

RESOLUTION NO. 89-180

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, REMOVING CITIBANK, N.A., AS REMARKETING AGENT FOR ITS \$3,200,000 VARIABLE RATE DEMAND UTILITY REVENUE BONDS, SERIES 1986 (GENERAL DEVELOPMENT UTILITIES, INC. PROJECT) AND APPOINTING MANUFACTURERS HANOVER TRUST CO. AS THE NEW REMARKETING AGENT FOR THE BONDS; APPROVING A REMARKETING AGREEMENT RELATING TO THE BONDS; APPROVING A FIRST SUPPLEMENTAL TRUST INDENTURE RELATING TO THE BONDS; APPROVING A FIRST AMENDMENT TO THE LOAN AGREEMENT RELATING TO THE BONDS; APPROVING THE RELEASE OF GENERAL DEVELOPMENT CORPORATION FROM ALL OBLIGATIONS AS GUARANTOR FOR THE BONDS OR UNDER ANY GUARANTEES RELATING TO THE BONDS; ACKNOWLEDGING THE RELEASE OF THE MORTGAGE WITH RESPECT TO THE TRUSTEE FOR THE BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, St. Johns County, Florida (the "Issuer") issued its \$3,200,000 Variable Rate Demand Utility Revenue Bonds, Series 1986 (General Development Utilities, Inc. Project) (the "Bonds"); and

WHEREAS, in connection therewith the Issuer entered into a Trust Indenture dated as of November 1, 1986 (the "Indenture") with Chemical Bank, as Trustee (the "Trustee"); and

WHEREAS, the proceeds of the Bonds were loaned to General Development Utilities, Inc. ("GDU") pursuant to a Loan Agreement dated as of November 1, 1986 (the "Loan Agreement"); and

WHEREAS, in connection with the Bonds, the Issuer entered into a Remarketing Agreement dated as of November 1, 1986 among GDU, General Development Corporation, and Citicorp Investment Bank, Citibank, N.A. ("Citibank") as Remarketing Agent (the "Remarketing Agreement"); and

WHEREAS, as further described in the Memorandum dated May 17, 1989 (the "Memorandum") presented to the Issuer from GDU and Bond Counsel, the parties wish to make certain changes in the provisions of the financing documents as described in said Memorandum and the Issuer has been assured that all owners of the Bonds must consent to the changes prior to such changes being effective; and

WHEREAS, Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A. ("Bond Counsel") has agreed to represent the Issuer at no expense to the Issuer in all matters pertinent and relevant to the amendments and transactions described in the Memorandum and authorized by this Resolution and has made certain representations to the Issuer as set forth in its letter to the Issuer dated July 13, 1989, a copy of which is attached hereto as Exhibit G; and

WHEREAS, the Issuer has reviewed the June 5, 1989 report of F. Mark Gillis, C.P.A., pertaining to changes to the Bond financing documents requested by GDU;

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

SECTION 1. DEFINITIONS. Unless the context otherwise requires, the terms used in this resolution shall have the meanings specified in the Indenture.

SECTION 2. FINDINGS. Giving due regard to the ratio of GDU's current assets to its current liabilities, net worth, earning trends, coverage of all fixed charges, the nature of its business and the industry in which it is involved, its inherent stability, the Letter of Credit issued by Barclays Bank PLC, New York Branch (the "Bank"), securing the payment of principal of and interest on the Bonds, and all other factors determinative of GDU's capabilities, financial and otherwise, of fulfilling its obligations consistently with the purposes of the Act, it is hereby found that GDU is financially responsible and fully capable and willing to fulfill its obligations under the Loan Agreement, and the First Amendment thereto, including the obligation to make payments thereunder in the amounts and at the times required pursuant to the terms thereof and the obligation to operate, repair and maintain the Project at its own expense, and GDU is desirous of serving the purposes of the Act and is willing and capable of fully performing all other obligations and responsibilities imposed upon it pursuant to the provisions of the Loan Agreement and the First Amendment thereto.

SECTION 3. REMARKETING AGENT. The Board of County Commissioners (the "Board") hereby acknowledges receipt of GDU's letter to the Issuer, attached hereto as Exhibit A, directing the Issuer to remove Citibank as Remarketing Agent for the Bonds and to terminate the Remarketing Agreement. Citibank is hereby removed as Remarketing Agent for the Bonds and the Chairman (the "Chairman") of the Board is hereby authorized and directed to execute a notice to Citibank of its removal as Remarketing Agent for the Bonds, such notice to be in substantially the form thereof attached hereto as Exhibit B, with such changes, alterations and corrections as may be approved by the Chairman of the Board, such approval to be evidenced by his execution thereof. The removal of Citibank as Remarketing Agent shall become effective immediately upon the expiration of the fifteen day period following delivery to Citibank of notice of its removal or upon the resignation of Citibank as Remarketing Agent, if earlier tendered. The Chairman is hereby authorized to accept such resignation if tendered by Citibank. Bond Counsel is instructed to timely deliver the notice of removal to Citibank and copies thereof to GDU, the Guarantor, the Bank, and the Trustee. Manufacturers Hanover Trust Co. is hereby appointed the new Remarketing Agent for the Bonds, such appointment to become effective immediately upon the effective date of removal or resignation, as the case may be, of Citibank as Remarketing Agent. The new Remarketing Agreement, in substantially the form thereof attached hereto as Exhibit C, with such changes, alterations and corrections as may be approved by the Chairman and the Clerk of the Board of the Issuer, such approval to be evidenced by their execution thereof, is hereby approved by the Issuer. The Issuer hereby authorizes and directs said Chairman to execute and said Clerk to attest under the seal of the Issuer the new Remarketing Agreement and to deliver same to Bond Counsel who shall deliver to Manufacturers Hanover Trust Co. the new Remarketing Agreement.

SECTION 4. FIRST SUPPLEMENTAL TRUST INDENTURE. The First Supplemental Trust Indenture, in substantially the form thereof attached hereto as Exhibit D, with such changes, alterations and corrections as may be approved by the Chairman and the Clerk of the Board of the Issuer, such approval to be evidenced by their execution thereof, is hereby approved by the Issuer. The Issuer hereby authorizes and directs said Chairman to execute and said Clerk to attest under the seal of the Issuer the First Supplemental Trust Indenture and to deliver same to Bond Counsel who shall deliver it to the Trustee. Upon (i) the Trustee's receipt of the consents of all the Bondholders to the provisions of the First Supplemental Trust Indenture and (ii) the delivery to the Issuer of the certificate of the Trustee required by Section 2 of the First Supplemental Indenture, and (iii) the execution and delivery of the First Supplemental Indenture by the Issuer as authorized herein and by the Trustee duly authorized, the provisions therein shall be deemed to be a part of the Indenture as fully and to the same extent as if incorporated verbatim therein.

SECTION 5. FIRST AMENDMENT TO LOAN AGREEMENT. The First Amendment to the Loan Agreement, in substantially the form thereof attached hereto as Exhibit E, with such changes, alterations and corrections as may be approved by the Chairman and the Clerk of the Board of the Issuer, such approval to be evidenced by their execution thereof, is hereby approved by the Issuer. The Issuer hereby authorizes and directs said Chairman to execute and said Clerk to attest under the seal of the Issuer the First Amendment to the Loan Agreement and to deliver same to Bond Counsel who shall deliver it to GDU. Upon (i) the Trustee's receipt of the consents of all the Bondholders to the provisions of the First Amendment to the Loan Agreement and (ii) the delivery to the Issuer of the certificate of the Trustee required by section 2 of the First Supplemental Indenture, and (iii) the execution and delivery by the Issuer as authorized herein and by GDU duly authorized, the provisions therein shall be deemed to be

a part of the Loan Agreement as fully and to the same extent as if incorporated verbatim therein.

SECTION 6. TERMINATION OF GUARANTEE AGREEMENT. The Issuer hereby authorizes the termination of the Guarantee Agreement dated as of November 1, 1986 upon (i) the receipt of the consents of all the Bondholders to such termination, (ii) the delivery to the Issuer of the certificate of the Trustee required by section 2 of the Trust Supplemental Indenture and (iii) the receipt by Bond Counsel of Moody's Investors Services written assurances described in section 12 of this resolution. Notwithstanding the use of the terms "Guarantee Agreement", "Guarantee", "Guarantor", "General Development Corporation" or any other language appearing in the Resolution, the Trust Indenture, the Loan Agreement or the Guarantee Agreement, upon the termination of the Guarantee Agreement, General Development Corporation shall have no obligations with respect to any guarantee of payment of the principal of, premium, if any, and interest on the Bonds, any Additional Bonds or any other indebtedness owed under the Resolution, the Trust Indenture, the Loan Agreement or the Guarantee Agreement. The Resolution, as herein supplemented, shall thereafter be read as if any reference to the Guarantee Agreement or the Guarantor were deleted.

SECTION 7. RELEASE OF TRUSTEE'S INTEREST IN MORTGAGE. The Issuer hereby acknowledges the release of the Trustee's interest in the Mortgage upon the First Supplemental Indenture becoming effective as set forth in the First Supplemental Trust Indenture attached hereto as Exhibit D.

SECTION 8. NOTICE TO BONDHOLDERS. The Issuer hereby authorizes and directs the Trustee to notify the Bondholders of and to request that the Bondholders consent to the First Supplemental Trust Indenture, the First Amendment to the Loan Agreement, the termination of the Guarantee Agreement and the release of the Mortgage. Such notices and consents shall be in substantially the form thereof attached hereto as Exhibit F, with such changes,

alterations and corrections as may be approved by the Chairman and the Clerk of the Board of the Issuer or by the Trustee.

SECTION 9. GENERAL AUTHORITY. The members of the Board of the Issuer and its officers, attorneys or other agents or employees are hereby authorized to do all acts and things required of them by the Resolution, this instrument or by any agreements, indentures or other instruments mentioned herein or in the Resolution, or desirable or consistent with the requirements hereof or of the Resolution or such agreements, indentures or other instruments, for the full, punctual and complete performance of all the terms, covenants and agreements contained in this instrument and any agreements, indentures or other instruments mentioned herein.

SECTION 10. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions 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 or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Resolution or of the Bonds.

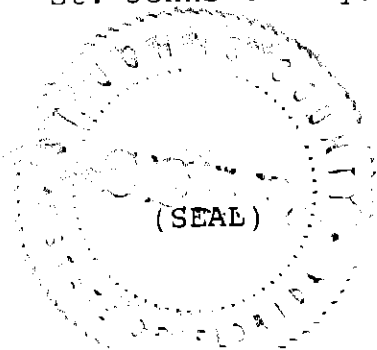
SECTION 11. REPEALING CLAUSE. All resolutions or parts thereof of the Issuer, including the Resolution or parts thereof, in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 12. INSTRUCTIONS TO BOND COUNSEL. Notwithstanding anything to the contrary contained or implied by this resolution, Bond Counsel shall not deliver any of the documents referred to herein until (i) all such documents have been duly executed by all parties thereto; (ii) two sets of duplicate originals have been mailed to the Issuer; (iii) Bond Counsel has received written assurances from Moody's Investors Service that the

changes made by such documents will not cause the ratings on the Bonds to be decreased; and (iv) Bond Counsel has assured itself that (a) the present Owners of all Outstanding Bonds have received due notice of such changes, have consented thereto and have had the legend described in section 2 of the First Supplemental Trust Indenture affixed to the Bonds; and (b) the changes authorized by this Resolution are consistent with Chapter 159, Part II, Florida Statutes, and with the existing Bond financing documents, and will not affect the exclusion from gross income of the interest paid on the Bonds for the purposes of federal income taxation. In connection with the matters set forth in clause (a) above, Bond Counsel may rely on written certifications by the Trustee, including the Certificate of the Trustee required by Section 2 of the First Supplemental Indenture.

SECTION 13. EFFECTIVE DATE. This instrument shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of County Commissioners of St. Johns County, Florida this 8th day of August, 1989.



ST. JOHNS COUNTY, FLORIDA

By: Harry Walden
Chairman, Board of County
Commissioners

ATTEST:

By: Paul B. Markel
Clerk, Board of County
Commissioners

EXHIBIT A

August 3, 1989

St. Johns County, Florida
St. Johns County Courthouse
St. Augustine, Florida 32084

Re: Removal of Remarketing Agent for \$3,200,000
St. Johns County, Florida Variable Rate
Demand Utility Revenue Bonds, Series 1986
(General Development Utilities, Inc. Project)

Ladies and Gentlemen:

Pursuant to Section 7.6 of the Trust Indenture dated as of November 1, 1986, by and between St. Johns County, Florida (the "Issuer") and Chemical Bank, as trustee, and Section 5(b) of the Remarketing Agreement dated as of November 1, 1986, by and among the Issuer, General Development Utilities, Inc. ("GDU"), General Development Corporation and Citicorp Investment Bank, Citibank, N.A. ("Citibank"), GDU hereby directs the Issuer to join GDU in the removal of Citibank as Remarketing Agent for the above-referenced bonds.

Sincerely,

GENERAL DEVELOPMENT UTILITIES,
INC.

By: Margaret G. Huff
Assistant Vice President
and Assistant Treasurer

EXHIBIT B

_____, 1989

Citicorp Investment Bank,
Citibank, N.A.
Capital Markets Group
55 Water Street
New York, New York 10043

Attention: Veronica Ford

Re: \$3,200,000 St. Johns County, Florida Variable
Rate Demand Utility Revenue Bonds, Series 1986
(General Development Utilities, Inc. Project)

Ladies and Gentlemen:

The purpose of this letter is to notify you that, pursuant to Section 5(b) of the Remarketing Agreement dated as of November 1, 1986 (the "Agreement"), by and among Citicorp Investment Bank, Citibank, N.A., General Development Utilities, Inc. ("GDU"), General Development Corporation and St. Johns County, Florida (the "Issuer"), and pursuant to Section 7.6 of the Trust Indenture dated as of November 1, 1986, by and between Chemical Bank, as trustee, and the Issuer, you are to be removed as Remarketing Agent for the above-referenced bonds effective fifteen days from the date of your receipt of this notice. Should you desire to terminate the Agreement prior to that date, GDU and the Issuer would be pleased to accept your waiver of the fifteen day notice requirement.

Sincerely,

ST JOHNS COUNTY, FLORIDA

By: _____
Chairman, Board of County
Commissioners

GENERAL DEVELOPMENT UTILITIES,
INC.

By: _____
Treasurer

EXHIBIT C

[Form of Remarketing Agreement]

REMARKETING AGREEMENT

THIS AGREEMENT dated as of _____, 1989, between GENERAL DEVELOPMENT UTILITIES, INC., a Florida corporation (the "Borrower"), ST. JOHNS COUNTY, FLORIDA, a political subdivision of the State of Florida (the "Issuer") and MANUFACTURERS HANOVER TRUST CO., a national banking association (the "Remarketing Agent");

W I T N E S S E T H:

WHEREAS, the Issuer, pursuant to the provisions of the Act (as defined in the Indenture hereinafter referred to) issued its Variable Rate Demand Utility Revenue Bonds, Series 1986 (General Development Utilities, Inc. Project) in the aggregate principal amount of \$3,200,000 (the "Bonds") pursuant to a Trust Indenture dated as of November 1, 1986 (the "Indenture") from the Issuer to Chemical Bank, as trustee (the "Trustee"); and

WHEREAS, the initial remarketing agent for the Bonds has resigned or been removed and Manufacturers Hanover Trust Co. has been selected as the new Remarketing Agent for the Bonds.

NOW, THEREFORE, for and in consideration of the covenants herein made, the parties hereto hereby agree as follows:

Section 1. Definitions. Unless a different meaning clearly appears from the context, all words and terms used herein shall have the respective meanings assigned to such terms in the Indenture.

Section 2. Appointment and Responsibilities of the Remarketing Agent.

a. Subject to the terms and conditions herein contained, the Issuer and the Borrower hereby appoint Manufacturers Hanover Trust Co., and Manufacturers Hanover Trust Co. hereby accepts such appointment, as Remarketing Agent for the Bonds.

b. So long as no Event of Default under the Indenture has occurred and is continuing, the Remarketing Agent agrees to perform its duties as Remarketing Agent under the Indenture, including in particular Sections 2.3A and 7.3, and to use its best efforts to remarket the Bonds as provided therein. The Remarketing Agent hereby agrees to perform such duties, including but not limited to, providing notices, delivering sums of money,

and determining interest rates, all as required by the Indenture. It is understood that any such remarketing shall be made as agent for the Borrower and the Issuer (and not as principal) and that any Bonds so remarketed shall be privately placed.

c. The Remarketing Agent hereby designates as its Principal Office the address specified in Section 7 hereof.

d. The Remarketing Agent hereby agrees to keep such books and records as shall be consistent with prudent industry practice and, so long as it is the Remarketing Agent with respect to the Bonds, to make such books and records available for inspection by the Issuer, the Borrower or the Trustee at all reasonable times and upon reasonable notice.

Section 3. Obligations of Borrower. The Borrower hereby agrees to provide information to the Remarketing Agent, so long as Manufacturers Hanover Trust Co. is the Remarketing Agent, adequate, in the opinion of the Remarketing Agent and the Borrower, to supplement the financial and other information describing the Borrower in the Private Placement Memorandum dated November 11, 1986 (the "Private Placement Memorandum") or other document prepared to aid in remarketing the Bonds.

