RESOLUTION NO. 89-247

A RESOLUTION AMENDING AND SUPPLEMENTING RESOLUTION NO. 89-143 OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, ADOPTED JUNE 27, 1989, ENTITLED: "RESOLUTION FURTHER SUPPLEMENTING RESOLUTION NO. 86-132 ADOPTED SEPTEMBER 30, 1986, AS PREVIOUSLY SUPPLEMENTED AND AMENDED; PROVIDING FOR THE ACQUISITION, CONSTRUCTION AND ERECTION OF NEW COURTHOUSE FACILITIES FOR ST. JOHNS COUNTY, FLORIDA; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING $24,000,000 PRINCIPAL AMOUNT OF SALES TAX REVENUE BONDS, SERIES 1989, TO FINANCE THE COST THEREOF; PLEDGING THE LOCAL GOVERNMENT HALF-CENT SALES TAX TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; ENTERING INTO CERTAIN COVENANTS AND AGREEMENTS WITH THE HOLDERS OF SAID BONDS; AND PROVIDING AN EFFECTIVE DATE;" FOR THE PURPOSE OF EFFECTING CERTAIN AMENDMENTS THEREOF TO IMPROVE THE MARKETABILITY OF THE BONDS; CANCELLING AUTHORITY FOR THE ISSUANCE OF $2,905,000 PRINCIPAL AMOUNT OF THE BONDS; RATIFYING THE COUNTY'S ACCEPTANCE OF THE INSURER'S COMMITMENTS AND MAKING CERTAIN COVENANTS FOR THE BENEFIT OF THE INSURER; FIXING THE DATE, MATURITIES, INTEREST RATES AND REDEMPTION PROVISIONS FOR THE BONDS; ACCEPTING THE DISCLOSURE STATEMENT OF THE BOND PURCHASER AND AUTHORIZING A NEGOTIATED SALE OF THE BONDS AND THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT TO THE BONDS; APPROVING A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE BONDS AND AUTHORIZING A FINAL OFFICIAL STATEMENT WITH RESPECT THERETO; APPOINTING THE REGISTRAR AND PAYING AGENT FOR THE BONDS; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. DEFINITIONS. The terms used in this resolution shall have the respective meanings assigned to them in the Bond Resolution (as amended hereby) and in this Section, unless the text hereof clearly otherwise requires:

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

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

"Bond Resolution" shall mean Resolution No. 89-143 adopted by the Board on June 27, 1989, the title of which is quoted in the title of this resolution.

"Preliminary Official Statement" shall mean the preliminary official statement relating to the Bonds attached hereto as Exhibit A.

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

"Purchaser" shall mean William R. Hough & Co., the purchaser of the Bonds.

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

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

(A) On June 27, 1989, the Board duly adopted the Bond Resolution for the purpose of authorizing the acquisition, construction and erection of the Project and the issuance of the Bonds to pay a part of the cost thereof.

(B) The aggregate principal amount of the Bonds to be issued has been determined to be $2,095,000, and it is in the best interest of the Issuer that the authorization for the issuance of the remaining $2,905,000 principal amount of the Bonds be cancelled.

(C) It is necessary to make the amendments to the Bond Resolution hereinafter stated in order to comply with certain conditions of the commitments of the Insurer hereinafter mentioned and to improve the marketability of the Bonds and, accordingly, it is in the best financial interest of the Issuer that such amendments be accomplished as herein provided.

(D) The Issuer has received from Municipal Bond Investors Assurance Corporation (the "Insurer") a commitment to provide a policy of municipal bond insurance with respect to the Bonds and a commitment to provide a debt service reserve fund surety bond with respect to the Bonds, copies of which are attached hereto as

Exhibit C, the Issuer has accepted said commitments, and it is now appropriate that such acceptance be approved, ratified and confirmed and that certain covenants be made for the benefit of the Insurer.

(E) It is necessary, appropriate and in accordance with Sections 2.01 and 2.02 of the Bond Resolution that the Board adopt this supplemental resolution at this time in order to fix the date of the Bonds and their maturity dates, interest rates, redemption provisions and other terms, preparatory to the sale thereof to the Purchaser as herein authorized and provided.

