonds), which shall be in form and substance acceptable to Financial Guaranty, and the various legal opinions delivered in connection with the issuance and sale of the Bonds, including, without limitation, the unqualified approving opinion of bond counsel rendered by a law firm acceptable to Financial Guaranty, which opinion shall include a statement to the effect that the interest on the Bonds is exempt from federal income taxation under the Internal Revenue Code of 1986 except for any alternative minimum tax which may be imposed upon interest on the Bonds.
 - (b) A letter from bond counsel addressed to Financial Guaranty to the effect that Financial Guaranty may rely on the approving opinion of bond counsel as if such opinion were addressed to Financial Guaranty.
 - (c) Evidence of wire transfer in Federal funds in an amount equal to the insurance premium plus the \$4,500 rating agency fee at the time of the issuance and delivery of the Bonds, unless alternative arrangements for the payment of such amount acceptable to Financial Guaranty have been made prior to the delivery date of the Bonds.

Financial Guaranty Insurance
Company

ADDITIONAL CONDITIONS

6. The resolution authorizing the issuance of the Bonds (the "Resolution") shall incorporate the following requirements:
- (a) The definition of "Authorized Investments" shall be conformed to the permitted investment guidelines set forth in Exhibit D hereto and may include such other investments as are approved by Financial Guaranty.
 - (b) "Federal Securities" shall include the phrase "with the approval of the Insurer" prior to "obligations the principal of" and "any certificates".
 - (c) "Insurer" with respect to the Series 1988 Bonds shall mean "Financial Guaranty Insurance Company, a New York stock insurance corporation, and any successor."
 - (d) The definition of "Prerefunded Obligations" shall require that the escrow agreements providing for the refunding of such obligations (A) shall permit the deposit solely of cash and/or direct noncallable obligations of the United States of America ("Direct Obligations") and shall permit substitution of Direct Obligations solely upon the receipt by the escrow agent of (i) a new verification of the sufficiency of the escrowed securities (assuming such substitution has been made) to provide for the payment of the Prefunded Obligations in accordance with the terms of the escrow agreements and (ii) an opinion of bond counsel to the effect that such substitution shall not affect the tax-exempt status of interest on the refunded Bonds or the refunding Bonds and (B) shall require the consent of the holders of 100% of the principal amount of the Prefunded Obligations to amendments thereto.
 - (e) Section 2.08 shall accord the Insurer and its designated agents access to inspect and copy the registration records for any Series of Bonds insured by it.
 - (f) Redemptions of Bonds pursuant to Section 3.01, other than (i) mandatory sinking fund redemptions and (ii) by the deposit of proceeds of refunding bonds, shall be permitted only from and to the extent of funds on deposit with the Paying Agent and available for such purpose on the date the notice of redemption of such Bonds is mailed.

Financial Guaranty Insurance
Company

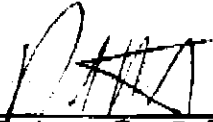
- (g) Article III shall include a covenant of the Issuer to provide Financial Guaranty with notice of the redemption of Series 1988 Bonds.
- (h) In order to facilitate timely payment under the Policy, Section 4.05(A) and (C) shall require deposits to the Debt Service Fund at least 3 business day prior to the last day of the month.
- (i) Section 4.05(A)(4) shall require (i) prompt written notice, in any event within 30 days of the occurrence thereof, of any withdrawal from the Reserve Account other than pursuant to the last sentence of said section and (ii) consent of Financial Guaranty to the use of any surety bond, letter of credit, guaranty or insurance policy (other than one issued by Financial Guaranty) in lieu of cash deposits to the Reserve Account for any Bonds.
- (j) Section 4.07 shall require quarterly valuation of the investments deposited to the credit of the Reserve Account at the lower of amortized cost or market value.
- (k) Section 5.02 (A) shall (i) limit the amount of Investment Earnings permitted to be included in the coverage calculations to the lesser of the rate actually achieved and 5.5% and (ii) include in Maximum Annual Debt Service the monthly Reserve Account deposits, if any, that the Issuer is under a requirement to make.
- Section 5.02 (B) and (C) shall be revised to provide that for purposes of determining Maximum Annual Debt Service under Section 5.02, the interest rate on Variable Rate Bonds shall be deemed to be the Maximum Interest Rate thereon.
- (l) Section 5.05, second paragraph, shall require furnishing of such statements to the Insurer.
- (m) Section 5.06 shall require each Annual Audit to be furnished to the Insurer promptly upon its becoming available, along with the Issuer's budget for the upcoming year.