Section 4. Representations, Warranties, Covenants and Agreements of the Remarketing Agent. The Remarketing Agent, by its acceptance hereof, represents, warrants, covenants and agrees with the Issuer and the Borrower as follows:

a. It is a bank or trust company organized under the laws of the United States or of any state or territory thereof, having a capitalization of at least \$15,000,000 and authorized by applicable laws to perform all the duties imposed upon it by the Indenture and this Agreement.

b. The Remarketing Agent will remarket the Bonds only to prospective purchasers which are "accredited investors" within the meaning of Rule 501(a) of Regulation D of the Securities and Exchange Commission.

c. The Remarketing Agent agrees to furnish the Placement Memorandum, as it may be supplemented from time to time, to each prospective purchaser of the Bonds in accordance with the requirements of applicable securities laws and regulations.

d. The Remarketing Agent is authorized to enter into this Agreement and the obligations set forth herein are legal, valid and binding obligations of the the Remarketing Agent enforceable against the Remarketing Agent in accordance with its terms.

e. The Remarketing Agent shall comply with the requirements of all applicable laws, rules, regulations and orders of any governmental or regulatory authority in connection with its duties hereunder, including, in particular, state and federal securities laws.

f. The Remarketing Agent hereby agrees to indemnify and hold harmless the Borrower and the Issuer against any and all judgments, losses, claims, damages and liabilities incurred by it arising out of the Remarketing Agent's failure to comply with the covenants contained in this Section 4 or perform the duties required by Section 2; provided such indemnity with respect to the Borrower shall only be applicable if the Borrower has complied with its covenant contained in Section 3. This subsection shall survive the termination of this Agreement.

Section 5. Remarketing Agent Compensation.

a. The Borrower hereby agrees to pay to the Remarketing Agent a continuing remarketing and administration fee computed at the rate of _____% per annum of the aggregate principal amount of Bonds outstanding on the date of payment, payable quarterly in arrears on each _____ 1, _____ 1, _____ 1, and _____ 1 until Payment of the Bonds. Such fees shall be computed on the basis of a 360-day year, actual number of days elapsed. No fees are payable under this subsection (a) on and after the Conversion Date whereupon the fees of the Remarketing Agent hereunder shall be separately agreed upon between the Remarketing Agent and the Borrower.

b. In addition to the fee set forth above, the Borrower agrees to reimburse the Remarketing Agent for its actual out-of-pocket expenses reasonably incurred in connection herewith. The Borrower also agrees to indemnify the Remarketing Agent for, and to hold it harmless against, any loss, liability or expense (including counsel fees and disbursements) incurred without gross negligence or willful misconduct on its part arising out of or in connection with its performance of its obligations hereunder.

Section 6. Successor Remarketing Agent. The Remarketing Agent may at any time resign or may be removed by the Borrower and be discharged of the duties and obligations created by this Agreement in accordance with the Indenture, and a successor Remarketing Agent meeting the requirements set forth in the Indenture shall be appointed by the Borrower in accordance with the terms of the Indenture.

If a successor Remarketing Agent shall be appointed pursuant to this Section, all references herein to the "Remarketing Agent" shall thereafter refer to such successor Remarketing Agent.

Section 7. Notices. Unless otherwise provided herein, all notices, requests, certificates or other communications hereunder or under the Indenture shall be sufficiently given if the same shall be duly mailed by registered or certified mail, return receipt requested, postage prepaid, or sent by any electronic method capable of creating a written document at the point of receipt, in either case addressed as follows: (a) if to the Issuer, to St. Johns County, Florida, St. Johns County Courthouse, St. Augustine, Florida 32084 (Attention: Chairman of the Board of County Commissioners); (b) if to the Borrower, to General Development Utilities, Inc., 1111 South Bayshore Drive, Miami, Florida 33121 (Attention: Treasurer); (c) if to the Trustee, to Chemical Bank, 55 Water Street, New York, New York 10041 (Attention: Corporate Trust Administration); or (d) if to the Remarketing Agent, to Manufacturers Hanover Trust Co., 270 Park Avenue, New York, New York 10017 (Attention: _____). A duplicate copy of each notice, certificate, request or other communication given hereunder by any of the parties mentioned above to any one of the others shall also be given to each of the others. Any party mentioned above may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 8. Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Florida.

Section 9. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10. Severability. If any one or more of the covenants, agreements or provisions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, the invalidity of such covenants, agreements and provisions shall in no way affect the validity or effectiveness of the remainder of this Agreement, and this Agreement shall continue in force to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties hereto have caused this Remarketing Agreement to be duly executed as of the day and year first above written.

GENERAL DEVELOPMENT
UTILITIES, INC.

By: _____
Treasurer

ST. JOHNS COUNTY, FLORIDA

By: _____
Chairman, Board of
County Commissioners

MANUFACTURERS HANOVER TRUST CO.

By: _____
Vice President

CONSENT

Barclays Bank PLC, New York Branch hereby consents to the appointment of Manufacturers Hanover Trust Co. as the Remarketing Agent and to this Remarketing Agreement.

BARCLAYS BANK PLC, NEW YORK
BRANCH

By: _____
Vice President

EXHIBIT D

[Form of Supplemental Trust Indenture]

FIRST SUPPLEMENTAL TRUST INDENTURE

Dated as of _____, 1989

by and between

ST. JOHNS COUNTY, FLORIDA
Issuer

and

CHEMICAL BANK
Trustee

Supplementing
Trust Indenture

Dated as of November 1, 1986

by and between

St. Johns County, Florida, as Issuer

and

Chemical Bank, as Trustee

Securing

\$3,200,000
Variable Rate Demand Utility Revenue Bonds, Series 1986
(General Development Utilities, Inc. Project)

THIS FIRST SUPPLEMENTAL INDENTURE, dated as of the _____ day of _____, 1989, by and between ST. JOHNS COUNTY, FLORIDA, a political subdivision of the State of Florida (hereinafter called the "Issuer"), and CHEMICAL BANK, as trustee, having its Corporate Trust Office in New York, New York (hereinafter called the "Trustee"), supplementing the TRUST INDENTURE dated as of November 1, 1986, by and between the Issuer and the Trustee,

W I T N E S S E T H:

WHEREAS, the Issuer and the Trustee entered into a Trust Indenture dated as of November 1, 1986 (the "Indenture") securing the Issuer's \$3,200,000 Variable Rate Demand Utility Revenue Bonds, Series 1986 (General Development Utilities, Inc. Project) (the "Bonds"), issued pursuant to Resolutions Nos. 85-139, 85-163, 85-178, 86-138 and 86-151 passed and adopted on October 8, 1985, November 12, 1985, December 10, 1985, October 14, 1986 and October 28, 1986, respectively (collectively, the "Resolution"), the proceeds of which were loaned to General Development Utilities, Inc. (the "Borrower") for the purpose of constructing certain improvements to the Borrower's water and wastewater facilities; and

WHEREAS, General Development Corporation, a Delaware corporation (the "Guarantor") executed and delivered to the Issuer and the Trustee a Guarantee Agreement dated as of November 1, 1986 (the "Guarantee"), pursuant to which the Guarantor unconditionally guaranteed to the Trustee, as trustee, for the benefit of the Registered Owners of the Bonds, the payment of the principal of, premium, if any, and interest on the Bonds; and

WHEREAS, the Guarantor has requested the Trustee and the Issuer to release the Guarantor from its obligations under the Guarantee and thereby terminate the Guarantee, in accordance with the provisions of Section 1.05 of the Guarantee; and

WHEREAS, the Trustee and the Issuer have agreed to such request and the prior written consent of the Registered Owners of all Bonds has been received, in accordance with the provisions of Section 1.05 of the Guarantee; and

WHEREAS, the Guarantee has thereby been terminated and all obligations of the Guarantor under the Guarantee have been released; and

WHEREAS, the Indenture provided that the trust estate created thereunder would include a mortgage dated as of November 1, 1986 (the "Initial Mortgage") to the Trustee, Barnett Banks Trust Company, N.A., as Co-Trustee under the Indenture ("Barnett"), and Barclays Bank PLC, New York Branch (the "Bank"), as issuer of the letter of credit (the "Letter of Credit")

securing the payment of the principal of and interest on the Bonds, such Initial Mortgage creating a lien on certain of the Borrower's properties located within the State of Florida for the purpose of securing the Borrower's obligations to the Trustee and the Bank under the Bonds and the reimbursement agreement relating to the Letter of Credit; and

WHEREAS, the Borrower has requested the mortgagees of the Initial Mortgage, as subsequently consolidated and modified (as herein described), to release their interest in the Initial Mortgage, as consolidated and modified, as security for the payment of the Bonds, and they have agreed to such request; and

WHEREAS, the Guarantor and the Borrower have requested that the Trustee and the Issuer amend the Indenture as hereinafter indicated, in accordance with the provisions of Section 11.3 and Section 11.8 of the Indenture, in order to reflect the termination of the Guarantee and the release of the Trustee's interest in the Initial Mortgage, as consolidated and modified; and

WHEREAS, the Borrower has requested that certain additional changes be made to the provisions of the Indenture as hereinafter described; and

WHEREAS, the Trustee and the Issuer have agreed to such request subject to the terms and conditions of this First Supplemental Indenture, and the Bank and the Borrower have consented to such request and the prior written consents of the Registered Owners of all Bonds have been obtained, in accordance with the provisions of Section 11.3 and Section 11.8 of the Indenture; and

WHEREAS, the Issuer has passed and adopted its Resolution 89-180 (the "Second Resolution") authorizing the execution and delivery of this First Supplemental Trust Indenture and other changes to the Bond financing documents;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH:

Section 1. Definitions. Defined terms used in this First Supplemental Indenture shall have the meanings set forth in the Indenture unless the context otherwise requires.

Section 2. Legend on Bonds; Effective Date. (a) Prior to the effectiveness of this First Supplemental Indenture the Trustee shall deliver to the Issuer a certificate certifying that (i) that the Owners of all Outstanding Bonds have consented to the changes to the Bond Financing documents authorized by the Second Resolution, and (ii) it has caused to be affixed to all Outstanding Bonds a legend substantially in the following form:

NOTICE TO REGISTERED OWNERS OF BONDS

Your attention should be directed to the following duly authorized change to the Bonds:

TERMINATION OF GUARANTEE AGREEMENT. General Development Corporation has been released from its obligations under the Guarantee Agreement referred to herein and no longer guarantees the payment of this Bond. All references to the Guarantee Agreement and the Guarantor appearing on the face or reverse side of this Bond are deemed to be deleted therefrom.

RELEASE OF MORTGAGE. The interest of the Trustee in the Mortgage has been terminated and the Mortgage no longer secures the payment of the Bonds.

(b) The Trustee, the Borrower, the Bond Registrar, the Paying Agent, the Remarketing Agent and the Bank are hereby directed to affix the legend set forth in Section 2(a) hereof upon the face or reverse side of any Bond not bearing such legend which at any time is in the custody of such Trustee, Borrower, Bond Registrar, Paying Agent, Remarketing Agent or Bank, whether pursuant to any transaction authorized under any of the documents relating to the Bonds or otherwise.

(c) The legend set forth in Section 2(a) hereof shall act as due notice to subsequent holders of the Bonds of such change in the terms and the language of the Bonds. All present holders of the Bonds have received due notice of such change, have consented thereto and have had the legend affixed to their Bonds.

Section 3. Termination of Guarantee Agreement. Notwithstanding the use of the terms "Guarantee Agreement", "Guarantee", "Guarantor", "General Development Corporation", or any other language appearing in the Indenture, the Resolution, the Loan Agreement or the Guarantee Agreement, General Development Corporation shall have no obligations with respect to any guarantee of payment of the principal of, premium, if any, and interest on the Bonds, any Additional Bonds or any other indebtedness owed under the Resolution, the Indenture, the Loan Agreement or the Guarantee Agreement and secured by the Indenture, and the Trustee shall have neither rights nor remedies as against General Development Corporation or under the Guarantee Agreement in the event of a default. Any reference to the Guarantee Agreement or the Guarantor in the Indenture, as herein supplemented, is hereby deleted.

Section 4. Concerning the Consolidation and Modification of the Initial Mortgage. The Trustee hereby certifies that:

(a) The Initial Mortgage has been consolidated with certain other of the Borrower's mortgages into a single consolidated mortgage encumbering certain of the Borrower's property (together, the "Consolidated Mortgage") pursuant to a Mortgage Consolidation Agreement dated as of November 1, 1988, by and among the Borrower, Irving Trust Company ("Irving"), the Bank, the Trustee, BankAmerica Trust Company of New York ("BankAmerica") and Barnett.

(b) The Consolidated Mortgage has been modified by a Mortgage Modification and Spreader Agreement dated as of December 21, 1988, by and among Irving, the Bank, BankAmerica, the Trustee, Barnett, NNCB National Bank of North Carolina (collectively, the "Mortgagees") and the Borrower, and by a Second Mortgage Modification Agreement dated as of March 1, 1989, by and among the Mortgagees and the Borrower (the Consolidated Mortgage as modified is hereinafter referred to as the "Mortgage").

Section 5. Release of Mortgage from Trust Estate. The Trustee hereby releases all of its interest in the Mortgage as security for the payment of the principal of, premium, if any, and interest on the Bonds pursuant to the Release. The Mortgage henceforth shall not constitute a portion of the Trust Estate, and the lien of the Mortgage in favor of the Trustee shall cease, determine and be void. All references to the Mortgage in the Indenture are hereby deleted.

Section 6. Amendments to the Indenture.

(a) Section 1.1 of the Indenture shall be amended as follows:

(i) The definition of Available Moneys shall be deleted and shall be replaced with the following:

"Available Moneys" means (a) with respect to any date for payment of principal of or interest on the Bonds occurring by redemption, maturity, or otherwise, and occurring during the term of the Letter of Credit, (i) moneys drawn under the Letter of Credit, or (ii) moneys deposited into the Bond Fund pursuant to Section 5.3(a), or moneys deposited into the Bond Fund pursuant to Section 5.3(b) of this Indenture which moneys have been on deposit with the Trustee for at least 123 days during and prior to which no Act of Bankruptcy shall have occurred, or (iii) moneys deposited by the Borrower with the Trustee in the Bond Fund or in the Bond Purchase Account, which moneys have been on deposit for at least 123 days during and prior to which no Act of Bankruptcy shall have occurred, or (iv) the proceeds of the sale of refunding obligations, if, in the opinion of nationally recognized bankruptcy counsel

acceptable to Moody's, the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Act of Bankruptcy or (v) the proceeds from investment of moneys qualifying as Available Moneys under clause (i), (ii), (iii) or (iv) above, and (b) with respect to any such date not occurring during the term of the Letter of Credit, any moneys furnished to the Trustee and the proceeds from the investment thereof.

(ii) The definition of Investment Securities shall be deleted and shall be replaced with the following:

"Investment Securities" shall mean and include any of the following investments to the extent permitted by State law: (i) securities issued or directly and fully guaranteed or insured by the United States Government or any agency or instrumentality thereof having maturities of not more than twelve months from the date of acquisition, (ii) dollar time deposits and certificates of deposit having maturities of not more than twelve months from the date of acquisition of (A) any bank, (B) any other financial institution having capital and surplus in excess of \$500,000,000, the holding company of which has a commercial paper rating meeting the requirements specified in clause (iv) below, or (C) any other financial institution with which the Borrower or its parent company, General Development Corporation, has an ongoing business relationship, which time deposits and certificates of deposit, in the case of this clause (C), shall not exceed an aggregate of \$5,000,000 at any one time outstanding, (iii) repurchase obligations with a term of not more than 60 days for underlying securities of the types described in clauses (i) and (ii) entered into with any financial institution meeting the qualifications specified in clause (ii) above, (iv) commercial paper rated at least A-3 or the equivalent thereof by S&P or P-3 or the equivalent thereof by Moody's or, if not rated by S&P or Moody's, issued by any foreign bank with a legal rating by IBCA Banking Analysis Limited ("IBCA") no lower than 3 and an individual rating by IBCA no less than B/C, and in any such case maturing within twelve months after the date of acquisition, and (v) obligations of any state or political subdivision thereof which are rated in any of the three highest rating categories by Moody's or S&P or are backed by a letter of credit or other credit enhancement issued by a bank or other financial institution whose comparable instruments are rated for investment purposes in any of the three highest rating categories by Moody's or S&P.

(iii) The definition of Principal Office shall be deleted and shall be replaced with the following:

"Principal Office" shall mean, in the case of the Remarketing Agent, the office of Manufacturers Hanover Trust Co. at 270 Park Avenue, New York, New York 10017, Attn: _____, and, in the case of the Bank, the office of Barclays Bank PLC, New York Branch, 75 Wall Street, New York, New York 10265, Attn: Central Loan Administration Department.

(b) Section 7.1(a) of the Indenture shall be amended by deleting the first sentence thereof and inserting therein the following:

The Borrower shall appoint the Remarketing Agent for the Bonds, subject to the requirements set forth in Section 7.2 hereof.

(c) Section 7.2 of the Indenture shall be amended by inserting "or Moody's" after the first "S&P" appearing therein and by inserting "and Moody's, as the case may be" at the end of such Section 7.2.

(d) Section 7.6 of the Indenture shall be deleted and shall be replaced with the following:

Section 7.6 Removal of Remarketing Agent and Successor to Remarketing Agent. Any Remarketing Agent may resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days' notice to the Borrower, the Issuer, the Bank and the Trustee, provided that the Remarketing Agent agrees that its resignation shall be effective upon the earlier of (i) ninety (90) days following the date of notice or (ii) the date on which a successor Remarketing Agent is appointed in accordance with Section 7.1 of this Indenture. If, in the opinion of the Remarketing Agent, it is unlawful for the Remarketing Agent to continue to perform its duties and obligations created by this Indenture, the resignation of the Remarketing Agent shall be effective immediately. The Remarketing Agent may be removed by the Borrower at any time upon fifteen (15) days' written notice given to the Issuer, the Remarketing Agent, the Bank and the Trustee. The Borrower shall appoint a successor Remarketing Agent, which successor shall comply with the provisions of Section 7.1 hereof and shall meet the requirements of Section 7.2 hereof.

In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to its successors or, if there be no successor, to the Trustee.

In the event that the Borrower shall fail to appoint a Remarketing Agent hereunder, or in the event that the Remarketing Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Borrower shall not have appointed its successor as Remarketing Agent, the Trustee, shall ipso facto be deemed to be the Remarketing Agent for all purposes of this Indenture until the appointment by the Borrower of the Remarketing Agent or successor Remarketing Agent, as the case may be; provided, however, that the Trustee, in its capacity as Remarketing Agent, shall not be required to sell Bonds or determine the interest rate on the Bonds pursuant to Section 7.3 hereof.