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

(G) It is appropriate that the Issuer approve, ratify and confirm the distribution of a preliminary official statement for the purpose of acquainting potential investors with pertinent information with respect to the Issuer and the Bonds and that the Issuer authorize the distribution of a final official statement contemporaneously with the issuance and delivery of the Bonds. For this purpose, it is appropriate that the distribution of the Preliminary Official Statement be approved, ratified and confirmed and that preparation and distribution of a final official statement be authorized in substantially the form of the Preliminary Official Statement, the final form thereof to be approved by the Chairman or the Vice Chairman at any time at or prior to the issuance of the Bonds.

(H) It is necessary and appropriate that the Issuer appoint a registrar and a paying agent for the Bonds, and the institution hereinafter named is acceptable to the Issuer; and it appears to the Board that the same is qualified to serve as Registrar and Paying Agent for the Bonds in accordance with the terms of the Bond Resolution.

SECTION 2. AMENDMENTS. The Bond Resolution is hereby amended in each of the following respects:

(A) The definition of "Authorized Construction Account Investments" contained in Section 1.01 thereof is hereby amended to read as follows:

"'Authorized Investments' as used in this Instrument and the Original Instrument shall mean any of the following which shall be authorized from time to time by applicable laws of the State of Florida for deposit or purchase by the Issuer for the investment of its funds:

"(1) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and stripped and zero-coupon obligations) or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"(2) Bonds, debentures or notes or other evidences of indebtedness payable in cash issued by any one or a combination of any of the following federal agencies whose obligations represent full faith and credit of the United States of America: Export Import Bank of the United States, Federal Financing Bank, Farmers Home Administration, Federal Housing Administration, Maritime Administration, Public Housing Authority and Government National Mortgage Association.

"(3) Certificates of deposit properly secured at all times by collateral security described in either or both of paragraphs (1) and (2) of this definition or, in the case of the Construction Account, in the collateral provisions of Chapter 280, Florida Statutes, as amended, and issued by commercial banks, savings and loan associations or mutual savings banks chartered by the State of Florida or the United States of America, and bank trust receipts issued by commercial banks or trust companies chartered by the State of Florida or the United States of America upon any securities described in paragraph (1) of this definition.

"(4) The following investments fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation: (A) certificates of deposit, (B) savings accounts, (C) deposit accounts, or (D) depository receipts of a bank, savings and loan association or mutual savings bank.

"(5) Commercial paper rated in the highest rating category by at least two nationally recognized rating agencies or commercial

paper backed by a letter of credit or line of credit rated in the highest rating category by Moody's Investors Service and Standard & Poor's Corporation.

"(6) Written repurchase agreements with any bank, savings institution or trust company approved by the Insurer which is insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or with any broker-dealer approved by the Insurer with retail customers which falls under Securities Investors Protection Corporation protection, provided that such repurchase agreements are fully secured by collateral described in (1) above or obligations of any agency or instrumentality of the United States of America, and provided further that (A) such collateral is held by a bank or trust company chosen by the Issuer which has no interest in the repurchase agreement during the term of such repurchase agreement, (B) such collateral is not subject to liens or claims of third parties, (C) such collateral is valued weekly, marked-to-market at current market value plus accrued interest and the value of the collateral is at least equal 102% of the amount of cash transferred by the Issuer under the repurchase agreement plus accrued interest, if the value of the securities held as collateral is less than 102% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred under the repurchase agreement, (D) the entity holding the collateral has a perfected first security interest in the collateral for the benefit of the Bondholders, (E) the agreement shall be for a term not longer than 30 days unless the Insurer shall consent in writing to a longer term and (F) the failure to maintain such collateral at the level required in (C) above will require the entity holding the collateral to liquidate the collateral.

"(7) Money market funds rated in the highest rating category by Moody's Investors Service and Standard & Poor's Corporation.

"(8) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Chapter 218, Florida Statutes, as amended, or any similar common trust fund which is established pursuant to the laws of the State of Florida as a legal depository of public moneys.

"(9) Obligations of state or local government municipal bond issuers that are rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's Corporation.

"(10) Such other obligations, with the prior written consent of the Insurer, as shall be permitted to be legal investments of the Issuer by the laws of the State of Florida.

"Rating categories when referred to herein shall be without regard to gradations within such categories, such as 'plus' or 'minus.'"

(B) The definition of "Project" contained in Section 1.01 theeof is hereby amended to read as follows:

"'Project' shall mean the new county courthouse and parking facilities and the new county administration and parking facilities to be acquired and constructed pursuant to the authorization contained in this Instrument in accordance with certain plans and specifications now or hereafter placed on file with the Issuer. It may also mean the enlargement, remodeling, repairing and improvement of the existing county courthouse and administration facilities."