Financial Guaranty Insurance
Company

- (n) Section 5.08 shall include covenants that the Issuer will (i) take every necessary action to remain qualified to receive distribution of Gas Tax Revenues and (ii) not take any action or enter any agreement that has the result of reducing the level of Gas Tax Revenues from that prevailing at the time such agreement is entered.
- (o) The Issuer shall covenant to provide Financial Guaranty with the following:
- (i) within 30 days of the issuance of any debt obligations, regardless of whether secured by Pledged Funds, notice of such issuance and a copy of any disclosure document prepared in connection therewith; and
- (ii) such additional information as from time to time Financial Guaranty may reasonably request.
- (p) Section 6.01(A) shall commence "Default by the Issuer. . .".
- (q) Section 6.01(C) shall permit notice by any Insurer to trigger default.
- (r) For all purposes of Article VI other than receiving payment of principal, interest or redemption price, so long as no payment default under the Policy exists, Financial Guaranty shall be deemed to be the Holder of all Bonds insured by it. No receiver or trustee maybe appointed, nor any waiver effective, nor the Bonds accelerated, without the consent of Financial Guaranty.
- (s) Delete the last proviso of Section 6.03.
- (t) Sections 6.04 and 6.05 shall also protect any Insurer.
- (u) No supplemental resolution adopted pursuant to Article VII may become effective unless approved by Financial Guaranty. The Issuer shall covenant to provide Financial Guaranty with an executed original transcript of proceedings taken toward the adoption of any such supplemental resolution.
- (v) After each occurrence of "Bonds" in the last paragraph of Section 8.01, include the phrase "or any portion thereof".

Financial Guaranty Insurance
Company

- (w) Provide a notice address for Financial Guaranty at 175 Water Street, New York, New York 10038, Attention: President.
- 7. Interest on the Bonds shall be capitalized through October 1, 1988 and deposited at Bond closing in the Debt Service Fund.
- 8. The Bonds shall bear a Statement of Insurance in the form attached hereto as Exhibit B. BOND PROOFS SHALL BE APPROVED BY FINANCIAL GUARANTY PRIOR TO PRINTING.
- 9. The official statement shall (a) be satisfactory in form to Financial Guaranty and (b) shall contain the language attached hereto as Exhibit C and such other references to Financial Guaranty as we shall supply or approve.
- 10. Promptly after the closing of the Bonds, Financial Guaranty shall receive three completed sets of executed documents (one original and two photocopies), copies of which we will deliver to each agency rating the Bonds.



Peter J. Schmitt
Executive Vice President
Director of Risk Management

To keep this commitment in effect to the Expiration Date set forth on the first page, Financial Guaranty must receive by January 28, 1988 a duplicate of this Commitment executed by appropriate officers of St. Johns County, Florida.

The undersigned agrees that if the Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by Financial Guaranty in accordance with the terms of this Commitment.

Accepted as of January , 1988 by St. Johns County, Florida.