(e) Sections 10.7 through 10.13 of the Indenture shall be deleted and shall be replaced with the following:

Section 10.7 Resignation and Removal; Appointment of Successor. (a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 10.8 hereof.

(b) The Trustee may resign at any time by giving written notice thereof to the Issuer, the Remarketing Agent, the Borrower and the Bank and by the giving of notice as provided in subparagraph (g) hereof. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time for cause by the Issuer, with or without direction of the Borrower, or without cause, by the Registered Owners of a majority in principal amount of the Outstanding Bonds by an instrument or instruments in writing delivered to the Trustee, the Issuer, the Bank and the Borrower.

(d) Except during the existence of an Event of Default, the Trustee may be removed at any time by the Borrower for such cause as shall be determined in the sole discretion of the Borrower by filing with the Trustee an instrument signed by an Authorized Borrower Representative. Concurrent with such removal, the Borrower shall appoint a successor Trustee by giving notice of such appointment to the retiring Trustee, the Issuer, the Bank and the Remarketing Agent.

(e) If at any time the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then (i) the Issuer may remove the Trustee, or (ii) any Registered Owner who has been a bona fide owner of a Bond for at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, and if a successor Trustee has not been appointed by the Issuer or the Borrower within 30 days following the resignation or removal of the Trustee, the Trustee who has submitted a resignation or which is to be removed may appoint a successor Trustee upon giving 30 days' written notice in the manner provided below to the Issuer, the Bank and the Borrower subject to paragraph (a) hereof, such appointment shall take effect at any time commencing 30 days thereafter as may be specified in such notice, unless prior to such time the Issuer or the Borrower shall notify the Trustee and the proposed successor Trustee of its objection to such appointment. If a successor Trustee shall not have been appointed within one (1) year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by the Registered Owners of a majority in principal amount of Outstanding Bonds by an instrument or instruments in writing delivered to the Issuer, the retiring Trustee, the Bank and the Borrower, and the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee. If no successor Trustee shall have been so appointed by the Issuer, the Borrower or the Registered Owners and accepted appointment in the manner hereinafter pro-

vided, any Registered Owner who has been a bona fide Owner of a Bond at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee. Every such successor Trustee appointed pursuant to the provisions of this Section 10.7 shall be a trust company or bank having trust powers, in good standing, within or (to the extent permitted by law) outside the State, having a reported capital and surplus of not less than \$100,000,000 if there be such an institution willing, qualified and able to accept the Trust Estate upon reasonable and customary terms.

(g) The Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event to the Borrower, the Bank and to the Registered Owners of Bonds at their addresses as shown in the Bond Register, with any costs and expenses to be included as Administration Expenses. Each notice shall include the name and address of the Corporate Trust Office of the successor Trustee.

Section 10.8 Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall on behalf of the Issuer give notice on behalf of the Issuer as provided in subparagraph (g) of Section 10.7 hereof, shall execute, acknowledge and deliver to the Issuer, the Borrower and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estate and interest of the retiring Trustee to the Trust Estate and all the rights, powers, trusts, and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the estate and title of the retiring Trustee to the Trust Estate and all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 10.6. The Issuer shall execute any and all instruments reasonably requested by such Trustee for more fully and certainly vesting in and confirming to such successor Trustee all such estate, title, rights, powers and trusts with any costs to be incurred by the Issuer to be included as Administration Expenses.

Section 10.9 Separate Trustee or Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State of Florida) denying or restricting the right of banking corporations or associations or trust companies to transact business as trustees in such jurisdiction. Therefore, in the event of the incapacity or lack of authority of the Trustee, as determined by the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the powers, rights or remedies herein granted to the Trustee or to hold title to the property in trust as herein granted or to take any other action which may be necessary or desirable in connection therewith in such jurisdiction, the Trustee may, with the approval of the Borrower (so long as no Event of Default exists hereunder) appoint an additional individual or institution as a separate Trustee or Co-Trustee, and each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate Trustee or Co-Trustee shall run to and be enforceable by either of them. The Trustee, with the approval of the Borrower (so long as no Event of Default exists hereunder), shall have the right to remove the Co-Trustee and appoint a successor Co-Trustee. In addition (so long as no Event of Default exists hereunder), the Trustee shall remove the Co-Trustee and appoint a successor Co-Trustee upon the direction of the Borrower.

Should any conveyance or instrument in writing from the Issuer be required by the separate Trustee or Co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any of such conveyances and instruments in writing shall, on request by the Trustee and such separate Trustee or Co-Trustee, be executed, acknowledged and delivered by the Issuer. In case any separate Trustee or Co-Trustee, or a successor to either, shall be dissolved, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Trustee or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or Co-Trustee.

Section 10.10 Paying Agent; Co-Paying Agents. The Borrower shall appoint the Paying Agent for the Bonds and may at any time or from time to time appoint one or more Co-Paying Agents for the Bonds, subject to the conditions set forth in Section 10.11 hereof. The Paying Agent and each Co-Paying Agent shall designate to the Trustee its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Borrower, the Issuer and the Trustee under which such Paying Agent or Co-Paying Agent will agree, particularly:

(a) to hold all sums held by it for the payment of the principal of and premium, if any, or interest on Bonds in trust for the benefit of the Owners of the Bonds until such sums shall be paid to such Owners for the Bonds or otherwise disposed of as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the Issuer, the Trustee and the Borrower at all reasonable times and, in the case of a Co-Paying Agent, to promptly furnish copies of such books and records to the Paying Agent; and

(c) in the case of a Co-Paying Agent, upon the request of the Paying Agent, to forthwith deliver to the Paying Agent all sums so held in trust by such Co-Paying Agent.

The Issuer shall cooperate with the Trustee and the Borrower to cause the necessary arrangements to be made and to be thereafter continued whereby funds will be made available for the payment when due of the Bonds as presented at the Principal Offices of the Paying Agent and the Co-Paying Agents.

Section 10.11 Qualifications of Paying Agent and Co-Paying Agents; Resignation; Removal. The Paying Agent and any Co-Paying Agent shall be a bank or trust company, duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$15,000,000 or, if not a bank or trust company, a corporation whose unsecured obligations are rated Baa3 or P3 or its equivalent by Moody's and S&P and authorized by law to perform all the duties imposed upon it by this Indenture. The Paying Agent and any Co-Paying Agent may at any time resign and be

discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days' notice to the Issuer, the Bank, the Borrower and the Trustee. The Paying Agent and any Co-Paying Agent may be removed at any time by an instrument, signed by the Borrower, filed with the Paying Agent or such Co-Paying Agent, as the case may be, and with the Trustee, the Issuer and the Bank.

In the event of the resignation or removal of the Paying Agent or any Co-Paying Agent, the Paying Agent or such Co-Paying Agent, as the case may be, shall pay over, assign and deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Borrower shall fail to appoint a Paying Agent hereunder, or in the event that the Paying Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Paying Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Borrower shall not have appointed its successor as Paying Agent, the Trustee shall ipso facto be deemed to be the Paying Agent for all purposes of this Indenture until the appointment by the Borrower of the Paying Agent or successor Paying Agent, as the case may be.

Section 10.12 Bond Registrar. The Borrower shall appoint the Bond Registrar for the Bonds, subject to the conditions set forth in Section 10.13 hereof. Any entity serving as Bond Registrar which is not also the Trustee hereunder shall designate to the Trustee its Corporate Trust Office and each successor Bond Registrar shall signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Borrower, the Issuer and the Trustee under which such Bond Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Trustee and the Borrower at all reasonable times.

The Issuer shall cooperate with the Trustee and the Borrower to cause the necessary arrangements to be made and to be thereafter continued whereby Bonds, executed by the Issuer and authenticated by the Trustee, shall be made available for exchange, registration and registration of transfer at the Corporate Trust Office of the Bond Registrar. The Issuer shall

cooperate with the Trustee, the Bond Registrar and the Borrower to cause the necessary agreements to be made and thereafter continued whereby the Paying Agent, any Co-Paying Agent, and the Remarketing Agent shall be furnished such records and other information, at such times, as shall be required to enable the Paying Agent, such Co-Paying Agent, and the Remarketing Agent to perform the duties and obligations imposed upon them hereunder.

Section 10.13 Qualifications of Bond Registrar; Resignation; Removal. The Bond Registrar shall be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$15,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The Bond Registrar may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days' notice to the Issuer, the Trustee, the Bank and the Borrower. The Bond Registrar may be removed at any time by an instrument, signed by the Borrower, filed with the Bond Registrar and the Trustee, the Issuer and the Bank.

In the event of the resignation or removal of the Bond Registrar, the Bond Registrar shall deliver any Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Borrower shall fail to appoint a Bond Registrar hereunder, or in the event that the Bond Registrar shall resign or be removed, or be dissolved, or if the property or affairs of the Bond Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Borrower shall not have appointed its successor as Bond Registrar, the Trustee shall ipso facto be deemed to be the Bond Registrar for all purposes of this Indenture until the appointment by the Borrower of the Bond Registrar or successor Bond Registrar, as the case may be.

(f) Section 11.4 of the Indenture shall be amended by deleting "or for the purposes described in Section 11.1(7) or (8) hereof" from the last sentence of the first paragraph and inserting the following:

or for any other of the purposes described in Section 11.1 hereof. No amendment of the Loan Agreement shall

be made unless the Issuer has received an opinion of nationally recognized bond counsel that the amendment to the Loan Agreement will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Section 7. Counterparts. This First Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8. Severability Clause. The invalidity of any one or more phrases, sentences, clauses, sections or paragraphs hereof shall not affect the remaining portions of the Indenture, as herein supplemented, or any part thereof; and in the event that one or more of the phrases, sentences, clauses, sections or paragraphs contained herein should be invalid, the Indenture, as herein supplemented, shall be construed as if such invalid phrase or phrases, sentence or sentences, clause or clauses, section or sections, paragraph or paragraphs had not been inserted.

Section 9. Applicable Provisions of Law. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of Florida, except as otherwise indicated in Section 1.4 of the Indenture.

Section 10. Ratification. Except as amended hereby the Indenture shall remain in full force and effect and is hereby ratified and confirmed.

IN WITNESS WHEREOF, St. Johns County, Florida, and Chemical Bank have caused this First Supplemental Indenture to be duly executed by their undersigned officers and their corporate seals to be impressed hereon all as of the day and year first above written.

ST. JOHNS COUNTY, FLORIDA

[SEAL]

By: _____
Chairman, Board of County
Commissioners

ATTEST:

Clerk, Board of County
Commissioners

CHEMICAL BANK

[SEAL]

By: _____
Vice President

ATTEST:

Trust Officer

CONSENTS

General Development Utilities, Inc. hereby consents to the Second Resolution and to this First Supplemental Indenture.

**GENERAL DEVELOPMENT UTILITIES,
INC.**

By: _____
Treasurer

Barclays Bank PLC, New York Branch hereby consents to the Second Resolution and to this First Supplemental Indenture.

**BARCLAYS BANK PLC, NEW YORK
BRANCH**

By: _____
Vice President

STATE OF FLORIDA)
) SS:
COUNTY OF _____)

On the _____ day of _____, 1989, before me personally came _____ and _____, to me known, who, being duly sworn, did depose and say that they are the Chairman and the Clerk, respectively, of the Board of County Commissioners of St. Johns County, Florida, described in and which executed the foregoing instrument; that they know the corporate seal of the County; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of County Commissioners of said County; and that they signed their names thereto by like authority.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this _____ day of _____, 1989.

My Commission Expires: _____

Notary Public

[NOTARIAL SEAL]

STATE OF _____)
) SS:
COUNTY OF _____)

On the _____ day of _____, 1989, before me personally came _____ and _____, to me known, who, being duly sworn, did depose and say that they are a Vice President and Trust Officer, respectively, of Chemical Bank, described in and which executed the foregoing instrument; that they know the corporate seal of Chemical Bank; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that they signed their names thereto by like authority.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this _____ day of _____, 1989.

My Commission Expires: _____

Notary Public

[NOTARIAL SEAL]

EXHIBIT E

[Form of Amendment to Loan Agreement]

FIRST AMENDMENT
TO THE LOAN AGREEMENT

Dated as of _____, 1989

by and between

ST. JOHNS COUNTY, FLORIDA

and

GENERAL DEVELOPMENT UTILITIES, INC.

Amending

Loan Agreement

Dated as of November 1, 1986

by and between

St. Johns County, Florida

and

General Development Utilities, Inc.

Securing

\$3,200,000

Variable Rate Demand Utility Revenue Bonds, Series 1986
(General Development Utilities, Inc. Project)

THIS FIRST AMENDMENT TO THE LOAN AGREEMENT, dated as of the day of _____, 1989, by and between **ST. JOHNS COUNTY, FLORIDA**, a political subdivision of the State of Florida (hereinafter called the "Issuer"), and **GENERAL DEVELOPMENT UTILITIES, INC.** (the "Borrower"), a Florida corporation organized under the laws of the State of Florida, amending the **LOAN AGREEMENT** dated as of November 1, 1986, by and between the Issuer and the Borrower,

W I T N E S S E T H:

WHEREAS, the Issuer and the Borrower entered into a Loan Agreement dated as of November 1, 1986 (the "Loan Agreement") securing the Issuer's \$3,200,000 Variable Rate Demand Utility Revenue Bonds, Series 1986 (General Development Utilities, Inc. Project) (the "Bonds") issued pursuant to Resolutions Nos. 85-139, 85-163, 85-178, 86-138, 86-151 passed and adopted on October 8, 1985, November 12, 1985, December 10, 1985, October 14, 1986 and October 28, 1986, respectively (collectively, the "Resolution"); and

WHEREAS, the Issuer and Chemical Bank, as trustee (the "Trustee"), entered into a Trust Indenture dated as of November 1, 1986 (the "Indenture") securing the Bonds; and

WHEREAS, General Development Corporation, a Delaware corporation (the "Guarantor") executed and delivered to the Issuer and the Trustee a Guarantee Agreement dated as of November 1, 1986 (the "Guarantee"), pursuant to which the Guarantor unconditionally guaranteed to the Trustee, for the benefit of the Registered Owners of the Bonds, the payment of the principal of, premium, if any, and interest on the Bonds; and

WHEREAS, the Guarantor has requested the Trustee and the Issuer to release the Guarantor from its obligations under the Guarantee and thereby terminate the Guarantee, in accordance with the provisions of Section 1.05 of the Guarantee; and

WHEREAS, the Trustee and the Issuer have agreed to such request and the prior written consent of the Registered Owners of all Bonds has been received, in accordance with the provisions of Section 1.05 of the Guarantee; and

WHEREAS, the Borrower has thereby been terminated and all obligations of the Guarantor under the Guarantee have been released; and

WHEREAS, the Borrower has requested the Issuer to amend the Loan Agreement as hereinafter indicated, in accordance with the provisions of Section 7.1 of the Loan Agreement; and

WHEREAS, the Issuer has agreed to such request subject to the terms and conditions of this Amendment and The Barclays Bank PLC, New York Branch (the "Bank"), as issuer of the letter of credit securing the payment of the principal of and interest on the Bonds (the "Letter of Credit"), and the Trustee have consented to such request, in accordance with the provisions of Section 7.1 of the Loan Agreement and Sections 11.4 and 11.8 of the Indenture;

NOW, THEREFORE, THIS FIRST AMENDMENT TO THE LOAN AGREEMENT WITNESSETH:

Section 1. Definitions. Defined terms used in this First Amendment shall have the meanings set forth in the Loan Agreement unless the context otherwise requires.

Section 2. Termination of Guarantee Agreement. Notwithstanding the use of the terms "Guarantee Agreement", "Guarantee", "Guarantor", "General Development Corporation", or any other language appearing in the Loan Agreement, the Resolution, the Indenture or the Guarantee Agreement, General Development Corporation shall have no obligations with respect to any guarantee of payment of the principal of, premium, if any, and interest on the Bonds, any Additional Bonds or any other indebtedness owed under the Loan Agreement; the Trustee and the Issuer shall have neither rights nor remedies as against General Development Corporation or under the Guarantee in the event of a default; and the Borrower makes no representations or warranties regarding General Development Corporation. Any reference to the Guarantee Agreement or the Guarantor in the Loan Agreement is hereby deleted.

Section 3. Release of Mortgage from Trust Estate. All references in the Loan Agreement to the interest of the Trustee in the Mortgage are hereby deleted.

Section 4. Amendments to the Loan Agreement.

(a) Section 4.5 of the Loan Agreement shall be amended by deleting subparagraph (b) thereof and by inserting the following new subparagraph (b) thereto:

(b) At any time prior to the 60th day before the Interest Payment Date next preceding the expiration of the Letter of Credit, or at such other times as may be permitted under the Reimbursement Agreement or the Letter of Credit, the Borrower may, at its option, provide for the delivery to the Trustee of an irrevocable Alternate Letter of Credit which may be an extension of the term of the Letter of Credit or a new Letter of Credit from the Bank, or another credit facility issued by a commercial bank or financial institution other

than a bank, the terms of which Alternate Letter of Credit shall in all material respects be the same as the Letter of Credit and which shall have a duration of not less than one year; provided that the issuer of such Alternate Letter of Credit (or such issuer's holding company, but only if such holding company is unconditionally obligated to guarantee the performance of the issuer's obligations under the Alternate Letter of Credit) (i) is rated by either Moody's or S & P, or (ii) issues letters of credit, contracts, agreements, municipal bond insurance policies or surety bonds in support of debt obligations which are rated by either Moody's or S & P, in either case in any one of the three highest short term or long term rating categories (whichever would be applicable to such Alternate Letter of Credit) of either rating agency without considering plus or minus categories. The Borrower must furnish to the Trustee (i) written evidence from Moody's and S & P, as the case may be, to the effect that upon the substitution of the proposed Alternate Letter of Credit the rating on the Bonds will meet the requirements set forth in the preceding sentence; and (ii) an opinion from a nationally recognized bond counsel stating that the Alternate Letter of Credit meets the requirements of the terms of the Indenture and this Loan Agreement and that delivery of such Alternate Letter of credit will not adversely affect the exclusion of the interest on the Bonds from gross income for Federal income tax purposes.