(C) The definition of "Reserve Account Requirement" contained in Section 1.01 thereof is hereby amended to read as follows:

"'Reserve Account Requirement' shall mean, as of any date of calculation, an amount equal to the lesser of (1) Maximum Bond Service Requirement for all outstanding Bonds and Additional Bonds, (2) 125% of the average annual debt service for all outstanding Bonds and Additional Bonds, or (3) 10% of the proceeds of outstanding Bonds and Additional Bonds. In computing the Reserve Account Requirement in respect of any Bonds and Additional Bonds that constitute Variable Rate Bonds, the interest rate on such Bonds and Additional Bonds shall be assumed to be the lesser of (a) the 30-year Revenue Bond Index published by The Bond Buyer no more than two weeks prior to the date of sale of such Variable Rate Bonds, (b) the maximum rate of interest such Variable Rate Bonds may at any time bear in the future in accordance with terms of the resolution delineating the details of such Bonds, or (c) the maximum nonusurious contract rate of interest allowed on the date of calculation by applicable law; provided, in no event shall the Reserve Account Requirement as adjusted on the date of calculation exceed the lesser of the amounts specified in the immediately preceding sentence. In computing the Reserve Account Requirement in accordance with clause (3) of this definition in respect of any Capital Appreciation Bonds, the principal amount of such Bonds shall be the original principal amount thereof, not the Accreted Value."

(D) The references to the Parity Obligations in the definitions of "Reserve Instrument" and "Reserve Instrument Provider" contained in Section 1.01 thereof are hereby stricken.

(E) Section 1.01 thereof is hereby amended by adding thereto the following definitions:

"'Bond Service Requirement' with respect to the Bonds and the Additional Bonds, for any Bond Year, shall mean the sum of:

"(1) the aggregate amount of interest becoming due on the Bonds and the Additional Bonds during such Bond Year;

"(2) the aggregate amount of principal of any serial Bonds and serial Additional Bonds maturing in such Bond Year; and

"(3) any Amortization Installment applicable to such Bond Year."

"'Maximum Bond Service Requirement' shall mean, as of any particular date of calculation, an amount equal to the largest Bond Service Requirement for the then current or any future Bond Year."

(F) The first paragraph of the back of the form of Bonds contained in Section 2.08 thereof is hereby amended to read as follows:

"This bond is one of an authorized issue of Sales Tax Revenue Bonds, Series 1989, in the aggregate principal amount of $_____ (the "Bonds") of like date, tenor and effect, except as to number, denomination, interest rate and date of maturity, issued to finance the cost of the acquisition, erection and construction of new county courthouse and parking facilities and new county administration facilities for the Issuer and/or the enlargement, remodeling, repairing and improvement of the existing county courthouse and administration facilities of the Issuer (the "Project"), under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No. 86-89 and Resolution No. 86-132 duly adopted by the Issuer on September 30, 1986, as previously amended and supplemented (the "Original Instrument"), as further supplemented by Resolution No. 89-143 duly adopted by the Issuer on June 27, 1989, as amended and supplemented (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution."

(G) Section 3.03(C) thereof is hereby amended to read as follows:

"(C) A sum which, together with any Reserve Instrument provided in accordance with Section 3.05 hereof, shall equal the Reserve Account Requirement shall be deposited in the Reserve Account."

(H) The second sentence of the third paragraph of Section 3.04 thereof is hereby amended to read as follows:

"Moneys on deposit in the Construction Account not immediately necessary for disbursement on account of the Project may be invested by the Issuer in Authorized Investments."

(I) The fourth paragraph of Section 3.04 thereof is hereby amended to read as follows:

"When the construction of the Project has been completed and all Costs thereof have been paid in full, all funds remaining in the Construction Account shall be deposited in the Sinking Fund created pursuant to the Original Instrument, and the Construction Account shall be closed."