BY: _____

TITLE: _____

Financial Guaranty Insurance
 Company
 175 Water Street
 New York, New York 10038
 (212) 607-3000

FGICSM

EXHIBIT A

Municipal Bond New Issue Insurance Policy

Issuer: _____ **Policy Number:** _____

Control Number: _____

Bonds: _____ **Premium:** _____

Financial Guaranty Insurance Company ("Financial Guaranty" a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to Citibank, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to

Financial Guaranty Insurance
Company
175 Water Street
New York, New York 10038
(212) 607-3000



Municipal Bond New Issue Insurance Policy

interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officers in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Gerald L. Friedman
President

[Signature]
Executive Vice President

Effective Date:

Authorized Representative

Citibank, N.A. acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

[Signature]

Authorized Officer

STOP

Financial Guaranty Insurance
Company
175 Water Street
New York, New York 10038
(212) 607-3000



Endorsement To Financial Guaranty Insurance Company Insurance Policy

Policy Number:

Control Number:

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officers in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersigning of its duly authorized representative.

Gerald L. Friedman
President

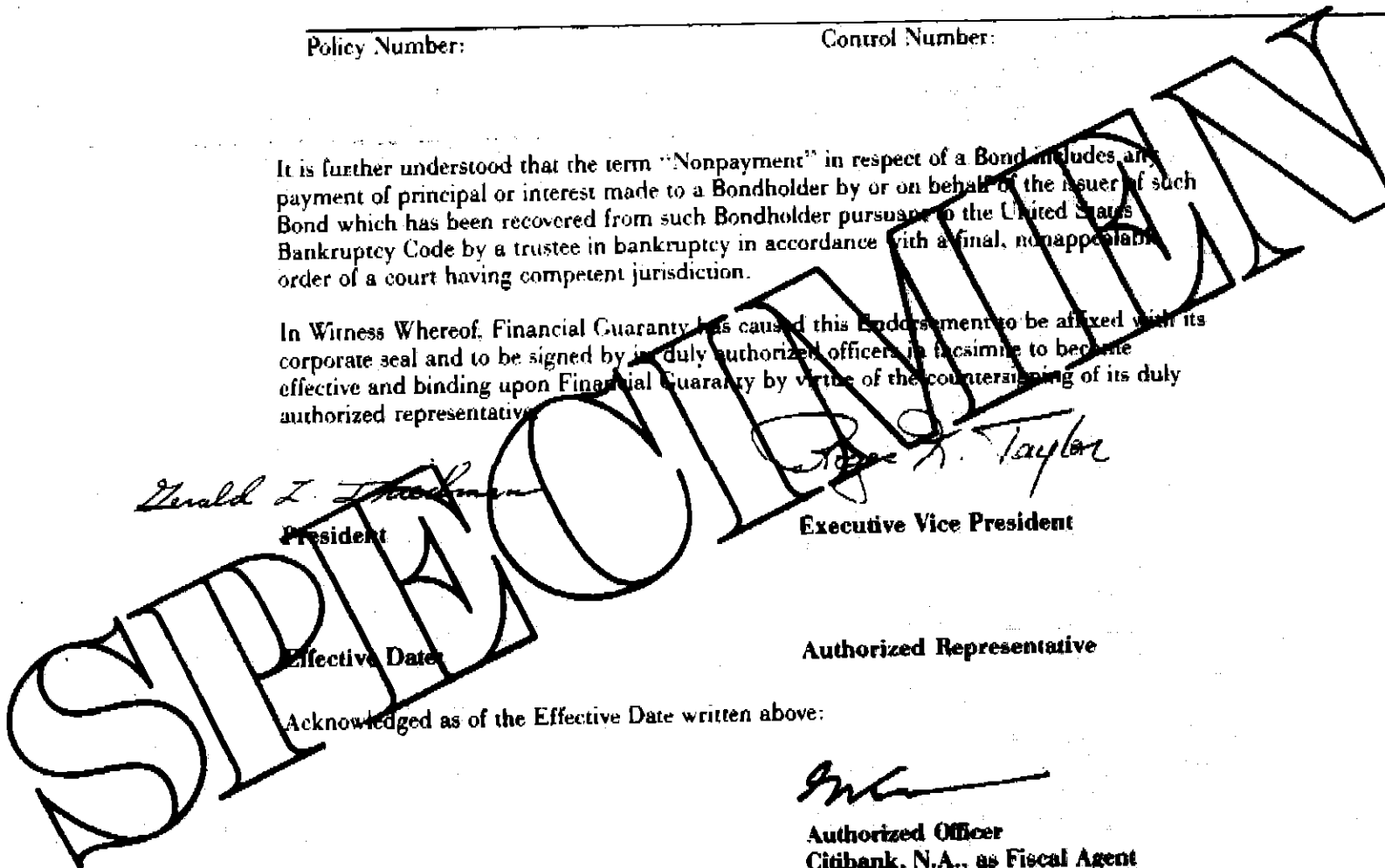
George H. Taylor
Executive Vice President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