Prior to any delivery of an Alternate Letter of Credit the Borrower shall also provide thirty-five (35) days' prior written notice to the Trustee, the Bank and the Remarketing Agent. In the event such Alternate Letter of Credit will cause a reduction in a current rating on the Bonds, then the Trustee shall provide a thirty (30) day notice of such Alternate Letter of Credit to each Owner of Outstanding Bonds, which notice shall also inform such owner of the anticipated reduction in rating.

(b) Section 8.3 of the Loan Agreement shall be deleted and shall be replaced with the following:

Section 8.3 Books and Records; Financial Statements. The Borrower shall keep proper books of records and accounts in which full and correct entries shall be made of all financial transactions and the assets and business of the Project and System in accordance with generally accepted accounting principles consistently applied. Such books of records and accounts shall be made available to the Trustee and the Issuer at the request of either. The Borrower shall also furnish to the Trustee and to the Issuer upon their request the following financial statements, financial data and certificates:

(a) within 60 days after the end of each quarter of each fiscal year of the Borrower, quarterly unaudited financial statements of the Borrower.

(b) as soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the annual audit report of the Borrower including therein balance sheets of the Borrower as at the end of such fiscal year and statements of income and retained earnings and changes in financial position of the Borrower for such fiscal year, in each case certified by an Authorized Borrower Representative as having been prepared in accordance with generally accepted accounting principles in a manner consistent with the financial statements delivered pursuant to Section 1.3 hereof, together with a certificate of such Authorized Borrower Representative stating that no Event of Default has occurred and is continuing, or if an Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which the Borrower proposes to take with respect thereto.

Section 5. Indemnification of Issuer. The release, indemnification, hold harmless and no personal liability provisions set forth in Sections 5.1 and 5.2 of the Loan Agreement shall apply to the provisions of the First Supplemental Indenture and to this First Amendment to the Loan Agreement.

Section 6. Counterparts. This First Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7. Severability Clause. The invalidity of any one or more provisions hereof shall not affect the remaining portions of this Amendment or the Loan Agreement, or any part thereof; and in the event that one or more provisions contained herein should be invalid, the Loan Agreement, as herein amended, shall be construed as if such invalid provision or provisions had not been inserted.

Section 8. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Florida.

Section 9. Ratification. Except as amended hereby, the Loan Agreement shall remain in full force and effect and is hereby ratified and confirmed.

Section 10. Effective Date. This First Amendment to the Loan Agreement shall not be effective until the Trustee has delivered to the Issuer the certificate described in Section 2(a) of the First Supplemental Trust Indenture authorized by Issuer Resolution No. 89-180.

IN WITNESS WHEREOF, St. Johns County, Florida, and General Development Utilities, Inc. have caused this First Amendment to be duly executed by their undersigned officers and their corporate seals to be impressed hereon all as of the day and year first above written.

ST. JOHNS COUNTY, FLORIDA

[SEAL]

By: _____
Chairman, Board of
County Commissioners

ATTEST:

Clerk, Board of
County Commissioners

GENERAL DEVELOPMENT UTILITIES,
INC.

[SEAL]

By: _____
Treasurer

ATTEST:

Secretary

CONSENTS

Barclays Bank PLC, New York Branch hereby consents to this First Amendment to the Loan Agreement.

**BARCLAYS BANK PLC, NEW YORK
BRANCH**

By: _____
Vice President

Chemical Bank, as Trustee, hereby consents to this First Amendment to the Loan Agreement.

CHEMICAL BANK

By: _____
Vice President

STATE OF FLORIDA)
) SS:
COUNTY OF _____)

On the ____ day of _____, 1989, before me personally came _____ and _____, to me known, who, being duly sworn, did depose and say that they are the Chairman and the Clerk, respectively, of the Board of County Commissioners of St. Johns County, Florida, described in and which executed the foregoing instrument; that they know the corporate seal of the County; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of County Commissioners of said County, and that they signed their names thereto by like authority.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this ____ day of _____, 1989.

Notary Public

My Commission Expires:

[NOTARIAL SEAL]

STATE OF FLORIDA)
) SS:
COUNTY OF DADE)

On the ____ day of _____, 1989, before me personally came _____ and _____, to me known, who, being duly sworn, did depose and say that they are the Treasurer and the Secretary, respectively, of General Development Utilities, Inc., described in and which executed the foregoing instrument; that they know the corporate seal of the Borrower; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Borrower; and that they signed their names thereto by like authority.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this ____ day of _____, 1989.

Notary Public

My Commission Expires:

[NOTARIAL SEAL]

EXHIBIT F

[Form of Notice to and Consent of Bondholders]

_____, 1989

**NOTICE OF RELEASE OF MORTGAGE
AND OF PARENT GUARANTEE**

**St. Johns County, Florida
\$3,200,000 Variable Rate Demand
Utility Revenue Bonds, Series 1986
(General Development Utilities, Inc. Project)**

Dear Sir or Madam:

Please be informed that General Development Corporation ("GDC"), St. Johns County, Florida (the "Issuer") and Chemical Bank, as Trustee (the "Trustee") under the Trust Indenture dated as of November 1, 1986 (the "Indenture"), by and between the Issuer and the Trustee, have agreed to terminate the Guarantee Agreement dated as of November 1, 1986 (the "Guarantee"), by and among GDC, the Trustee and the Issuer, and to release GDC from its obligations thereunder relating to the Bonds (the "Release").

To reflect such Release, as well as to reflect the termination of the Trustee's interest in the Mortgage described in the Indenture, as supplemented by the Supplemental Indenture (as hereinafter defined), and to effect certain amendments to the Indenture, the Issuer and the Trustee have agreed to a First Supplemental Trust Indenture (the "Supplemental Indenture") to supplement the Indenture. In addition, the Issuer and GDU have agreed to a First Amendment (the "Loan Amendment") to the Loan Agreement dated as of November 1, 1986 (the "Loan Agreement"), by and between the Issuer and GDU.

Pursuant to Section 11.8 of the Indenture, the consent of the issuer of the Letter of Credit is required before the Indenture or the Loan Agreement can be amended. The Bank, as issuer of the Letter of Credit securing the Bonds, has given its consents to such amendments.

Pursuant to Section 1.05 of the Guarantee and Sections 11.3 and 11.4 of the Indenture, the written consents of the Registered Owners of the Bonds are required in order for the Release, the Supplemental Indenture and the Loan Amendment, respectively, to be effective. In addition, Section 2 of the First Supplemental

Indenture requires that, before any such modifications become effective, all outstanding Bonds be surrendered to the Trustee for affixing a legend thereon notifying registered owners of the Release and the termination of the Mortgage. Please signify your consent to the Release, the Supplemental Indenture and the Loan Amendment, and your agreement to promptly surrender your Bonds upon notice from the Trustee for affixing the legend, by signing and returning the enclosed consent forms. Your Bonds will be returned to you by the Trustee immediately after affixing the legend.

CHEMICAL BANK, as Trustee

By: _____
Vice President

GENERAL DEVELOPMENT CORPORATION

By: _____
Vice President

GENERAL DEVELOPMENT UTILITIES,
INC.

By: _____
Treasurer

_____, 1989

St. Johns County, Florida
St. Johns County Courthouse
St. Augustine, Florida 32084

Chemical Bank, as Trustee
55 Water Street
Room 1820
New York, New York 10041

General Development Corporation
General Development Utilities, Inc.
1111 South Bayshore Drive
Miami, Florida 33131

Re: Consent to Release of Guarantee under the Guarantee Agreement dated as of November 1, 1986, from General Development Corporation to St. Johns County, Florida, as Issuer, and Chemical Bank, as Trustee pertaining to the Issuer's \$3,200,000 Variable Rate Demand Utility Revenue Bonds, Series 1986 (General Development Utilities, Inc. Project)

Ladies and Gentlemen:

You have requested that the undersigned consent, as required by Section 1.05 of the above-captioned Guarantee Agreement (the "Agreement"), to your termination of the Agreement and the release of GDC from its obligations thereunder. The undersigned hereby gives such consent. The undersigned also agrees to surrender its Bonds promptly upon receipt of notice from the Trustee for affixing of an appropriate legend thereon.

Sincerely,

_____, 1989

St. Johns County, Florida
St. Johns County Courthouse
St. Augustine, Florida 32084

Chemical Bank, as Trustee
55 Water Street
Room 1820
New York, New York 10041

General Development Corporation
General Development Utilities, Inc.
1111 South Bayshore Drive
Miami, Florida 33131

Re: Consent to First Supplemental Trust Indenture
supplementing the Trust Indenture dated as of
November 1, 1986, by and between St. Johns
County, Florida, as Issuer, and Chemical Bank, as
Trustee pertaining to the Issuer's \$3,200,000
Variable Rate Demand Utility Revenue Bonds,
Series 1986 (General Development Utilities, Inc.
Project)

Ladies and Gentlemen:

You have requested that the undersigned consent, as required by Section 11.3 of the above-captioned Trust Indenture (the "Indenture"), to the First Supplemental Trust Indenture (the "Supplemental Indenture") to be executed by St. Johns County, Florida (the "Issuer") and Chemical Bank, as trustee (the "Trustee"), supplementing the Indenture so as to reflect the termination of the Guarantee Agreement dated as of November 1, 1986, from General Development Corporation ("GDC") to the Trustee and the Issuer and the release of GDC from its obligations thereunder, as well as to reflect the termination of the Trustee's interest in the Mortgage described in the Indenture, as supplemented by the Supplemental Indenture, and to effect certain amendments to the Indenture. The undersigned hereby gives such consent. The undersigned also agrees to surrender its Bonds promptly upon receipt of notice from the Trustee for affixing of an appropriate legend thereon.

Sincerely,

_____, 1989

St. Johns County, Florida
St. Johns County Courthouse
St. Augustine, Florida 32084

Chemical Bank, as Trustee
55 Water Street
Room 1820
New York, New York 10041

General Development Corporation
General Development Utilities, Inc.
1111 South Bayshore Drive
Miami, Florida 33131

Re: Consent to First Amendment to the Loan Agreement amending the Loan Agreement dated as of November 1, 1986, by and between St. Johns County, Florida and General Development Utilities, Inc. pertaining to the Issuer's \$3,200,000 Variable Rate Demand Utility Revenue Bonds, Series 1986 (General Development Utilities, Inc. Project)

Ladies and Gentlemen:

You have requested that the undersigned consent, as required by Section 11.4 of the Trust Indenture dated as of November 1, 1986 (the "Indenture"), by and between St. Johns County, Florida (the "Issuer") and Chemical Bank, as trustee (the "Trustee") to your First Amendment to the above-captioned Loan Agreement to be executed by General Development Utilities, Inc. and the Issuer, amending such Loan Agreement so as to reflect the termination of the Guarantee Agreement dated as of November 1, 1986, from General Development Corporation ("GDC") to the Trustee and the Issuer, the release of GDC from its obligations thereunder, and to effect certain amendments to the Loan Agreement. The undersigned hereby gives such consent. The undersigned also agrees to surrender its Bonds promptly upon receipt of notice from the Trustee for affixing of an appropriate legend thereon.

Sincerely,

GREENBERG, TRAUIG, HOFFMAN, LIPOFF, ROSEN & QUENTEL, P.A.

JEFFREY P. AGRON
 FERNANDO C. ALONSO
 CESAR L. ALVAREZ
 LINDA C. ANDREWS
 DAVID T. AZRIN
 KERRI L. BARSH
 HILARIE BASS
 NORMAN J. BENFORD
 LISA J. BERGER
 MARK D. BLOOM
 FRANCIS B. BROGAN, JR.
 BURT BRUTON
 ALDEN BURLINGTON
 ALBERTO R. CARDENAS
 J. PHILLIP CARVER
 REGINALD J. CLYNE
 SUE M. COBB
 DIANE M. CONNIFF
 OSCAR G. DE LA GUARDIA
 ALBERT A. DEL CASTILLO
 ALAN T. DIMOND
 LUCIA A. DOUGHERTY
 CHARLES W. EDGAR, III
 HENRY H. (BUCKY) FOX
 ROY W. FOXALL
 ROBERT C. GANG
 CAROLE K. GANGUZZA
 RICHARD G. GARRETT
 BRIAN K. GART
 JEFFREY GILBERT
 BRUCE H. GILES-KLEIN
 RICHARD J. GIUSTO
 LAWRENCE GODOFFSKY
 ALAN S. GOLD
 STEVEN E. GOLDMAN
 STEVEN M. GOLDSMITH
 JOSEPH G. GOLDSTEIN

MATTHEW B. GORSON
 DIANNE GREENBERG
 MELVIN N. GREENBERG
 ROBERT L. GROSSMAN
 CARMEN M. HERNANDEZ
 KENNETH C. HOFFMAN
 LARRY J. HOFFMAN
 MARTIN KALB
 DAVID S. KENIN
 LORI E. KILBERG
 TIMOTHY E. KISH
 STEVEN J. KRAVITZ
 STEVEN A. LANDY
 ERNESTO A. LANZA
 NANCY B. LASH
 ALAN S. LEDERMAN
 GARY A. LEVINSON
 NORMAN H. LIPOFF
 MARGOT E. LIVINGSTON
 CARLOS E. LOUMIET
 JUAN P. LOUMIET
 BRUCE E. MACDONOUGH
 ROBERT P. MACINA
 ANDREW L. MANN
 PEDRO J. MARTINEZ-FRAGA
 JOEL D. MASER
 JUAN J. MAYOL, JR.
 JOHN T. METZGER
 LOUIS R. MONTELLO, JR.
 ALICIA M. MORALES
 JANET L. O'BRIEN
 REBECCA R. ORAND
 DEBBIE M. ORSHEFSKY
 STEYAN J. PARDO
 MARSHALL R. PASTERNAK
 JORGE J. PEREZ
 BYRON G. PETERSEN

ALBERT D. QUENTEL
 JOEL REINSTEIN
 MARK J. REISMAN
 LUIS REITER
 CONSTANCE M. RIDDER
 EDWARD L. RISTAINO
 KENNETH B. ROBINSON
 NICHOLAS ROCKWELL
 RAQUEL A. RODRIGUEZ
 ALAN H. ROLNICK
 MARVIN S. ROSEN
 RICHARD A. ROSENBAUM
 RONALD M. ROSENGARTEN
 DAVID L. ROSS
 KENTON V. SANDS
 GARY A. SAUL
 CLIFFORD A. SCHULMAN
 MARLENE K. SILVERMAN
 TRISHA D. SINDLER
 STUART H. SINGER
 HOLLY R. SKOLNICK
 CANDICE L. STEIN
 LAURA P. STEPHENSON
 JOEL L. STOCKER
 DAVID J. TANEY
 LAURA M. THOMAS
 ROBERT H. TRAUIG
 BRIAN J. WALSH
 JEFFREY WEITHORN
 JERROLD A. WISH
 ROBERT M. WOLF
 TIMOTHY D. WOLFE
 SHEILA WOLFSON
 ADAM S. ZIPPER

ZACHARY H. WOLFF (RETIRED)

MIAMI OFFICE
 1221 BRICKELL AVENUE
 MIAMI, FLORIDA 33131
 TELEPHONES
 MIAMI (305) 579-0500
 BROWARD (305) 523-8111
 TELEX 80-3124
 TELECOPY (305) 579-0717

WEST PALM BEACH OFFICE
 1601 FORUM PLACE • SUITE 307
 WEST PALM BEACH, FLORIDA 33401
 (407) 683-6611
 TELECOPY (407) 683-8447

BROWARD OFFICE
 500 EAST BROWARD BOULEVARD • SUITE 1350
 FORT LAUDERDALE, FLORIDA 33394
 (305) 765-0500
 TELECOPY (305) 765-1477

WRITER'S DIRECT NO:
 (305) 579-0886

PLEASE REPLY TO:
 MIAMI OFFICE

July 13, 1989

Board of County Commissioners
 of St. Johns County, Florida
 c/o James G. Sisco
 P.O. Box 1533
 St. Augustine, Florida 32085

Re: \$3,200,000 Variable Rate Demand Utility Revenue
 Bonds, Series 1986 (General Development Utilities,
 Inc. Project) the "Bonds")

Dear Mr. Sisco:

We are in receipt of your letter of June 13, 1989, and wish to confirm that this firm has agreed to represent St. Johns County as Bond Counsel in connection with the proposed amendments to the above entitled bond issue. Our fees and expenses are to be paid by General Development Utilities, Inc. ("GDU"), and we will, under no circumstances look to the County for payment of same.

In response to your request, we have spoken with representatives of GDU to obtain financial information on GDU and Barclays Bank for the last 3 years. Prior to conclusion of the proposed amendments GDU will obtain from Moody's Investors Service a confirmation that the existing rating on the Bonds will not change as a result of consummation of the proposed amendments.

EXHIBIT G

Board of County Commissioners
of St. Johns County, Florida
July 13, 1989
Page 2

With respect to the documents submitted to the County Administrator on May 17th, we have made certain revisions to the First Supplemental Trust Indenture and related documents at the request of the County Attorney and submit revised versions herewith. To assist you in reviewing the changes we have included a blacklined copy indicating the revisions.

We would appreciate your placing this matter on the agenda for the next meeting of the County Commission. Upon passage of the Resolution we would then commence the process of soliciting Bondholder consents and giving the appropriate notices to various parties to the financing. A "closing" will be scheduled in due time, at which we will deliver an opinion as requested by the County Attorney.

We look forward to working with the County on this matter.