(J) The first paragraph of Section 3.05 thereof is hereby amended to read as follows:

"The Issuer hereby covenants that it will establish with an Authorized Depository a separate account to be designated as the "St. Johns County Sales Tax Revenue Bonds Reserve Account," into which there shall be deposited moneys as provided herein and in Original Instrument. After making the deposits required by paragraphs (1), (2) and (3) of subsection (B) of Section 3.06 of the Original Instrument, the Issuer shall, from the Revenue Fund, deposit into or credit to the Reserve Account a sum sufficient to maintain therein an amount equal to the Reserve Account Requirement. Moneys in the Reserve Account shall be applied by the Issuer to the payment of maturing principal of or interest or Amortization Installments on the Bonds and Additional Bonds when the other moneys in the Sinking Fund are insufficient therefor, and shall be used by the Issuer for no other purpose. However, whenever the moneys on deposit in the Reserve Account exceed the Reserve Account Requirement, such excess shall be withdrawn and deposited into the Interest Account. The Issuer shall promptly, and in any event within thirty (30) days of the occurance thereof, give written notice to every Insurer of any withdrawal from the Reserve Account other than a withdrawal pursuant to the last sentence of this section. Moneys on deposit in the Sinking Fund, including the Reserve Account, may be invested in Authorized Investments as defined in this Instrument in the manner provided herein and in the Original Instrument."

(K) The second paragraph of Section 3.05 thereof is hereby amended to read as follows:

"Upon the issuance of any Additional Bonds under the terms, limitations and conditions as provided in the Original Instrument, the Issuer shall increase the sum on deposit in the

Reserve Account to the Reserve Account Requirement for all outstanding Bonds and Additional Bonds, including such Additional Bonds. The required deposit to the Reserve Account may be paid in full or in part from the proceeds of such Additional Bonds, may, with the prior written consent of all Reserve Instrument Providers, which consent shall address both the Reserve Instrument Provider of the proposed Reserve Instrument and its structure, be provided in full or in part by a Reserve Instrument, and may, with the prior written consent of all Reserve Instrument Providers, be accumulated in part, to the extent hereinafter provided, in equal monthly payments to the Reserve Account over a period of months from the date of issuance of the Additional Bonds, which shall not exceed the greater of (a) twenty-four (24) months, or (b) the number of months for which interest on such Additional Bonds has been capitalized, as determined by a resolution adopted prior to the issuance of such Additional Bonds. In the event that any part of the Reserve Account Requirement is to be accumlated, (i) the amount in the Reserve Account immediately after delivery of such Additional Bonds shall not be less than the Reserve Account Requirement on all Bonds and Additional Bonds, outstanding (excluding such Additional Bonds) on such date, and (ii) a portion of the Reserve Account Requirement equal to at least one-half of the difference between the Reserve Account Requirement for all Bonds and Additional Bonds, outstanding (excluding such Additional Bonds) on the date of delivery of such Additional Bonds and the Reserve Account Requirement for all such Bonds and Additional Bonds, and such Additional Bonds which shall be funded upon delivery of such Additional Bonds."

(L) The final paragraph of Section 3.05 thereof is hereby amended to read as follows:

"Whenever moneys in the Reserve Account, together with the other moneys in the Sinking Fund, are sufficient to fully pay all outstanding Bonds, Parity Obligations and Additional Bonds in accordance with their terms (including principal or applicable redemption price and interest thereon), the funds on deposit in the Reserve Account may be transferred to the other accounts of the Sinking Fund for the payment of the Bonds, Parity Obligations and Additional Bonds."

(M) The last sentence of Section 3.06(A) thereof is hereby amended to read as follows:

"The Reserve Account shall be as available to pay the principal of and interest on the Additional Bonds as to pay the principal of and interest on the Bonds, but shall not be available to pay the principal of and interest on the Parity Obligations."

(N) Section 3.06(C) thereof is hereby amended to read as follows:

"(C) Creation of Superior Liens. The Issuer covenants that it will not issue any other notes, bonds, certificates or obligations of any kind or nature or create or cause or permit to be created any debt, lien, pledge, assignment or encumbrance or charge payable from or enjoying a lien upon the Pledged Funds ranking prior and superior to the lien created by this Instrument for the benefit of the Bonds, or enjoying a lien upon the Pledged Funds equal to or on a parity with the lien in favor of the Bonds unless the conditions prescribed by Section 3.06(E) of the Original Instrument shall be fully complied with and no Event of Default shall exist."

(O) Section 3.06(D)(1) thereof is hereby amended to read as follows:

"(1) Unless the Issuer is furnished with an opinion of Bond Counsel to the effect that failure to make such determinations will not adversely affect the tax-exempt status of the Bonds, the Issuer shall make a determination of the amount required to be paid to the U.S. Treasury at least every year (as of the anniversary of the date of issue of the Bonds) and upon the final payment of the Bonds."