[Signature]
Authorized Officer
Citibank, N.A., as Fiscal Agent



Financial Guaranty Insurance
Company

EXHIBIT B

(To be printed on the Bonds)

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the St. Johns County, Florida Transportation Improvement Revenue Bonds, Series 1988 (the "Bonds"), such policy being on file at the principal office of the paying agent for the Bonds (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption, but not any earlier date on which the payment of principal of the Bonds is due by reason of acceleration, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty 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., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

Financial Guaranty Insurance
Company

EXHIBIT C

(Disclosure Language For Official Statement)

Bond Insurance

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the County. Financial Guaranty will make such payments to Citibank, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Paying Agent of the nonpayment of such amount by the County. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal or interest made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal of the Bonds on their respective stated maturity dates, or dates on which the same shall have been called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been accelerated, and covers the failure to pay an installment of interest on the stated date for its payment.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The following investors or affiliates thereof own approximately 83% of the stock of the Corporation: General Electric Credit Corporation, General Re Corporation, Lumbermens Mutual Casualty Company (affiliated with the Kemper Group), Shearson Lehman Brothers Inc., Merrill Lynch & Co., Inc., J.P. Morgan & Co. Incorporated and Gerald L. Friedman. The investors of the Corporation are not obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is domiciled in the State of New York and is subject to regulation by the State of New York Insurance Department. As of September 30, 1987, the total capital and surplus of Financial Guaranty was approximately \$361,500,000.

Financial Guaranty Insurance
Company

EXHIBIT D

PERMITTED INVESTMENT GUIDELINES

- (1) direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America ("Direct Obligations");
- (2) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; debentures of the Federal Housing Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Corporations; guaranteed Title XI financing of the U.S. Maritime Administration; mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; and participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (collectively, "Agency Obligations");
- (3) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured general obligation debt is rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation;
- (4) commercial paper rated "Prime-1" by Moody's Investors Service and "A-1" or better by Standard & Poor's Corporation;
- (5) obligations rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation;
- (6) deposits, Federal funds or bankers acceptances of any domestic bank, including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which:
 - a. has an unsecured, uninsured and unguaranteed obligation rated "Prime-1" or "A3" or better

Financial Guaranty Insurance
Company

- by Moody's Investors Service and "A-1" or "A-" or better by Standard & Poor's Corporation, or
- b. is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting the rating requirements in (a.) above;
- (7) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are fully insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation;
- (8) investments in a money-market fund rated "Am" or "Am-G" or better by Standard & Poor's Corporation;
- (9) repurchase agreements collateralized by Direct Obligations or Agency Obligations with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's Investors Service and "A-1" or "A-" or better by Standard & Poor's Corporation, provided:
- (A) a master repurchase agreement or specific written, repurchase agreement governs the transaction; and
- (B) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (a) a Federal Reserve Bank, (b) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, or (c) a bank approved in writing for such purpose by Financial Guaranty Insurance Company, and the Trustee shall have received written confirmation from such third party that it holds such securities, free of any lien, as agent for the Trustee; and
- (C) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the trustee; and
- (D) the repurchase agreement has a term of thirty days or less, or the Trustee will value the collateral securities no less frequently than monthly and will