Very truly yours,



Robert C. Gang

cc: Ned M. Shandloff
Robert Siegel
Margaret Graff

\$3,300,000 Hendry County, Florida
\$4,000,000 Indian River County, Florida
\$2,700,000 City of Palm Bay, Florida
\$13,000,000 City of Port St. Lucie, Florida
Variable Rate Demand Utility
Revenue Bonds, Series 1983
(General Development Utilities, Inc. Project)

\$14,500,000 Charlotte County, Florida
\$7,500,000 City of North Port, Florida
\$15,000,000 City of Palm Bay, Florida
\$13,000,000 City of Port St. Lucie, Florida
Variable Rate Demand Utility
Revenue Bonds, Series 1984
(General Development Utilities, Inc. Project)

\$10,000,000 Charlotte County, Florida
\$11,800,000 Marion County Industrial Development Authority
\$3,200,000 St. Johns County, Florida
Variable Rate Demand Utility
Revenue Bonds, Series 1986
(General Development Utilities, Inc. Project)

M E M O R A N D U M

TO: The Issuers indicated above

FROM: General Development Utilities, Inc.
Margaret Graff, Assistant Vice President
Ned M. Shandloff, Esq., Corporate Counsel
Robert M. Siegel, Director of Finance
Curt Morris
Merv Maurer
Greenberg, Traurig, Hoffman,
Lipoff, Rosen & Quentel, P.A.
Robert C. Gang, Esq.
Ernesto A. Lanza, Esq.

DATE: May 17, 1989

RE: Conforming changes relating to the above-referenced
financings

General Development Utilities, Inc. ("GDU") is seeking to modify certain provisions of the above referenced tax-exempt financings from 1983, 1984 and 1986 in order to conform them to the terms of certain recent financings for GDU's water and wastewater facilities issued in the Cities of North Port, Palm Bay and Port St. Lucie, Florida and in Charlotte County, Florida

during 1988 and 1989. By conforming the terms under which certain recurring actions must be taken and by ensuring that the parties involved in fulfilling the continuing obligations relating to the outstanding Bonds are able to fulfill such duties in a uniform manner with respect to all of the Issuers of the Bonds, GDU will be able to assure a more efficient operation of its bonding program for water and wastewater facilities and allocation of its own resources.

In furtherance of the goals mentioned above, GDU will request that the following actions be taken:

- 1) The appointment of Chemical Bank as Trustee under the Indentures securing the 1983 and 1984 Bonds to replace BankAmerica Trust Company of New York, which is resigning as Trustee for the 1983 and 1984 Bonds;
- 2) The appointment of Irving Trust Company as Remarketing Agent with respect to the 1984 Bonds and Manufacturers Hanover Trust Co. as Remarketing Agent with respect to the 1983 and 1986 Bonds to replace Citibank, N.A., which is resigning as Remarketing Agent for the 1983, 1984 and 1986 Bonds;
- 3) The termination of the Guarantee Agreements so as to conform the 1983, 1984 and 1986 financings to those completed in 1988 and 1989;
- 4) The release of the Mortgages, as consolidated in the Consolidated Mortgage, with respect to the Trustee (the Letters of Credit will continue to be secured by the Consolidated Mortgage) so as to conform the 1983, 1984 and 1986 financings to those completed in 1988 and 1989; and
- 5) The amendment of the Indentures to reflect the changes mentioned above and certain financial reporting and mechanical changes which will make compliance with the Indentures and operation of GDU's bonding program for its water and wastewater facilities more efficient.

The first two items are the result of changes in banking relationships over the past few years. The second two items are the result of changes in rating agency policies. It should be noted that GDC's guarantee and the Mortgages were granted to Bondholders originally because rating agencies required that Bondholder security mirror the security granted to letter of credit banks that were securing the Bonds. Since rating agencies no longer require such parity, and the GDC guarantees are no longer required by the letter of credit banks, it is possible to

terminate the Guarantee Agreements and release the Mortgages, as described in steps 3 and 4 above. Bondholders never needed either of the Guarantees or the Mortgages, since the Bonds are secured by the letters of credit.

GDU and its bond counsel, Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, P.A., will coordinate the actions necessary to make the requested changes. The governing bodies of each Issuer will need to adopt a single resolution during the month of June to authorize and approve the necessary actions. Thereafter, the only action to be taken by each of the Issuers will be the execution of certain documents by an authorized official subsequent to the receipt of all necessary bondholder consents. These include a Supplemental Trust Indenture, an amendment to the Loan Agreement, and a new Remarketing Agreement to replace the Remarketing Agent. The schedule relating to these conforming changes will be flexible to the needs of the Issuers and all costs pertaining to these actions will be absorbed by GDU. Greenberg, Traurig will take responsibility for the drafting of all necessary documentation, including the resolutions to be adopted by the Issuers, subject to the approval of each Issuer's counsel.

F. Mark

CERTIFIED PUBLIC ACCOUNTANT

GILLIS

June 5, 1989

Mr. James G. Sisco, Attorney
St. Johns County Commission
St. Augustine, Florida

Re: General Development Utilities, Inc.
for the years ending December 31, 1988, 87, 86
Florida Statute 159.29(2) report on financial
statements.

Dear Sirs:

I have studied the aforementioned financial statements and report my observations below:

The indicators of the ability of General Development Utilities, Inc. to pay back the bonds are itemized below.

1. The ratio of current assets to current liabilities for the past three years was:

1988	about	3.2 to 1
1987	about	2.5 to 1
1986	about	1.0 to 1

2. Net worth for the past three years was:

	Dollars	Percent of Total assets
1988	\$88,532,934	45
1987	84,341,590	47
1986	83,764,666	58

3. Earnings for the past three years:

	Net income	Percent of	
		Net Sales	Assets
1988	\$3,816,082	12.08	1.95
1987	576,924	02.11	0.32
1986	3,204,440	13.06	2.23

1750 Highway A1A South
Suite D
St. Augustine, Florida 32084

(904) 471-7200

Mr. James, G. Sisco
July 11, 1989

In 1987 the company closed a retention pond as a result of a regulatory order (Note 8 in the 1987 financial statements) resulting in the expensing of \$1,651,958. Net income in comparison with 1986 and 1988 reflect that expensing.

During the past four years, General Development Utilities, Inc. has shown no deterioration of its ability to pay back the bonds as currently scheduled and secured and therefore shows an ability to pay back the bonds as proposed. The modified issue will be secured by a letter of credit from Barclays Bank which demonstrates substantial security for bond holders.

Sincerely,

A handwritten signature in cursive script that reads "F. Mark Gillis".

F. Mark Gillis

GENERAL DEVELOPMENT UTILITIES, INC.
 Florida Statute 159.29(2) Report dated July 11, 1989
 On The Years Ended December 31, 1986, 1987, 1988

	1986	1987	1988	Change 86-87	Change 87-88
BALANCE SHEETS					
Assets					
Utility Plant	\$159,732,169	\$185,110,895	\$195,585,589	\$25,378,724	\$10,474,694
Accumulated Depreciation	(\$28,357,800)	(\$31,461,138)	(\$35,520,431)	(\$3,103,338)	(\$4,059,293)
Municipal Bonds -----	\$179,000	\$179,000	\$170,000	\$0	(\$9,000)
Cash	\$330,166	\$214,212	\$301,289	(\$115,954)	\$87,077
Accounts receivable	\$3,419,069	\$3,665,050	\$4,635,812	\$245,981	\$970,762
Inventories	\$215,652	\$216,366	\$248,015	\$714	\$31,649
Receivable from parent	\$13,955	\$9,879,420	\$12,221,230	\$9,865,465	\$2,341,810
Total current assets	\$3,978,842	\$13,975,048	\$17,406,346	\$9,996,206	\$3,431,298
Deferred carrying charges	\$2,539,022	\$4,193,355	\$6,129,137	\$1,654,333	\$1,935,792
Deferred loan charges	\$2,607,201	\$3,149,991	\$3,719,976	\$542,790	\$569,985
Unamortized rate case expense	\$312,181	\$349,113	\$213,014	\$36,932	(\$156,099)
Unamortized property losses	\$161,256	\$188,083	\$60,359	\$26,827	(\$127,924)
Other	\$250,638	\$335,531	\$364,646	\$84,893	\$29,115
Regulatory asset	\$0	\$0	\$1,322,202	\$0	\$1,322,202
Deferred federal & state taxes	\$2,354,205	\$4,875,436	\$6,094,152	\$2,521,231	\$1,218,716
Total deferred charges	\$8,224,503	\$13,091,509	\$17,903,286	\$4,867,006	\$4,811,777
	\$143,756,714	\$180,895,314	\$195,544,790	\$37,138,600	\$14,649,476
	=====	=====	=====	=====	=====

Statement for report to St. Johns County Commission

GENERAL DEVELOPMENT UTILITIES, INC.
 Florida Statute 159.29(2) Report dated July 11, 1989
 On The Years Ended December 31, 1986, 1987, 1988

	1986	1987	1988	Change 86-87	Change 87-88
Liabilities & Equity					
Stockholder's Equity					
Common Stock	\$1,000	\$1,000	\$1,000	\$0	\$0
Additional P I E	\$75,300,000	\$75,300,000	\$75,300,000	\$0	\$0
Retained Earnings	\$8,463,666	\$9,040,590	\$13,231,934	\$576,924	\$4,191,344
Total Equity	\$83,764,666	\$84,341,590	\$88,532,934	\$576,924	\$4,191,344
Bonds payable	\$45,525,752	\$77,240,136	\$83,619,449	\$31,814,384	\$6,279,313
Accounts payable	\$1,688,235	\$2,893,413	\$2,613,017	\$1,205,178	(\$280,396)
Customer deposits	\$1,612,197	\$1,779,686	\$1,829,765	\$167,489	\$50,079
Accrued interest	\$502,803	\$843,597	\$999,739	\$346,794	\$156,142
Total current liabilities	\$3,803,235	\$5,516,696	\$5,442,521	\$1,713,461	(\$74,175)
Excess deferred taxes	\$0	\$0	\$1,729,870	\$0	\$1,729,870
Deferred taxes	\$10,376,588	\$13,416,317	\$15,748,196	\$3,039,729	\$2,331,879
Construction advances	\$286,473	\$280,575	\$471,820	(\$5,898)	\$191,245
	\$143,756,714	\$180,095,314	\$195,544,790	\$37,138,600	\$14,649,476
	\$0	\$0	\$0	\$0	\$0
CURRENT RATIO	1.05	2.53	3.20	5.83	-46.26
EQUITY RATIO	1.72	2.14	2.21	64.37	3.50

Statement for report to St. Johns County Commission

GENERAL DEVELOPMENT UTILITIES, INC.
 Florida Statute 159.29(2) Report dated July 11, 1989
 On The Years Ended December 31, 1986, 1987, 1988

INCOME STATEMENTS	1986	1987	1988	Change 86-87	Change 87-88
Operating revenues	\$24,542,856	\$27,319,890	\$31,580,631	\$2,777,034	\$4,260,741
Operating expenses	\$18,708,702	\$21,785,858	\$22,993,030	\$3,077,156	\$1,207,172
Operating income	\$5,834,154	\$5,534,032	\$8,587,601	(\$300,122)	\$3,053,569
Other income/expense	\$20,145	(\$1,837,219)	\$758,037	(\$1,857,364)	\$2,595,256
Income before interest	\$5,854,299	\$3,696,813	\$9,345,638	(\$2,157,486)	\$5,648,825
Interest on utility bonds	\$2,530,677	\$4,161,129	\$6,133,426	\$1,630,452	\$1,972,297
Allowance borrowed funds	\$0	(\$1,175,617)	(\$748,444)	(\$1,175,617)	\$427,173
Interest on customer deposits	\$119,182	\$134,377	\$144,574	\$15,195	\$10,197
Total interest expense	\$2,649,859	\$3,119,889	\$5,529,556	\$470,030	\$2,409,667
	\$3,204,440	\$576,924	\$5,816,082	(\$2,627,516)	\$3,239,158
Cumulative effect Change	\$0	\$0	\$375,262	\$0	\$375,262
Net income (loss)	\$3,204,440	\$576,924	\$4,191,344	(\$2,627,516)	\$3,614,420
Beginning retained earnings	\$5,259,226	\$8,463,666	\$9,040,590	\$3,204,440	\$576,924
Ending retained earnings	\$8,463,666	\$9,040,590	\$13,231,934	\$576,924	\$4,191,344

Statement for report to St. Johns County Commission



KPMG Peat Marwick

Certified Public Accountants

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by
General Development Corporation)

Financial Statements and Schedules

December 31, 1987 and 1988

(With Independent Auditors' Report Thereon)

Certified Public Accountants

Peat Marwick Main & Co.

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Independent Auditors' Report

The Board of Directors
General Development Utilities, Inc.:

We have audited the accompanying balance sheets of General Development Utilities, Inc. as of December 31, 1987 and 1988, and the related statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of General Development Utilities, Inc. at December 31, 1987 and 1988, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

As discussed in the Summary of Significant Accounting Policies, the Company changed its method of accounting for income taxes in 1988.

Peat Marwick Main & Co

March 10, 1989



GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)
Balance Sheet
December 31, 1987 and 1988

	<u>1987</u>	<u>1988</u>		<u>1987</u>	<u>1988</u>
<u>Assets</u>			<u>Liabilities and Stockholder's Equity</u>		
Utility plant, net of contributions in aid of construction of \$53,782,507 and \$61,667,934 at cost	\$185,110,895	\$195,585,589	Stockholder's equity		
Less accumulated depreciation, net of accumulated amortization of contributions in aid of construction of \$8,032,868 and \$9,630,783	<u>31,461,138</u> <u>153,649,757</u>	<u>35,520,431</u> <u>160,065,158</u>	Common stock of \$1 par value. Authorized, issued, and outstanding 1,000 shares	\$ 1,000	\$ 1,000
Investment in municipal bonds, at cost (approximate market value of \$126,000)	<u>179,000</u>	<u>170,000</u>	Additional paid-in capital (by parent company)	75,300,000	75,300,000
Current assets			Retained earnings	<u>9,040,590</u> <u>84,341,590</u>	<u>13,231,934</u> <u>88,532,934</u>
Cash	214,212	301,289	Bonds payable	<u>77,340,136</u>	<u>83,619,449</u>
Accounts receivable, including unbilled utility revenue of \$2,125,207 and \$2,409,013	3,665,050	4,635,812	Current liabilities		
Inventories, at lower of cost (first-in, first-out) or market	216,366	248,015	Accounts payable and accrued expenses	2,893,413	2,613,017
Receivable from parent company	<u>9,879,420</u>	<u>12,221,230</u>	Customers' deposits	1,779,686	1,829,765
Total current assets	<u>13,975,048</u>	<u>17,406,346</u>	Accrued interest	<u>843,597</u>	<u>999,739</u>
Deferred charges			Total current liabilities	<u>5,516,696</u>	<u>5,442,521</u>
Deferred carrying charges	4,193,355	6,129,137			
Deferred loan costs	3,149,991	3,719,976	Excess deferred taxes	-	1,729,870
Unamortized rate case expense	349,113	213,014	Deferred Federal and state income taxes	<u>13,416,317</u>	<u>15,748,196</u>
Unamortized property losses	188,083	60,159			
Other	335,531	364,646	Advances for construction	<u>280,575</u>	<u>471,820</u>
Regulatory asset	-	1,322,202			
Deferred Federal and state income taxes	<u>4,875,436</u>	<u>6,094,152</u>			
Total deferred charges	<u>13,091,509</u>	<u>17,903,286</u>			
	<u>\$180,895,314</u>	<u>\$195,544,790</u>			

See accompanying notes to financial statements.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)
Statement of Income and Retained Earnings
Years Ended December 31, 1987 and 1988

	<u>1987</u>	<u>1988</u>
Operating revenues		
Water	\$15,707,179	\$18,219,893
Sewer	10,044,660	11,829,572
Gas	1,568,051	1,531,166
Total operating revenues	<u>27,319,890</u>	<u>31,580,631</u>
Operating expenses		
Cost of gas sold	600,221	571,143
Operations	11,102,573	10,604,862
Maintenance	1,636,429	1,885,539
Depreciation	4,568,369	5,560,518
Amortization of property losses	127,920	127,924
Taxes, other than income taxes	2,349,478	2,805,549
Federal and state income taxes	1,400,868	1,437,495
Total operating expenses	<u>21,785,858</u>	<u>22,993,030</u>
Operating income	<u>5,534,032</u>	<u>8,587,601</u>
Other income (expense)		
Interest income	363,502	689,192
Allowance for other funds used during construction	519,976	358,393
Loss on disposal of fixed assets	(428,567)	-
Federal and state income taxes	1,037,117	(458,596)
Other, net	(3,329,247)	169,048
Total other income (expense), net	<u>(1,837,219)</u>	<u>758,037</u>
Income before interest expense	<u>3,696,813</u>	<u>9,345,638</u>
Interest expense		
Interest on utility revenue bonds	4,161,129	6,133,426
Allowance for borrowed funds used during construction	(1,175,617)	(748,444)
Interest on customers' deposits	134,377	144,574
Total interest expense	<u>3,119,889</u>	<u>5,529,556</u>
Net income before cumulative effect of accounting change	576,924	3,816,082
Cumulative effect of change in method of accounting for income taxes	-	375,262
Net income	<u>576,924</u>	<u>4,191,344</u>
Retained earnings, beginning of year	<u>8,463,666</u>	<u>9,040,590</u>
Retained earnings, end of year	<u>\$ 9,040,590</u>	<u>\$13,231,934</u>

See accompanying notes to financial statements.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)
Statement of Cash Flows
Years Ended December 31, 1987 and 1988

	<u>1987</u>	<u>1988</u>
Cash flows from operating activities:		
Cash received from customers	\$27,400,502	\$30,957,979
Cash paid to suppliers and employees	(19,298,851)	(17,301,504)
Interest and issue costs paid	(4,479,895)	(6,780,295)
Interest received	8,502	8,150
Increase in receivable from parent company	(9,865,465)	(2,341,810)
Proceeds from legal settlement	-	710,000
Payment to environmental agencies	-	(498,000)
Net cash (used) provided by operating activities	<u>(6,235,207)</u>	<u>4,754,520</u>
Cash flows from investing activities:		
Proceeds from Broward County bonds	-	9,000
Increase in advances for construction	(5,898)	191,245
Contributions in aid of construction	6,600,600	7,764,985
Capital expenditures	(32,289,833)	(18,928,159)
Proceeds from the sale of fixed assets	-	16,171
Net cash (used) by investing activities	<u>(25,695,131)</u>	<u>(10,946,758)</u>
Cash flows from financing activities:		
Borrowings under industrial revenue bond issues	<u>31,814,384</u>	<u>6,279,315</u>
Net cash provided by financing activities	<u>31,814,384</u>	<u>6,279,315</u>
Increase (decrease) in cash	(115,954)	87,077
Cash balance at beginning of year	<u>330,166</u>	<u>214,212</u>
Cash balance at end of year	<u>\$ 214,212</u>	<u>\$ 301,289</u>

See accompanying notes to financial statements.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)
Statement of Cash Flows
Years Ended December 31, 1987 and 1988

	<u>1987</u>	<u>1988</u>
Reconciliation of Net Income To Net Cash Provided by Operating Activities		
Net income	\$576,924	\$4,191,344
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,696,289	5,688,442
Cumulative effect of accounting change	-	(375,262)
Amortization of deferred loan costs	93,540	1,336,856
Allowance for funds used during construction	(1,695,593)	(1,106,841)
Interest on parent receivables	(355,000)	(681,042)
Uncollectible receivables	216,592	241,457
Loss on sale of fixed assets	428,567	14,189
Proceeds from settlement	-	248,096
Tax expense	363,751	1,896,091
Deferred property expense	(109,729)	(51,806)
Other	147,990	362,289
Decrease (increase) in		
Accounts receivable	(118,225)	(855,135)
Inventories	(714)	(31,649)
Deferred carrying charges	(1,654,333)	(1,935,782)
Deferred loan costs	(636,330)	(1,906,841)
Rate case expense	(36,932)	136,099
Receivable from parent company	(9,865,465)	(2,341,810)
Increase (decrease) in		
Accounts payable and accrued liabilities	1,205,178	(280,396)
Customers deposits	167,489	50,079
Accrued interest	<u>340,794</u>	<u>156,142</u>
 Net cash (Used) provided by operating activities	 <u>(\$6,235,207)</u>	 <u>\$4,754,520</u>

See accompanying notes to financial statements.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to Financial Statements

December 31, 1987 and 1988

(1) Summary of Significant Accounting Policies

(a) Organization

General Development Utilities, Inc. ("The Company") is a wholly owned subsidiary of General Development Corporation ("parent"). The Company provides water, sewer and gas utilities service to the communities developed by its parent.