(P) The first sentence of Section 3.06(D)(6) thereof is hereby amended to read as follows:

"Public Financial Management, Inc., Philadelphia, Pennsylvania, is hereby appointed to serve as rebate administrator hereunder with respect to the Bonds until the Issuer shall by resolution appoint as successor rebate administrator any Bond Counsel or any certified public accountant, bank or trust company, or other agent of the Issuer who shall be qualified to assure compliance by the Issuer with the requirements of this section."

(Q) Section 3.06 thereof is hereby amended by adding thereto at the end thereof the following:

"(F) Insurer. Notwithstanding any provision to the contrary contained herein, the following provisions will apply so long as Municipal Bond Investors Assurance Corporation ("MBIA") shall be the Insurer with respect to the Bonds and shall have provided a Reserve Instrument pursuant to Section 3.05 hereof:

"(1) Variable Rate Bonds shall be issued hereunder by the Issuer only upon the prior written consent of MBIA.

"(2) Copies of any material modifications or amendments of this Instrument which shall have been consented to by MBIA shall be furnished to Standard & Poor's Corporation.

"(3) A default under the Financial Guaranty Agreement (the "Financial Guaranty Agreement") executed between the Issuer and MBIA in connection with the Reserve Instrument provided by MBIA shall constitute an Event of Default under the terms of this Instrument.

"(4) The Issuer shall deliver to MBIA a Demand For Payment as described in the Reserve Instrument provided by MBIA at least three days prior to the date on which funds are required. It will be the responsibility of the Issuer to maintain adequate records, verified by MBIA, as to the amount available to be drawn at any given time under such Reserve Instrument and as to the amounts paid and owing to MBIA under the terms of the Financial Guaranty Agreement.

"(5) The Issuer shall furnish to MBIA a copy of any notice to be given to the Holders and any certificate rendered pursuant to this Instrument at the following address: 113 King Street, Armonk, New York, 10504, Attention: Surveillance Department."

(R) Section 4.02 thereof is hereby amended to read as follows:

"4.02 Modification or Amendment. No material modification or amendment of this Instrument may be made without the consent in writing of the Insurer, which consent shall not be unreasonably withheld, and the Holders of fifty-one percent (51%) or more in principal amount of any Bonds then outstanding and which shall be affected by such modification or amendment; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or reduce the number of such Bonds the written consent of the Holders of which are required by this section for such modification or amendment, without the consent of all Holders."

(S) Section 4.05 thereof is hereby amended to read as follows:

"4.05 No Third Party Beneficiaries. Except as may be expressly described herein or in the Bonds, nothing in this Instrument, or in the Bonds, expressed or implied, is intended or shall be construed to confer upon any person, firm, corporation or other entity other than the Issuer, the Holders and the Insurer any right, remedy or claim, legal or equitable, under and by reason of this Instrument or any provision hereof, or of the Bonds, all

provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer, the Holders and the Insurer."

SECTION 3. CANCELLATION OF AUTHORITY FOR ISSUANCE OF PORTION OF BONDS. Authority for the issuance of $ 2,905,000 principal amount of the Bonds is hereby cancelled and rescinded.

SECTION 4. ACCEPTANCE OF INSURANCE COMMITMENTS. The Issuer's acceptance of the Insurer's commitments to provide a policy of municipal bond insurance and a debt service reserve fund surety bond with respect to the Bonds is hereby approved, ratified and confirmed.

SECTION 5. SPECIFICATIONS. The Bonds shall be dated as of October 1, 1989, shall be in denominations of $5,000 or integral multiples thereof, and shall bear interest at such rates, payable on such dates, mature on such dates, be redeemable prior to maturity upon such terms and conditions and have such other terms as are set forth in the Purchase Contract.

SECTION 6. SALE OF THE BONDS; AUTHORIZATION OF EXECUTION OF PURCHASE CONTRACT. The Purchaser having filed with the Board the disclosure statement required by Section 218.385(4), Florida Statutes, as amended, a copy of which is attached hereto as an exhibit to the Purchase Contract, the Bonds are hereby sold and awarded to the Purchaser at the price and on such other terms and conditions as are stated in the Purchase Contract. The Chairman and the Clerk are hereby authorized to execute the Issuer's acceptance of the Purchase Contract, and said officers and the other officers, agents and employees of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Bonds in accordance with the provisions of the Purchase Contract.