Financial Guaranty Insurance
Company

- liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and
- (E) the repurchase agreement matures at least ten days (or other appropriate liquidation period) prior to a debt service payment date, and
 - (F) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 100%; and
- (10) investment agreements with a bank or insurance company which has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation, or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, provided:
- (A) interest is paid at least semi-annually at a fixed rate during the entire term of the agreement, consistent with bond payment dates, and
 - (B) moneys invested thereunder may be withdrawn without any penalty, premium, or charge upon not more than one day's notice (provided such notice may be amended or canceled at any time prior to the withdrawal date), and
 - (C) the agreement is not subordinated to any other obligations of such insurance company or bank, and
 - (D) the same guaranteed interest rate will be paid on any future deposits made to restore the reserve to its required amount, and
 - (E) the Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such insurance company or bank.

Exhibit D

Reserve Instrument Commitment

Financial Guaranty Insurance
Company
175 Water Street
New York, New York 10038
(212) 607-3000
800) 352-0001



Commitment For Municipal Bond Insurance

Issuer: St. Johns County, Florida

Date of Commitment:
January 20, 1988

Expiration Date:
March 20, 1988**

Bonds

Insured: Transportation
Improvement Revenue Bonds,
Series 1988

Premium: 4% of Maximum Amount
of Policy

Maximum Amount: \$1,300,000

FINANCIAL GUARANTY INSURANCE COMPANY
("Financial Guaranty")

A Stock Insurance Company

hereby commits to issue a Municipal Bond Debt Service Reserve Fund Policy (the "Reserve Policy"), in the form attached hereto as Exhibit A, relating to the above-described debt obligations (the "Bonds"), subject to the terms and conditions contained herein or added hereto.

To keep this Commitment in effect after the expiration date set forth above, a request for renewal must be submitted to Financial Guaranty prior to such expiration date. Financial Guaranty reserves the right to refuse wholly or in part to grant a renewal.

THE MUNICIPAL BOND DEBT SERVICE RESERVE FUND POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.

** Subject to written acceptance of this Commitment being furnished to Financial Guaranty not later than January 20, 1988.

Financial Guaranty Insurance
Company

2. No event shall occur which would permit any purchaser of the Bonds, otherwise required, not to be required to purchase the Bonds on the date scheduled for the issuance and delivery thereof.
3. There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the official statement (or any similar disclosure documents) to be executed and delivered in connection with the issuance and sale of the Bonds from the descriptions or forms thereof approved by Financial Guaranty.
4. The Bonds shall contain no reference to Financial Guaranty, the Reserve Policy or the reserve fund insurance evidenced thereby except as may be approved by Financial Guaranty.
5. Financial Guaranty shall be provided with:
 - (a) Executed copies of all financing documents, the official statement (or any similar disclosure document), and all Bond documentation evidencing the Issuer's ability and intent to comply with the Internal Revenue Code of 1986 (if in the opinion of bond counsel (described below) on-going compliance would be necessary to maintain the exemption from federal income taxation of interest on the Bonds), which shall be in form and substance acceptable to Financial Guaranty, and the various legal opinions delivered in connection with the issuance and sale of the Bonds, including, without limitation, the unqualified approving opinion of bond counsel rendered by a law firm acceptable to Financial Guaranty, and the opinion of tax counsel rendered by a law firm acceptable to Financial Guaranty to the effect that the interest on the Bonds is exempt from federal income taxation under the Internal Revenue Code of 1986 except for any alternative minimum tax which may be imposed upon interest on the Bonds.
 - (b) A letter from bond counsel addressed to Financial Guaranty to the effect that Financial Guaranty may rely on the approving opinion of bond counsel as if such opinion were addressed to Financial Guaranty.
 - (c) An opinion of bond counsel, addressed to and in form and substance satisfactory to Financial Guaranty, as to the due authorization, validity and enforceability of the authorizing document which incorporates the requirements set forth in Paragraph 6 hereof.