Certain prior year amounts have been reclassified to conform with the 1988 presentation.

(b) Income Recognition

Water and sewer revenues are recorded when the service is performed. Gas revenues are recorded as gas is used by customers. The related costs and expenses are charged to operations when incurred, except deferred carrying charges and unamortized rate case expense as explained in Notes 1(h) and 1(j), respectively.

The Company follows accounting practices prescribed by the National Association of Regulatory Utility Commissioners as set forth in its Uniform System of Accounts.

(c) Regulations

Rates charged to water and sewer customers are generally subject to prior approval by various regulatory agencies.

(d) Capitalization

The Company capitalizes costs, principally labor and materials, directly related to the construction of its utility facilities, net of any amounts contributed toward construction by its customers.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to Financial Statements - (Continued)

December 31, 1987 and 1988

(e) Allowance for Funds Used During Construction

The Company capitalizes Allowance for Funds Used During Construction (AFUDC) for eligible projects included in construction work in progress. AFUDC allows the Company to capitalize interest on equity as well as on borrowed funds. The approved charge resulted in a reduction of interest expense of \$1,175,617 and \$748,444 and an increase in other income of \$519,976 and \$358,393 for the two years ended December 31, 1988.

(f) Depreciation

Depreciation is provided and charged to operations on the straight-line method based on estimated useful lives ranging from 5-50 years on utility equipment and facilities.

(g) Amortization of Contributions in Aid of Construction

Amortization of contributions in aid of construction is made over the estimated useful life of the utility plant and is reflected as a reduction of depreciation expense in the accompanying financial statements.

(h) Deferred Carrying Charges

Statement of Financial Accounting Standards (SFAS) No. 71 - Accounting for the Effects of Certain Types of Regulations, states that for regulated enterprises, an incurred cost for which a regulator permits recovery in future periods, can be deferred into future periods when the revenue recognition will occur. Those allowable costs include interest cost and amounts provided for earnings on stockholder's investments. The amount of incurred cost that was deferred during the years ended December 31, 1987, and December 31, 1988, was \$1,654,333 and \$1,935,782 respectively.

(i) Deferred Loan Costs

Deferred loan costs were incurred in connection with obtaining utility revenue bond financing and are being amortized over the life of the bonds (approximately 30 years).

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to Financial Statements - (Continued)

December 31, 1987 and 1988

(j) Unamortized Rate Case Expense

Rate case expenses are deferred until the regulatory authorities rule upon the application for a rate increase, at which time they are generally amortized over a two to four year period.

(k) Federal and State Income Taxes

The Company participates with its parent in the filing of consolidated Federal and state income tax returns. Accordingly, the Company receives from or pays to its parent the benefit or expense related to its participation in the consolidated income tax returns. Provisions for income taxes are computed on a separate return basis. Investment tax credits are accounted for under the deferred method.

Effective January 1, 1988, the Company elected to adopt SFAS No. 96 - Accounting for Income Taxes. Prior to 1988, the Company recorded deferred taxes at the rate in effect for that year. The Tax Reform Act of 1986 lowered federal tax rates for corporations. Under APB Opinion No. 11, the deferred taxes recorded in previous years at higher rates were not then adjusted to reflect such lower rates. Under SFAS No. 96, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable for future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The Company has elected not to restate prior years, but to apply this change at the beginning of 1988 as a cumulative effect of a change in accounting principle, resulting in an increase of \$375,262 in 1988 net income.

(l) Statement of Cash Flow

Effective with the fiscal year ended December 31, 1988 the Company adopted SFAS No. 95 - Statement of Cash Flows. SFAS No. 95 classifies changes in cash according to operating, investing or financing activities. Prior period amounts have been restated to conform with the provisions of SFAS No. 95.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to Financial Statements - (Continued)

December 31, 1987 and 1988

(2) Utility Plant

At December 31, the cost of utility plant was as follows:

	<u>1987</u>	<u>1988</u>
Water	\$119,293,530	\$130,314,741
Sewer	94,878,131	105,730,640
Gas	3,398,496	3,294,739
Construction work in progress	<u>21,323,245</u>	<u>17,913,403</u>
	238,893,402	257,253,523
Less contributions in aid of construction	<u>(53,782,507)</u>	<u>(61,667,934)</u>
	<u>\$185,110,895</u>	<u>\$195,585,589</u>

Depreciation amounted to \$4,568,369 and \$5,560,518 net of amortization of contributions in aid of construction of \$1,390,229 and \$1,597,915 for the two years ended December 31, 1988. Construction work-in-progress includes \$793,694 and \$1,038,670 of Allowance for Funds Used During Construction as of December 31, 1987 and 1988, respectively.

(3) Investment in Municipal Bonds

Investment in municipal bonds consists of 4.75% Broward County, Florida, Water & Sewer System bonds, due April 1, 2003. It is the Company's intention to retain this investment to maturity.

(4) Income Taxes

The provision for income taxes consist of the following for the two years ended December 31, 1988:

	<u>1987</u>	<u>1988</u>
Deferred - Federal	\$285,229	\$1,581,765
Deferred - State	78,522	314,326
	<u>\$363,751</u>	<u>\$1,896,091</u>

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to Financial Statements - (Continued)

December 31, 1987 and 1988

For 1987, the deferred income tax provision represents timing differences in the recognition of income and expense for tax and financial reporting purposes. In 1988, the change in deferred income tax liability represents the tax effect of changes in the amounts of temporary differences during 1988 between the amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations. The types of timing and temporary differences that give rise to significant portions of the deferred tax liability at December 31, 1987 and 1988, were as follows:

	<u>1987</u>	<u>1988</u>
Customers' deposits	\$ 251,776	\$ 250,381
Contributions in aid of construction	(2,773,007)	(2,791,300)
Accelerated depreciation	638,188	3,618,945
Allowance for funds used during construction	225,150	134,863
Deferred investment tax credit	955,319	(134,062)
Deferred carrying costs	716,414	728,435
Other	349,911	88,829
	<u>\$ 363,751</u>	<u>\$1,896,091</u>

The difference between income taxes computed at the Federal rate of 40% for 1987 and 34% for 1988 and the provision for income taxes follows:

	<u>1987</u>	<u>1988</u>
Amount at statutory Federal rate	\$ 376,270	\$1,942,139
Investment tax credit	(251,031)	(254,472)
State taxes, net of Federal benefit	47,113	207,454
Non-deductible expense	194,800	3,740
Tax exempt income	(3,401)	(2,770)
	<u>\$ 363,751</u>	<u>\$1,896,091</u>

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to the Financial Statements - (Continued)

December 31, 1987 and 1988

As discussed in the Summary of Significant Accounting Policies, the Company adopted SFAS No. 96 as of January 1, 1988. As a result of implementing SFAS No. 96 the Company was required to record a regulatory asset of approximately \$1,322,000 and excess deferred federal income taxes of \$1,730,000. These amounts result from the reduction of statutory corporate federal tax rates from 46% to 34%. Principally, they represent amounts which will be received or settled through future rates.

(5) Transactions with Parent Company

The Company was charged \$1,194,222 in 1987 and \$1,290,421 in 1988 by its parent for certain general and administrative expenses attributable to the Company. These expenses are comprised principally of home office salaries, insurance, occupancy and equipment usage costs and services.

(6) Bonds Payable

Bonds payable consists of utility revenue bond issues, secured by utility plants, due through 2018, with an average interest rate of 6.88% in 1987 and 7.42% in 1988. As of December 31, 1988, \$111.2 million in utility revenue bonds was available of which \$83.6 million had been utilized, with the balance of \$27.6 million held in escrow.

The utility revenue bonds have covenants which are related to debt obligations of its parent company. Various tests to determine events of default are performed by the parent company. At December 31, 1988, the Company was in compliance with the covenants.

No principal payments are required on the aforementioned bonds until December 1, 2013.

(7) Nonrecurring Charges

In 1987, the Company expensed \$1,651,958 for costs associated with the closing of a retention pond in Silver Springs Shores as a result of a regulatory agency order. A lawsuit has subsequently been filed by the Company to recover these costs from parties that it believes are responsible for this situation.

On December 21, 1983, and on July 15, 1986, the Florida Department of Environmental Regulation (the "DER") entered into agreements with Harris Corporation ("Harris"), with respect to certain industrial contaminants identified in the underground aquifer which is currently used by the Company to supply the Port Malabar community with potable water. The DER stated in 1983 that it "[had] reason to believe that Harris [was] the source" of the contaminants and Harris, while not admitting liability, agreed to undertake certain water

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to the Financial Statements - (Continued)

December 31, 1987 and 1988

purification measures. The Company has undertaken certain additional treatment and monitoring measures to insure that water supplied to residents of Port Malabar meets or exceeds drinking water standards imposed by law. Harris has agreed to reimburse the Company for certain costs incurred to date in connection with special monitoring and treatment efforts. In March 1988 a payment of \$710,000 was received from Harris to settle issues related to all costs incurred through March 15, 1988.

On January 29, 1987, the United States Environmental Protection Agency (the "EPA") issued an order pursuant to §309 of the Clean Water Act ("Act"), to the Company. The EPA claimed that the Company violated the Act by discharging pollutants into waters of the United States without a permit required by the Act. The Company, without admitting liability, complied with the order at a cost of \$2.8 million of which \$2.1 million was charged to operating expenses. In addition, a fine of \$487,000 was paid in January 1988 and provided for as of December 31, 1987.

On February 27, 1989, the EPA sent a letter to the Company notifying it that certain sludge and soil samplings from three sludge disposal sites at the Company's Silver Springs Shores community had revealed cyanide and certain metals at generally higher than background levels. The EPA has required the Company to submit certain information in connection with such findings. The company intends to submit the information by the time required and does not expect the EPA's investigation to result in any material adverse effect on its business or financial condition.

(8) Retirement Plan

The Company has in effect a retirement plan, which is part of its parent company's plan, that covers most employees. Effective January 1, 1987, the Company's parent SFAS No. 87 - Employers Accounting for Pension. The cumulative effect on 1987 beginning retained earnings and the effect on 1987 net income was insignificant. Provisions under the retirement plan for the years ended December 31, 1987 and 1988 were \$83,000 and \$76,000, respectively. The policy generally has been to fund amounts provided to the extent that the pension expense is less than the maximum tax deductible amount and greater than the minimum required contribution.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to the Financial Statements - (Continued)

December 31, 1987 and 1988

The expected long-term rate of return on plan assets is 10%. The projected benefit obligation was determined using an assumed discount rate of 9.5% for 1987 and 1988 (9% at January 1, 1987) and an assumed long-term compensation increase rate of 7.5% in 1987 and 6.0% in 1988. The accumulated plan benefits and net assets for the pension benefits were not available on a separate company basis.

(9) Commitments and Contingency

The Company is currently planning capital expenditures averaging approximately \$21 million annually for the next three years. Approximately \$27 million will be paid from funds remaining available on utility revenue bonds and approximately \$25.9 million of utility revenue bonds expected to be issued in 1989.

The Company is also a party to certain other proceedings, the aggregate effect of which, in the opinion of management, is not expected to have a material adverse effect on the Company's financial condition or results of operations.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Combining Schedule of Divisional Operations

Year ended December 31, 1988

	Company Total	Divisions									
		Port Charlotte	Sebastian	Vero Beach	North Port	Port St. Lucie	Port Malabar	Port Labelle	Silver Springs	Julington Creek	
Operating revenues	\$31,580,631	\$13,074,523	\$404,520	\$562,025	\$2,916,409	\$8,126,627	\$4,759,938	\$317,328	\$1,346,481	\$72,780	
Operating expenses											
Cost of gas sold	571,143	208,697	-	-	110,566	207,482	44,398	-	-	-	
Operations	10,604,862	3,599,122	245,276	570,680	1,602,453	2,421,228	1,390,774	264,245	565,426	(54,342)	
Maintenance	1,885,539	641,591	39,416	32,471	220,471	418,050	352,608	49,718	130,793	421	
Depreciation	5,560,518	1,662,856	196,240	287,324	540,451	1,324,405	951,352	248,141	270,775	78,974	
Amort. of property losses	127,924	47,692	-	-	-	80,232	-	-	-	-	
Taxes, other than											
Income taxes	2,805,549	1,080,588	53,451	45,225	433,680	642,156	302,707	74,896	158,265	14,581	
Federal and state											
Income taxes*	1,437,495	1,598,200	(63,352)	(264,402)	(172,667)	506,663	246,691	(197,232)	(198,203)	(18,203)	
	22,993,030	8,838,746	471,031	671,298	2,734,954	5,600,216	3,288,530	439,768	927,056	21,431	
Operating income (loss)	8,587,601	4,235,777	(66,511)	(109,273)	181,455	2,526,411	1,471,408	(122,440)	419,425	51,349	
Other income (expense)											
Interest income	689,192	598,136	15,324	18,320	(374,710)	308,444	150,238	(42,020)	(63,268)	78,728	
Allowance for other funds											
used during construction	358,393	163,353	3,389	9,245	20,586	44,325	102,282	1,100	7,195	6,918	
Federal and state income											
taxes	(458,596)	(509,865)	20,211	84,351	55,085	(161,638)	(78,701)	62,922	63,232	5,807	
Other, net	169,048	37,817	1,270	(2,875)	(110,519)	1,502	471,390	1,905	(231,452)	10	
	758,037	289,441	40,194	109,041	(409,558)	192,633	645,209	23,907	(224,293)	91,463	
Interest expense											
Interest on utility											
revenue bonds	6,133,426	1,638,363	-	298,580	444,330	1,631,647	1,096,400	180,795	723,523	119,788	
Allowance for borrowed funds											
used during construction	(748,444)	(314,866)	(5,208)	(7,292)	(55,803)	(112,332)	(188,052)	(513)	(25,500)	(38,878)	
Interest on customers' deposits	144,574	62,682	3,658	3,162	12,912	31,182	22,968	3,145	4,628	237	
	5,529,556	1,386,179	(1,550)	294,450	401,439	1,550,497	931,316	183,427	702,651	81,147	
Net income (loss) before											
cumulative effect of											
accounting change	\$3,816,082	\$3,139,039	(\$ 24,767)	(\$294,682)	(\$ 629,542)	\$1,168,547	\$1,185,301	(\$281,960)	(\$ 507,519)	\$61,665	

* The provision (benefit) for income taxes is allocated to each division on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Port Charlotte Schedule of Divisional Operations

Year ended December 31, 1988

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Gas Department</u>
Operating revenues	<u>\$13,074,523</u>	<u>\$8,996,993</u>	<u>\$3,463,644</u>	<u>\$613,886</u>
Operating expenses				
Cost of gas sold	208,697	-	-	208,697
Operations	3,599,122	2,207,523	1,115,424	276,175
Maintenance	641,591	299,180	293,361	49,050
Depreciation	1,662,856	1,016,490	610,105	36,261
Amortization of property losses	47,692	47,692	-	-
Taxes, other than income taxes	1,080,588	705,431	349,740	25,417
Federal and state income taxes*	<u>1,598,200</u>	<u>1,365,404</u>	<u>253,921</u>	<u>(21,125)</u>
	<u>8,838,746</u>	<u>5,641,720</u>	<u>2,622,551</u>	<u>574,475</u>
Operating income	<u>\$4,235,777</u>	<u>\$3,355,273</u>	<u>\$ 841,093</u>	<u>\$ 39,411</u>

* The provision (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

Schedule 3

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Sebastian Schedule of Divisional Operations