Financial Guaranty Insurance
Company

- (d) Evidence of wire transfer in Federal funds in an amount equal to the insurance premium at the time of the issuance and delivery of the Reserve Policy, unless alternative arrangements for the payment of such amount acceptable to Financial Guaranty have been made prior to the delivery date of the Reserve Policy.

ADDITIONAL CONDITIONS

6. The document authorizing the issuance of the Bonds (the "Resolution") shall be revised to incorporate the following requirements:
- (a) The flow of funds shall be revised to provide that repayment by the Issuer to Financial Guaranty of any draws under the Reserve Policy and related reasonable expenses incurred by Financial Guaranty (together with interest thereon at a rate equal to the lower of (i) the prime rate of Morgan Guaranty Trust Company of New York in effect from time to time plus 2% per annum or (ii) the highest rate permitted by law) shall enjoy the same priority as the obligation to maintain and refill the Reserve Account. Repayment of draws, expenses and accrued interest (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. If and to the extent that cash has also been deposited in the Reserve Account, all such cash shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing under the Reserve Policy, and repayment of any Policy Costs shall be made prior to replenishment of any such cash amounts. If and to the extent that more than one surety bond, irrevocable letter of credit, guaranty or insurance policy ("Reserve Instrument") is used, drawings thereunder and repayment of Policy Costs or reimbursement of amounts with respect to the such other Reserve Instrument shall be made on a pro rata basis (calculated by reference to the Maximum Amounts available thereunder) after applying all available cash in the Reserve Account and prior to replenishing any such cash drawings, respectively.
- (b) If the Issuer shall fail to repay any Policy Costs in accordance with the requirements of Paragraph 6(a) hereof Financial Guaranty shall be entitled to exercise any and all remedies available at law or

Financial Guaranty Insurance
Company

- under the Resolution other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect Bondholders.
- (c) The Resolution shall not be discharged until all Policy Costs owing to Financial Guaranty shall have been paid in full.
 - (d) In order to secure the Issuer's repayment obligations with respect to the Reserve Policy, Financial Guaranty shall be granted a security interest (subordinate only to that of the Bondholders) in all revenues and collateral pledged as security for the Bonds.
 - (e) The rate covenant and additional bonds test in the Resolution shall expressly provide for at least one times coverage of the Issuer's obligations with respect to repayment of Policy Costs.
 - (f) The Resolution shall require the Issuer to ascertain the necessity for a claim upon the Reserve Policy and to provide notice to Financial Guaranty in accordance with the terms of the Reserve Policy at least two business days prior to each interest payment date.
 - (g) The Resolution shall not be modified without the prior written consent of Financial Guaranty.
- 7. Financial Guaranty shall issue an insurance policy guaranteeing the payment of principal and interest on the Bonds.
 - 8. The term of the Reserve Policy shall be equal to the final maturity date of the Bonds.
 - 9. Prior to delivery of the Reserve Policy, the Issuer shall execute and deliver to Financial Guaranty a Debt Service Reserve Fund Policy Agreement in form and substance acceptable to Financial Guaranty ("the Agreement") and an

Financial Guaranty Insurance
Company

opinion of counsel to the Issuer as to the due authorization, validity and enforceability of the Agreement, each in form and substance satisfactory to Financial Guaranty.

10. The official statement shall (a) be satisfactory in form to Financial Guaranty and (b) shall contain such references to Financial Guaranty as we shall supply or approve.
11. Promptly after the closing of the Bonds, Financial Guaranty shall receive a completed sets of executed documents.



Peter J. Schmitt
Executive Vice President
Director of Risk Management

To keep this commitment in effect to the Expiration Date set forth on the first page, Financial Guaranty must receive by January 29, 1988 a duplicate of this Commitment executed by an appropriate officer of St. Johns County, Florida.