Year ended December 31, 1988

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>
Operating revenues	<u>\$404,520</u>	<u>\$271,767</u>	<u>\$132,753</u>
Operating expenses			
Operations	245,276	143,158	102,118
Maintenance	39,416	20,101	19,315
Depreciation	196,240	133,366	62,874
Taxes, other than income taxes	53,451	40,122	13,329
Federal and state income taxes*	<u>(63,352)</u>	<u>(34,186)</u>	<u>(29,166)</u>
	<u>471,031</u>	<u>302,561</u>	<u>168,470</u>
Operating loss	<u>(\$ 66,511)</u>	<u>(\$ 30,794)</u>	<u>(\$ 35,717)</u>

* The (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

GENERAL DEVELOPMENT UTILITIES, INC.
 (Wholly owned by General Development Corporation)

Vero Beach Schedule of Divisional Operations

Year ended December 31, 1988

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>
Operating revenues	<u>\$562,025</u>	<u>\$319,635</u>	<u>\$242,390</u>
Operating expenses			
Operations	570,680	383,588	187,092
Maintenance	32,471	13,466	19,005
Depreciation	287,324	78,214	209,110
Taxes, other than income taxes	45,225	14,238	30,987
Federal and state income taxes*	<u>(264,402)</u>	<u>(134,329)</u>	<u>(130,073)</u>
	<u>671,298</u>	<u>355,177</u>	<u>316,121</u>
Operating loss	<u>(\$109,273)</u>	<u>(\$ 35,542)</u>	<u>(\$ 73,731)</u>

* The (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

North Port Schedule of Divisional Operations

Year ended December 31, 1988

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Gas Department</u>
Operating revenues	<u>\$2,916,409</u>	<u>\$1,304,614</u>	<u>\$1,332,903</u>	<u>\$278,892</u>
Operating expenses				
Cost of gas sold	110,566	-	-	110,566
Operations	1,602,453	710,407	772,230	119,816
Maintenance	220,471	88,606	122,480	9,385
Depreciation	540,451	199,474	325,795	15,182
Taxes, other than income taxes	433,680	215,799	192,118	25,763
Federal and state income taxes*	<u>(172,667)</u>	<u>(44,739)</u>	<u>(110,415)</u>	<u>(17,513)</u>
	<u>2,734,954</u>	<u>1,169,547</u>	<u>1,302,208</u>	<u>263,199</u>
Operating income	<u>\$ 181,455</u>	<u>\$ 135,067</u>	<u>\$ 30,695</u>	<u>\$ 15,693</u>

* The (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Port St. Lucie Schedule of Divisional Operations

Year ended December 31, 1988

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Gas Department</u>
Operating revenues	<u>\$8,126,627</u>	<u>\$3,439,162</u>	<u>\$4,185,070</u>	<u>\$502,395</u>
Operating expenses				
Cost of gas sold	207,482	-	-	207,482
Operations	2,421,228	1,513,210	736,952	171,066
Maintenance	418,050	184,738	203,815	29,497
Depreciation	1,324,405	512,029	785,336	27,040
Amortization of property losses	80,232	80,232	-	-
Taxes, other than income taxes	642,156	408,942	195,065	38,149
Federal and state income taxes*	<u>506,663</u>	<u>9,937</u>	<u>524,970</u>	<u>(28,244)</u>
	<u>5,600,216</u>	<u>2,709,088</u>	<u>2,446,138</u>	<u>444,990</u>
Operating income	<u>\$2,526,411</u>	<u>\$ 730,074</u>	<u>\$1,738,932</u>	<u>\$ 57,405</u>

* The provision (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Port Malabar Schedule of Divisional Operations

Year ended December 31, 1988

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Gas Department</u>
Operating revenues	<u>\$4,759,938</u>	<u>\$3,138,815</u>	<u>\$1,485,126</u>	<u>\$135,997</u>
Operating expenses				
Cost of gas sold	44,398	-	-	44,398
Operations	1,390,774	1,195,755	151,172	43,847
Maintenance	352,608	253,653	88,641	10,314
Depreciation	951,352	489,488	448,824	13,040
Taxes, other than income taxes	302,707	205,200	86,898	10,609
Federal and state income taxes*	<u>246,691</u>	<u>110,673</u>	<u>142,248</u>	<u>(6,230)</u>
	<u>3,288,530</u>	<u>2,254,769</u>	<u>917,783</u>	<u>115,978</u>
Operating income	<u>\$1,471,408</u>	<u>\$ 884,046</u>	<u>\$ 567,343</u>	<u>\$ 20,019</u>

* The provision (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

Schedule 8

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Port LaBelle Schedule of Divisional Operations

Year ended December 31, 1988

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>
Operating revenues	<u>\$317,328</u>	<u>\$183,426</u>	<u>\$133,902</u>
Operating expenses			
Operations	264,245	134,863	129,382
Maintenance	49,718	25,420	24,298
Depreciation	248,141	113,270	134,871
Taxes, other than income taxes	74,896	30,552	44,344
Federal and state income taxes*	<u>(197,232)</u>	<u>(89,893)</u>	<u>(107,339)</u>
	<u>439,768</u>	<u>214,212</u>	<u>225,556</u>
Operating income	<u>(\$122,440)</u>	<u>(\$ 30,786)</u>	<u>(\$ 91,654)</u>

* The (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

Schedule 9

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Silver Springs Schedule of Divisional Operations

Year ended December 31, 1988

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>
Operating revenues	<u>\$1,346,481</u>	<u>\$528,148</u>	<u>\$818,333</u>
Operating expenses			
Operations	565,426	267,921	297,505
Maintenance	130,793	29,189	101,604
Depreciation	270,775	87,224	183,551
Taxes, other than income taxes	158,265	96,272	61,993
Federal and state income taxes*	<u>(198,203)</u>	<u>(92,502)</u>	<u>(105,701)</u>
	<u>927,056</u>	<u>388,104</u>	<u>538,952</u>
Operating income	<u>\$ 419,425</u>	<u>\$140,044</u>	<u>\$279,381</u>

* The (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

Schedule 10

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Julington Creek Schedule of Divisional Operations

Year ended December 31, 1988

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>
Operating revenues	<u>\$72,780</u>	<u>\$37,397</u>	<u>\$35,383</u>
Operating expenses			
Operations	(54,342)	(27,017)	(27,325)
Maintenance	421	421	-
Depreciation	78,974	43,210	35,764
Taxes, other than income taxes	14,581	7,303	7,278
Federal and state income taxes*	<u>(18,203)</u>	<u>(10,689)</u>	<u>(7,514)</u>
	<u>21,431</u>	<u>13,228</u>	<u>8,203</u>
Operating income	<u>\$51,349</u>	<u>\$24,169</u>	<u>\$27,180</u>

* The (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.



Peat Marwick

Certified Public Accountants

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by
General Development Corporation)

Financial Statements

December 31, 1986 and 1987

(With Accountants' Report Thereon)



Peat Marwick

Certified Public Accountants

Peat Marwick Main & Co.

One Biscayne Tower
Suite 2900
2 South Biscayne Boulevard
Miami, FL 33131

The Board of Directors
General Development Utilities, Inc.:

We have examined the balance sheet of General Development Utilities, Inc. (a wholly owned subsidiary of General Development Corporation) as of December 31, 1986 and 1987 and the related statements of income and retained earnings and changes in financial position for the years then ended. Our examinations were 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.

In our opinion, the aforementioned financial statements present fairly the financial position of General Development Utilities, Inc. at December 31, 1986 and 1987 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Peat Marwick Main & Co

Miami, Florida
March 11, 1988



Member Firm of
Klynveld Peat Marwick Goerdeler

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)
Balance Sheet
December 31, 1986 and 1987

Assets	1986	1987	Liabilities and Stockholder's Equity	1986	1987
Utility plant, net of contributions in aid of construction of \$47,050,153 and \$53,782,507 at cost	\$159,732,169	\$185,110,895	Stockholder's equity		
Less accumulated depreciation, net of accumulated amortization of contributions in aid of construction of \$6,642,639 and \$8,032,868	28,357,800 <u>131,374,369</u>	31,461,138 <u>153,649,757</u>	Common stock of \$1 par value. Authorized, issued, and outstanding 1,000 shares	\$ 1,000	\$ 1,000
Investment in municipal bonds, at cost (approximate market value of \$133,000)	<u>179,000</u>	<u>179,000</u>	Additional paid-in capital (by parent company)	75,300,000	75,300,000
Current assets			Retained earnings	<u>8,463,666</u> 83,764,666	<u>9,040,590</u> 84,341,590
Cash	330,166	214,212	Bonds payable	<u>45,525,752</u>	<u>77,340,136</u>
Accounts receivable, including unbilled utility revenue of \$1,984,624 and \$2,125,207	3,419,069	3,665,050	Current liabilities		
Inventories, at lower of cost (first-in, first-out) or market	215,652	216,366	Accounts payable and accrued expenses	1,688,235	2,893,413
Receivable from parent company	<u>13,955</u>	<u>9,879,420</u>	Customers' deposits	1,612,197	1,779,686
Total current assets	<u>3,978,842</u>	<u>13,975,048</u>	Accrued interest	<u>502,803</u>	<u>843,597</u>
Deferred charges			Total current liabilities	<u>3,803,235</u>	<u>5,516,696</u>
Deferred carrying charges	2,539,022	4,193,355			
Deferred loan costs	2,607,201	3,149,991	Deferred Federal and state income taxes	<u>10,376,588</u>	<u>13,334,877</u>
Unamortized rate case expense	312,181	349,113			
Unamortized property losses, net of income taxes of \$154,747 and \$81,440	161,256	106,643	Advances for construction	<u>286,473</u>	<u>280,575</u>
Other	250,638	335,531			
Deferred Federal and state income taxes	<u>2,354,205</u>	<u>4,875,436</u>			
Total deferred charges	<u>8,224,503</u>	<u>13,010,069</u>			
	<u>\$143,756,714</u>	<u>\$180,813,874</u>			

See accompanying notes to financial statements.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)
Statement of Income and Retained Earnings
Years Ended December 31, 1986 and 1987

	<u>1986</u>	<u>1987</u>
Operating revenues		
Water	\$13,851,704	\$15,707,179
Sewer	9,161,178	10,044,660
Gas	1,529,974	1,568,051
Total operating revenues	<u>24,542,856</u>	<u>27,319,890</u>
Operating expenses		
Cost of gas sold	633,016	600,221
Operations	7,815,021	11,102,573
Maintenance	1,370,180	1,636,429
Depreciation	3,982,360	4,568,369
Amortization of property losses	127,920	127,920
Taxes, other than income taxes	2,148,874	2,349,478
Federal and state income taxes	2,631,331	1,400,868
Total operating expenses	<u>18,708,702</u>	<u>21,785,858</u>
Operating income	<u>5,834,154</u>	<u>5,534,032</u>
Other income (expense)		
Interest income	8,376	363,502
Allowance for other funds used during construction	-	519,976
Loss on disposal of fixed assets	-	(428,567)
Federal and state income taxes	(11,781)	1,037,117
Other, net	23,550	(3,329,247)
Total other income (expense), net	<u>20,145</u>	<u>(1,837,219)</u>
Income before interest expense	<u>5,854,299</u>	<u>3,696,813</u>
Interest expense		
Interest on utility revenue bonds	2,530,677	4,161,129
Allowance for borrowed funds used during construction	-	(1,175,617)
Interest on customers' deposits	119,182	134,377
Total interest expense	<u>2,649,859</u>	<u>3,119,889</u>
Net income	3,204,440	576,924
Retained earnings, beginning of year	<u>5,259,226</u>	<u>8,463,666</u>
Retained earnings, end of year	<u>\$ 8,463,666</u>	<u>\$ 9,040,590</u>

See accompanying notes to financial statements.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)
Statement of Changes in Financial Position
Years Ended December 31, 1986 and 1987

	<u>1986</u>	<u>1987</u>
Sources of working capital		
Operations		
Net income	\$ 3,204,440	\$ 576,924
Items which do not use working capital		
Depreciation	3,982,360	4,568,369
Amortization of deferred loan costs	63,200	93,540
Amortization of deferred rate case expense	124,214	185,373
Amortization of property losses	127,920	127,920
Deferred Federal and state income taxes	2,643,112	363,751
Working capital provided by operations	<u>10,145,246</u>	<u>5,915,877</u>
Contributions in aid of construction (including \$968,660 and \$1,944,882 from parent company)	7,538,599	6,732,354
Redemption of municipal bonds	11,000	-
Increase in long-term debt, net of current installments	9,787,030	31,814,384
Advances for construction	76,488	-
	<u>\$27,558,363</u>	<u>\$44,462,615</u>
Uses of working capital		
Additions to utility plant, net of retirements	\$20,259,751	\$33,551,275
Increase in deferred carrying charges	2,284,022	1,654,333
Increase in deferred loan costs	986,788	636,330
Increase in deferred rate case expense	142,552	222,305
Increase in deferred property losses	443,923	-
Increase in other deferred charges	221,446	109,729
Reduction in contributed capital	4,300,000	-
Reduction in advances for construction	-	5,898
Increase (decrease) in working capital	<u>(1,080,119)</u>	<u>8,282,745</u>
	<u>\$27,558,363</u>	<u>\$44,462,615</u>
Changes in components of working capital		
Increase (decrease) in current assets		
Cash	\$ 301,671	(\$ 115,954)
Accounts receivable	(88,462)	245,981
Inventories	13,330	714
Receivable from parent company	<u>(1,469,423)</u>	<u>9,865,465</u>
	<u>(1,242,884)</u>	<u>9,996,206</u>
Increase (decrease) in current liabilities		
Current installment of note payable	(110,000)	-
Accounts payable and accrued expenses	(333,721)	1,205,178
Customers' deposits	206,065	167,489
Accrued interest	74,891	340,794
	<u>(162,765)</u>	<u>1,713,461</u>
Increase (decrease) in working capital	<u>(\$ 1,080,119)</u>	<u>\$ 8,282,745</u>

See accompanying notes to financial statements.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to Financial Statements

December 31, 1986 and 1987

(1) Summary of Significant Accounting Policies

(a) Organization

General Development Utilities, Inc. ("The Company") is a wholly owned subsidiary of General Development Corporation ("parent"). The Company provides water, sewer and gas utilities service to the communities developed by its parent.

Certain prior year amounts have been reclassified to conform with the 1987 presentation.

(b) Income Recognition

Water and sewer revenues are recorded when the service is performed. Gas revenues are recorded as gas is used by customers. The related costs and expenses are charged to operations when incurred, except deferred carrying charges and unamortized rate case expense as explained in Notes 1(h) and 1(j), respectively.

The Company follows accounting practices prescribed by the National Association of Regulatory Utility Commissioners as set forth in its Uniform System of Accounts.

(c) Regulations

Rates charged to water and sewer customers are generally subject to prior approval by various regulatory agencies.

(d) Capitalization

The Company capitalizes costs, principally labor and materials, directly related to the construction of its utility facilities, net of any amounts contributed toward construction by its customers.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to Financial Statements - (Continued)

December 31, 1986 and 1987

(e) Capitalized Interest/Allowance for Funds Used During Construction

The Company capitalizes interest on plants and lines under construction. Capitalized interest is subsequently charged to income when the related asset is depreciated.

In 1987, the Company capitalized Allowance for Funds Used During Construction (AFUDC) for eligible projects included in construction work in progress. AFUDC allows the Company to capitalize interest on equity as well as on borrowed funds. The approved charge resulted in a reduction of interest of \$1,175,617 and an increase in other income of \$519,976.

The amount of interest expense capitalized during the years ended December 31, 1986 and 1987 was as follows:

	1986	1987
	<u>Capitalized</u> <u>Interest</u>	AFUDC on <u>Borrowed</u> <u>Funds</u>
Relating to interest expense incurred by the Company	\$ 265,000	\$1,175,617
Relating to interest expense incurred by its parent	<u>810,000</u>	<u>-</u>
Total interest expense capitalized	<u>\$1,075,000</u>	<u>\$1,175,617</u>

(f) Depreciation

Depreciation is provided and charged to operations on the straight-line method based on estimated useful lives ranging from 5-50 years on utility equipment and facilities.

(g) Amortization of Contributions in Aid of Construction

Amortization of contributions in aid of construction is made over the estimated useful life of the utility plant and is reflected as a reduction of depreciation expense in the accompanying financial statements.

(h) Deferred Carrying Charges

Statement of Financial Accounting Standards No. 71 states that for regulated enterprises, an incurred cost for which a regulator permits recovery in future periods, can be deferred into future periods when the revenue recognition will occur. Those allowable costs include interest cost and amounts provided for earnings on stockholder's investments. The amount of incurred cost that was deferred during the years ended December 31, 1986, and December 31, 1987, was \$2,284,022 and \$1,654,333 respectively.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to Financial Statements - (Continued)

December 31, 1986 and 1987

(i) Deferred Loan Costs

Deferred loan costs were incurred in connection with obtaining utility revenue bond financing and are being amortized over the life of the bonds (approximately 30 years).

(j) Unamortized Rate Case Expense

Rate case expenses are deferred until the regulatory authorities rule upon the application for a rate increase, at which time they are generally amortized over a two to four year period.

(k) Federal and State Income Taxes

The Company participates with its parent in the filing of consolidated Federal and state income tax returns. Accordingly, the Company receives from or pays to its parent the benefit or expense related to its participation in the consolidated income tax returns. Provisions for income taxes are computed on a separate return basis. Investment tax credits are accounted for under the deferred method.

(2) Utility Plant

At December 31, the cost of utility plant was as follows:

	<u>1986</u>	<u>1987</u>
Water	\$109,219,304	\$119,293,530
Sewer	76,959,261	94,878,131
Gas	3,445,532	3,398,496
Construction work in progress	17,158,225	21,323,245
	<u>206,782,322</u>	<u>238,893,402</u>
Less contributions in aid of construction	(47,050,153)	(53,782,507)
	<u>\$159,732,169</u>	<u>\$185,110,895</u>

Depreciation amounted to \$3,982,360 and \$4,568,369 net of amortization of contributions in aid of construction of \$1,191,514 and \$1,390,229 for the two years ended December 31, 1987. As of December 31, 1987, construction work-in-progress includes \$793,694 of Allowance for Funds Used During Construction.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to Financial Statements - (Continued)

December 31, 1986 and 1987

(3) Investment in Municipal Bonds

Investment in municipal bonds consists of 4.75% Broward County, Florida, Water & Sewer System bonds, due April 1, 2003. It is the Company's intention to retain this investment to maturity.