The undersigned agrees that if the debt service reserve fund requirement for the Bonds is met in whole or in part by a surety bond, letter of credit or policy of insurance, such debt service reserve fund credit instrument shall be a debt service reserve fund insurance policy provided by Financial Guaranty in accordance with the terms of this Commitment.

Accepted as of January , 1988 by St. Johns County, Florida.

BY: _____

TITLE: _____

Financial Guaranty Insurance
Company
175 Water Street
New York, New York 10038-4972
(212) 607-3000
(800) 352-0001

EXHIBIT B

Municipal Bond Debt Service
Reserve Fund Policy

Issuer: Policy Number:
Control Number:
Bonds: Premium:
Paying Agent: Maximum Amount:

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay the paying agent named above or its successor, as paying agent for the Bonds (the "Paying Agent"), for the benefit of Bondholders, that portion (not to exceed the Maximum Amount set forth above) of the amount required to pay principal and interest (but not any prepayment premium) on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payment to the Paying Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. Upon such disbursement, Financial Guaranty shall become entitled to reimbursement therefor (together with interest thereon) all as provided in the Debt Service Reserve Fund Policy Agreement between the Issuer and Financial Guaranty dated as of the Effective Date of this Policy. The Maximum Amount shall be automatically reinstated when and to the extent that the Issuer repays amounts disbursed hereunder, but shall not be reinstated to the extent of amounts received by Financial Guaranty constituting interest on amounts disbursed to the Paying Agent pursuant to this Policy. Financial Guaranty shall provide Notice to the Paying Agent of any reinstatement of any portion of the Maximum Amount within one Business Day of such reinstatement.

This Policy is non-cancellable for any reason, including the failure of the Issuer to reimburse Financial Guaranty for any payment made hereunder.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of

**Financial Guaranty Insurance
Company**
175 Water Street
New York, New York 10038-4972
(212) 607-3000
(800) 352-0001

**Municipal Bond Debt Service
Reserve Fund Policy**

Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest Due for Payment on such Bond and includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from the Paying Agent for the Bonds to Financial Guaranty or from Financial Guaranty to the Paying Agent, as the case may be. "Business Day" means any day other than a Saturday, Sunday or a day on which the Paying Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officers in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Executive Vice President

Effective Date:

Authorized Representative

Exhibit E

Registrar and Paying Agency Agreement

REGISTRAR AND PAYING AGENCY AGREEMENT

THIS REGISTRAR AND PAYING AGENCY AGREEMENT is made and entered into as of the first day of February, 1988, by and between ST. JOHNS COUNTY, FLORIDA (the "County"), and FLORIDA NATIONAL BANK, a national banking association, St. Petersburg, Florida (the "Bank").

WHEREAS, the County, by the Resolution (as hereinafter defined), designated the Bank as Paying Agent and Registrar (as defined in the Resolution) for its Transportation Improvement Revenue Bonds, Series 1988, authorized to be issued in an aggregate principal amount not exceeding \$13,000,000 (the "Bonds"); and

WHEREAS, the County and the Bank desire to set forth the Bank's duties as Paying Agent and Registrar and the compensation to be paid the Bank for its services.

NOW, THEREFORE, it is agreed by the parties hereto as follows:

1. The Bank agrees to serve as Paying Agent and Registrar for the Bonds and to perform the duties of Paying Agent and Registrar as specified in or contemplated by Resolution No. 88-____ adopted by the Board of County Commissioners of the County on February 3, 1988, as amended and supplemented, relating to, among other matters, the issuance of the Bonds (the "Resolution").
2. The County shall deposit with the Bank sufficient funds from the accounts and funds established for the payment of the Bonds under the Resolution to pay when due and payable the principal of and interest on the Bonds.
3. The Bank shall use the funds received from the County pursuant to paragraph 2 hereof to pay the principal of and interest on the Bonds in accordance with the Resolution. The Bank shall cremate cancelled Bonds and transmit to the County a certificate of destruction therefor. The Bank shall adhere, with respect to transfer of the Bonds, to the standards for efficiency and transfer agent performance established in Securities and Exchange Commission Rules 17Ad-2 through 7 under the Securities Exchange Act, most particularly Rule 17Ad-2, which requires that registered transfer agents process at least ninety percent (90%) of routine items (such as certificates presented for transfer) received during any month within three (3) business days of their receipt.
4. The Bank shall be obligated to act only in accordance with the Resolution and any written instructions received in accordance therewith, and is authorized hereby to comply with any

orders, judgments, or decrees of any court with or without jurisdiction and shall not be liable as a result of its compliance with the same.

5. The Bank may rely absolutely upon the genuineness and authorization of the signature and purported signature of any party upon any instruction, notice, release, request, affidavit, or other document delivered to it pursuant to the Resolution.

6. To the extent allowed by Florida law, the County hereby agrees to indemnify the Bank and hold it harmless from any and all claims, liabilities, losses, actions, suits, or proceedings at law or in equity, or any other expenses, fees, or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Paying Agent or Registrar under the Resolution, unless caused by the Bank's willful misconduct or negligence; and in connection therewith, to indemnify the Bank against any and all expenses, including attorneys' fees and the costs of defending any action, suit, or proceeding, or resisting any claim.

7. The Bank may consult with counsel of its own choice and shall have sole and complete authorization and protection for any action taken or suffered by it under the Resolution in good faith and in accordance with the opinion of such counsel. The Bank shall otherwise not be liable for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by the Bank's willful misconduct or negligence.

8. In consideration of the services rendered by the Bank as Paying Agent and Registrar, the County agrees to and shall pay to the Bank a fee of \$_____ per year during the term of this Agreement, payable annually in advance, and all expenses, charges, attorneys' fees, and other disbursements incurred by it or its attorneys, agents, and employees in and about the acceptance and performance of its powers and duties as Paying Agent and Registrar.

9. The Bank shall, at all times, when requested to do so by the County, furnish full and complete information pertaining to its functions as the Paying Agent and Registrar with regard to the Bonds, and shall without further authorization, execute all necessary and proper deposit slips, checks, certificates and other documents with reference thereto.

10. Either of the parties hereto, at its option, may cancel this Agreement after giving thirty (30) days written notice to the other party of its intention to cancel, and this Agreement may be cancelled at any time by mutual consent of the parties hereto. This Agreement shall terminate without further action upon final payment of the Bonds and the interest appertaining thereto.

11. In the event of a cancellation of this Agreement, the County shall deliver any proper and necessary releases to the Bank upon demand and the Bank shall upon demand pay over the funds on deposit in connection with the Bonds and surrender all registration books and related records, and the County may appoint and name a successor to act as Paying Agent and Registrar for the Bonds. The County shall, in such event, notify all holders of the Bonds of the appointment and name of the successor, by providing notice in the manner required by the Resolution for the redemption of the Bonds.

12. This Agreement shall not be assigned by either party without written consent of the other party.

13. No modification of this Agreement shall be valid unless made by a written agreement, executed and approved by the parties hereto.

14. Should any section or part of any section of this Agreement be declared void, invalid, or unenforceable by any court of law for any reason, such determination shall not render void, invalid, or unenforceable any other section or other part of any section of this Agreement.

15. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and

their official seals to be hereunto affixed and attested as of the date first above written.

Attested:

ST. JOHNS COUNTY, FLORIDA

By: Carl "Bud" Markel
Clerk, Board of County
Commissioners

By: Lawrence O. Hartley
Chairman, Board of
County Commissioners

(SEAL)

Attested:

By: _____
Its:

By: _____
Its:

(SEAL)

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