(4) Income Taxes

The provision for income taxes consist of the following for the two years ended December 31, 1987:

	<u>1986</u>	<u>1987</u>
Deferred - Federal	\$2,321,497	\$285,229
Deferred - State	321,615	78,522
	<u>\$2,643,112</u>	<u>\$363,751</u>

Deferred taxes result from items which are reflected in income for tax purposes in different years than they are reflected in income for financial statement purposes. The source and income tax effect of these timing differences for the years ended December 31, 1986 and 1987 were as follows:

	<u>1986</u>	<u>1987</u>
Customers' deposits	(\$ 100,910)	\$ 251,776
Contributions in aid of construction	(161,609)	(2,773,007)
Accelerated depreciation	1,147,476	638,188
Allowance for funds used during construction	-	225,150
Deferred investment tax credit	641,953	955,319
Deferred carrying costs	1,118,485	716,414
Other	(2,283)	349,911
	<u>\$2,643,112</u>	<u>\$ 363,751</u>

The difference between income taxes computed at the Federal rate of 46% for 1986 and 40% for 1987 and the provision for income taxes follows:

	<u>1986</u>	<u>1987</u>
Amount at statutory Federal rate	\$2,689,871	\$ 376,270
Investment tax credit	(216,578)	(251,031)
State taxes, net of Federal benefit	173,672	47,113
Non-deductible expense	-	194,800
Tax exempt income	(3,853)	(3,401)
	<u>\$2,643,112</u>	<u>\$ 363,751</u>

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to Financial Statements - (Continued)

December 31, 1986 and 1987

(5) Transactions with Parent Company

The Company was charged \$1,129,137 in 1986 and \$1,194,222 in 1987 by its parent for certain general and administrative expenses attributable to the Company. These expenses are comprised principally of home office salaries, insurance, occupancy and equipment usage costs and services.

(6) Bonds Payable

Bonds payable consists of utility revenue bond issues, secured by utility plants, due through 2016, with an average interest rate of 5.04% in 1986 and 6.88% in 1987. As of December 31, 1987, \$84 million in utility revenue bonds was available of which \$77.3 million had been utilized, with the balance of \$6.7 million held in escrow.

The utility revenue bonds have covenants which are related to debt obligations of its parent company. Various tests to determine events of default are performed by the parent company.

No principal payments are required on the aforementioned bonds until December 1, 2013.

(7) Receivable from Parent Company

During 1986 the Company remitted \$4,300,000 to its parent as a return of previously contributed capital. The receivable from parent company includes \$355,000 of interest earned in 1987.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to the Financial Statements - (Continued)

December 31, 1986 and 1987

(8) Nonrecurring Charges

In 1987, the Company expensed \$1,651,958 for costs associated with the closing of a retention pond in Silver Springs Shores as a result of a regulatory agency order. A lawsuit has subsequently been filed by the Company to recover these costs from parties that it believes are responsible for this situation.

On December 21, 1983, and on July 15, 1986, the Florida Department of Environmental Regulation (the "DER") entered into agreements with Harris Corporation ("Harris"), with respect to certain industrial contaminants identified in the underground aquifer which is currently used by the Company to supply the Port Malabar community with potable water. The DER stated in 1983 that it "[had] reason to believe that Harris [was] the source" of the contaminants and Harris, while not admitting liability, agreed to undertake certain water purification measures. The Company has undertaken certain additional treatment and monitoring measures to insure that water supplied to residents of Port Malabar meets or exceeds drinking water standards imposed by law. Harris has agreed to reimburse the Company for certain costs incurred to date in connection with special monitoring and treatment efforts. In March 1988 a payment of \$710,000 was received from Harris to settle issues related to all costs incurred through March 15, 1988.

On January 29, 1987, the United States Environmental Protection Agency (EPA) issued an order pursuant to §309 of the Clean Water Act ("Act"), to the Company. The EPA claimed that the Company violated the Act by discharging pollutants into waters of the United States without a permit required by the Act. The Company, without admitting liability, complied with the order at a cost of \$2.8 million of which \$2.1 million was charged to operating expenses. In addition, a fine of \$487,000 was paid in January 1988 and provided for as of December 31, 1987.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Notes to the Financial Statements - (Continued)

December 31, 1986 and 1987

(9) Retirement Plan

The Company has in effect a retirement plan, which is part of its parent company's plan, that covers most employees. Effective January 1, 1987, the Company's parent adopted Statement of Financial Accounting Standards No. 87. The cumulative effect on net income and current year net income was insignificant. Pension expense for 1986 was determined using provisions of previous accounting principles. Pension expense for 1986 has not been restated. Provisions under the retirement plan for the years ended December 31, 1986 and 1987 were \$56,000 and \$83,000, respectively. The policy generally has been to fund amounts provided to the extent that the pension expense is less than the maximum tax deductible amount and greater than the minimum required contribution.

The expected long-term rate of return on plan assets is 10%. The projected benefit obligation was determined using an assumed discount rate of 9.5% (9% at January 1, 1987) and an assumed long-term compensation increase rate of 7.5%. The accumulated plan benefits and net assets for the pension benefits were not available on a separate company basis.

(10) Commitments and Contingency

The Company is currently planning capital expenditures averaging approximately \$15 million annually for the next three years. Approximately \$6 million will be paid from funds remaining available on utility revenue bonds and approximately \$38 million of utility revenue bonds expected to be issued in 1988.

The Company is also a party to certain other proceedings, the aggregate effect of which, in the opinion of management, is not expected to have a material adverse effect on the Company's financial condition or results of operations.

GENERAL DEVELOPMENT UTILITIES, INC.

Schedule 1

(Wholly owned by General Development Corporation)
 Combining Schedule of Divisional Operations
 Year ended December 31, 1987

	Company Total	Divisions										
		Port Charlotte	Sebastian	Vero Beach	North Port	Port St. Lucie	Port Malabar	Port St. John	Port Labelle	Silver Springs	Julington Creek	
Operating revenues	\$27,319,890	\$10,775,356	\$385,844	\$551,971	\$2,833,668	\$7,003,758	\$4,493,507	\$29,158	\$307,148	\$ 911,289	\$ 28,191	
Operating expenses												
Cost of gas sold	600,221	229,580	-	-	111,068	203,685	46,721	9,167	-	-	-	
Operations	11,102,573	2,210,881	221,505	514,099	3,426,371	2,152,002	1,784,287	9,231	259,563	668,799	(144,165)	
Maintenance	1,636,429	670,684	26,385	31,022	243,966	340,029	244,536	245	45,235	33,648	679	
Depreciation	4,568,369	1,631,748	200,770	290,348	317,599	1,161,824	640,026	1,356	175,256	97,329	52,113	
Amort. of property losses	127,920	47,688	-	-	-	80,232	-	-	-	-	-	
Taxes, other than Federal and state income taxes*	2,349,478	933,371	27,689	36,122	330,573	550,877	250,943	444	67,628	140,621	11,210	
Income taxes*	1,400,868	1,746,978	(55,741)	(267,523)	(802,900)	623,062	470,248	3,584	(214,397)	(119,060)	16,617	
	21,785,858	7,470,930	420,608	604,068	3,626,677	5,111,711	3,436,761	24,027	333,285	821,337	(63,546)	
Operating income (loss)	5,534,032	3,304,426	(34,764)	(52,097)	(793,009)	1,892,047	1,056,746	5,131	(26,137)	89,952	91,737	
Other income (expense)												
Interest income	363,502	199,847	4,615	(14,200)	(88,395)	81,295	168,980	-	(9,940)	(18,460)	39,760	
Allowance for other funds used during construction	519,976	77,438	1,815	5,913	63,505	68,550	230,878	-	857	62,155	8,865	
Loss on disposal of fixed assets	(428,567)	-	-	(382,447)	-	-	-	(46,120)	-	-	-	
Federal and state income taxes*	1,037,117	(125,189)	(2,963)	168,980	323,800	(67,820)	43,554	19,970	3,716	694,123	(21,054)	
Other, net	(3,329,247)	19,667	399	480	(966,394)	6,780	(500,442)	-	514	(1,890,251)	-	
Interest expense	(1,837,219)	171,763	3,866	(221,274)	(667,484)	88,805	(57,030)	(26,150)	(4,853)	(1,152,433)	27,571	
Interest on utility revenue bonds	4,161,129	938,179	4,614	270,126	363,616	1,102,079	723,809	-	233,925	405,018	119,763	
Allowance for borrowed funds used during construction	(1,175,617)	(149,249)	(2,788)	(4,598)	(172,131)	(173,032)	(421,292)	-	(398)	(202,344)	(49,785)	
Interest on customers' deposits	134,377	57,933	2,912	2,506	12,761	29,225	21,913	438	2,670	4,019	-	
	3,119,889	846,863	4,738	268,034	204,246	958,272	324,430	438	236,197	206,693	69,978	
Net income (loss)	\$ 576,924	\$2,629,326	(\$ 35,636)	(\$541,405)	(\$1,664,739)	\$1,022,580	\$ 675,286	(\$ 21,457)	(\$267,187)	(\$1,269,174)	\$ 49,330	

* The provision (benefit) for income taxes is allocated to each division on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Port Charlotte Schedule of Divisional Operations

Year ended December 31, 1987

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Gas Department</u>
Operating revenues	<u>\$10,775,356</u>	<u>\$7,409,654</u>	<u>\$2,736,670</u>	<u>\$629,032</u>
Operating expenses				
Cost of gas sold	229,580	-	-	229,580
Operations	2,210,881	1,526,273	438,487	246,121
Maintenance	670,684	300,153	298,928	71,603
Depreciation	1,631,748	1,065,314	532,506	33,928
Amortization of property losses	47,688	47,688	-	-
Taxes, other than income taxes	933,371	612,047	300,072	21,252
Federal and state income taxes*	<u>1,746,978</u>	<u>1,347,481</u>	<u>390,386</u>	<u>9,111</u>
	<u>7,470,930</u>	<u>4,898,956</u>	<u>1,960,379</u>	<u>611,595</u>
Operating income	<u>\$3,304,426</u>	<u>\$2,510,698</u>	<u>\$ 776,291</u>	<u>\$ 17,437</u>

* The provision for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

Schedule 3

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Sebastian Schedule of Divisional Operations

Year ended December 31, 1987

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>
Operating revenues	<u>\$385,844</u>	<u>\$266,298</u>	<u>\$119,546</u>
Operating expenses			
Operations	221,505	127,742	93,763
Maintenance	26,385	19,553	6,832
Depreciation	200,770	135,558	65,212
Taxes, other than income taxes	27,689	20,329	7,360
Federal and state income taxes*	<u>(55,741)</u>	<u>(26,301)</u>	<u>(29,440)</u>
	<u>420,608</u>	<u>276,881</u>	<u>143,727</u>
Operating loss	<u>(\$ 34,764)</u>	<u>(\$ 10,583)</u>	<u>(\$ 24,181)</u>

* The (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Vero Beach Schedule of Divisional Operations

Year ended December 31, 1987

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>
Operating revenues	<u>\$551,971</u>	<u>\$311,999</u>	<u>\$239,972</u>
Operating expenses			
Operations	514,099	340,559	173,540
Maintenance	31,022	8,516	22,506
Depreciation	290,348	83,368	206,980
Taxes, other than income taxes	36,122	10,076	26,046
Federal and state income taxes*	<u>(267,523)</u>	<u>(126,561)</u>	<u>(140,962)</u>
	<u>604,068</u>	<u>315,958</u>	<u>288,110</u>
Operating loss	<u>(\$ 52,097)</u>	<u>(\$ 3,959)</u>	<u>(\$ 48,138)</u>

* The (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

North Port Schedule of Divisional Operations

Year ended December 31, 1987

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Gas Department</u>
Operating revenues	<u>\$2,833,668</u>	<u>\$1,217,876</u>	<u>\$1,326,455</u>	<u>\$289,337</u>
Operating expenses				
Cost of gas sold	111,068	-	-	111,068
Operations	3,426,371	621,416	2,693,402	111,553
Maintenance	243,966	111,997	120,973	10,996
Depreciation	317,599	183,591	119,396	14,612
Taxes, other than income taxes	330,573	167,138	137,065	26,370
Federal and state income taxes*	<u>(802,900)</u>	<u>9,541</u>	<u>(817,634)</u>	<u>5,193</u>
	<u>3,626,677</u>	<u>1,093,683</u>	<u>2,253,202</u>	<u>279,792</u>
Operating income (loss)	<u>(\$ 793,009)</u>	<u>\$ 124,193</u>	<u>(\$ 926,747)</u>	<u>\$ 9,545</u>

* The provision (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Port St. Lucie Schedule of Divisional Operations

Year ended December 31, 1987

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Gas Department</u>
Operating revenues	<u>\$7,003,758</u>	<u>\$2,987,888</u>	<u>\$3,533,177</u>	<u>\$482,693</u>
Operating expenses				
Cost of gas sold	203,685	-	-	203,685
Operations	2,152,002	1,301,764	703,529	146,709
Maintenance	340,029	147,999	180,693	11,337
Depreciation	1,161,824	440,475	695,773	25,576
Amortization of property losses	80,232	80,232	-	-
Taxes, other than income taxes	550,877	349,474	164,893	36,510
Federal and state income taxes*	<u>623,062</u>	<u>75,180</u>	<u>523,733</u>	<u>24,149</u>
	<u>5,111,711</u>	<u>2,395,124</u>	<u>2,268,621</u>	<u>447,966</u>
Operating income	<u>\$1,892,047</u>	<u>\$ 592,764</u>	<u>\$1,264,556</u>	<u>\$ 34,727</u>

* The provision for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Port Malabar Schedule of Divisional Operations

Year ended December 31, 1987

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Gas Department</u>
Operating revenues	<u>\$4,493,507</u>	<u>\$2,922,396</u>	<u>\$1,433,280</u>	<u>\$137,831</u>
Operating expenses				
Cost of gas sold	46,721	-	-	46,721
Operations	1,784,287	1,102,469	636,672	45,146
Maintenance	244,536	163,830	75,603	5,103
Depreciation	640,026	445,109	182,383	12,534
Taxes, other than income taxes	250,943	156,114	85,206	9,623
Federal and state income taxes*	<u>470,248</u>	<u>335,386</u>	<u>127,565</u>	<u>7,297</u>
	<u>3,436,761</u>	<u>2,202,908</u>	<u>1,107,429</u>	<u>126,424</u>
Operating income	<u>\$1,056,746</u>	<u>\$ 719,488</u>	<u>\$ 325,851</u>	<u>\$ 11,407</u>

* The provision for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Port St. John Schedule of Divisional Operations

Year ended December 31, 1987

	<u>Division Total</u>	<u>Gas Department</u>
Operating revenues	<u>\$29,158</u>	<u>\$29,158</u>
Operating expenses		
Cost of gas sold	9,167	9,167
Operations	9,231	9,231
Maintenance	245	245
Depreciation	1,356	1,356
Taxes, other than income taxes	444	444
Federal and state income taxes*	<u>3,584</u>	<u>3,584</u>
	<u>24,027</u>	<u>24,027</u>
Operating income	<u>\$ 5,131</u>	<u>\$ 5,131</u>

* The provision for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

Schedule 9

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Port LaBelle Schedule of Divisional Operations

Year ended December 31, 1987

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>
Operating revenues	<u>\$307,148</u>	<u>\$173,318</u>	<u>\$133,830</u>
Operating expenses			
Operations	259,563	134,256	125,307
Maintenance	45,235	17,180	28,055
Depreciation	175,256	105,028	70,228
Taxes, other than income taxes	67,628	27,036	40,592
Federal and state income taxes*	<u>(214,397)</u>	<u>(109,394)</u>	<u>(105,003)</u>
	<u>333,285</u>	<u>174,106</u>	<u>159,179</u>
Operating loss	<u>(\$ 26,137)</u>	<u>(\$ 788)</u>	<u>(\$ 25,349)</u>

* The (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

Schedule 10

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Silver Springs Schedule of Divisional Operations

Year ended December 31, 1987

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>
Operating revenues	<u>\$911,289</u>	<u>\$401,068</u>	<u>\$510,221</u>
Operating expenses			
Operations	668,799	275,420	393,379
Maintenance	33,648	13,015	20,633
Depreciation	97,329	56,826	40,503
Taxes, other than income taxes	140,621	58,245	82,376
Federal and state income taxes*	<u>(119,060)</u>	<u>(45,662)</u>	<u>(73,398)</u>
	<u>821,337</u>	<u>357,844</u>	<u>463,493</u>
Operating income	<u>\$ 89,952</u>	<u>\$ 43,224</u>	<u>\$ 46,728</u>

* The (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

Schedule 11

GENERAL DEVELOPMENT UTILITIES, INC.
(Wholly owned by General Development Corporation)

Julington Creek Schedule of Divisional Operations

Year ended December 31, 1987

	<u>Division Total</u>	<u>Water Department</u>	<u>Sewer Department</u>
Operating revenues	<u>\$ 28,191</u>	<u>\$ 16,682</u>	<u>\$ 11,509</u>
Operating expenses			
Operations	(144,165)	(57,998)	(86,167)
Maintenance	679	324	355
Depreciation	52,113	33,923	18,190
Taxes, other than income taxes	11,210	5,600	5,610
Federal and state income taxes*	<u>16,617</u>	<u>(2,794)</u>	<u>19,411</u>
	<u>(63,546)</u>	<u>(20,945)</u>	<u>(42,601)</u>
Operating income	<u>\$ 91,737</u>	<u>\$ 37,627</u>	<u>\$ 54,110</u>

* The provision (benefit) for income taxes is allocated to each department on the basis of the statutory tax rate less applicable investment tax credits.

This schedule should be read in conjunction with the financial statements and related notes included elsewhere herein.

For additional information
regarding this Resolution
contact the
Minutes and Records Dep't.
at (904) 819-3644