SECTION 7. APPROVAL OF PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZATION OF FINAL OFFICIAL STATEMENT. The execution and delivery of the Preliminary Official Statement to the Purchaser and the distribution thereof by the Purchaser is hereby approved, ratified and confirmed, and a final official statement in substantially the form of the Preliminary Official Statement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Vice Chairman prior to the release thereof, is hereby authorized to be delivered by the Issuer to the Purchaser for distribution contemporaneously with the issuance and delivery of the Bonds. The Chairman or the Vice Chairman is hereby authorized to evidence the Issuer's approval of the final official statement by his endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations may be presumed from such endorsement upon any copy of such final official statement. Bond Counsel is hereby

directed to furnish to the Division of Bond Finance of the Department of General Services of the State of Florida a copy of the final official statement, a notice of the impending sale of the Bonds and the other information required by Section 218.38, Florida Statutes, as amended, within the appropriate time periods specified by such section.

SECTION 8. REGISTRAR AND PAYING AGENT. Citizens and Southern Trust Company (Florida), National Association, a national banking association, Fort Lauderdale, Florida, is hereby appointed as Registrar and Paying Agent under the Bond Resolution, to serve as Registrar and Paying Agent for the Bonds; and the Chairman or the Vice Chairman and the Clerk or a Deputy Clerk are hereby authorized to execute and deliver on behalf of the Issuer a registrar and paying agency agreement in a form which shall be approved by the Issuer's attorney.

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

SECTION 10. BOND RESOLUTION IN FULL FORCE AND EFFECT. Except as hereby amended and supplemented, the Bond Resolution shall remain in full force and effect.

SECTION 11. REPEALING CLAUSE. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 12. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 24 day of October, 1989.

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

Its Chairman

(OFFICIAL SEAL)

ATTEST:

Its Clerk

I, Carl "Bud" Markel, Clerk of the Board of County Commissioners of St. Johns County, Florida, hereby certify that the foregoing is a true and correct copy of Resolution No. 89-247 of said County passed and adopted on October 24, 1989.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said County this 24 day of October, 1989.

Clerk of the Board of County Commissioners of St. Johns County, Florida

(OFFICIAL SEAL)

GF04A22

NEW ISSUE

Ratings: Moody's:
Standard & Poor's:
(MBIA Insured)
See "Ratings" herein

In the opinion of Bond Counsel, under existing law, assuming compliance with certain covenants in the Bond Resolution described herein, interest on the Bonds is excluded from gross income for federal income tax purposes, and the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, as defined in Chapter 220, Florida Statutes, as amended. See, however, "TAX MATTERS" herein for a description of certain federal minimum and other special taxes that may affect the tax treatment of interest on the Bonds.

$22,180,000*
St. Johns County, Florida
Sales Tax Revenue Bonds
Series 1989

Dated: October 1, 1989 **Due: October 1, as shown below**

The Sales Tax Revenue Bonds, Series 1989 (the "Bonds") are being issued by St. Johns County, Florida (the "County"), as fully registered Bonds without coupons in denominations of $5,000 and integral multiples thereof. Interest (first payment due April 1, 1990, and semiannually on each April 1, and October 1 thereafter) will be payable by check or draft mailed to the registered owner by Citizens and Southern Trust Company (Florida), National Association, Ft. Lauderdale, Florida, as Registrar and Paying Agent. Principal of the Bonds is payable to the registered owner upon presentation when due at the principal corporate trust office of the Paying Agent.

The Bonds are subject to redemption prior to their stated maturities as described herein.

The Bonds are being issued (i) to acquire and construct new County courthouse and parking facilities and new County administration facilities, (ii) to remodel, enlarge, repair and improve existing County courthouse and administration facilities, (iii) to fund capitalized interest, and (iv) to pay a portion of the costs of issuance incurred with respect to the issuance of the Bonds.

The Bonds and the interest thereon will be payable solely from and secured by a pledge of and lien upon all monies allocated to the County from the Local Government Half-cent Sales Tax Clearing Trust Fund in the State Treasury pursuant to the provisions of Part VI, Chapter 218, Florida Statutes, as amended, together with all monies on deposit to the credit of certain funds and accounts created under the Bond Resolution and the earnings on the investment thereof (collectively, the "Pledged Funds"). The Bonds are being issued on a parity as to source of payment with the $1,745,000 outstanding County Refunding Revenue Bonds dated October 15, 1986 (the "Parity Bonds").

The payment of the principal (but not premium) of and interest on the Bonds when due will be insured by a municipal bond guaranty insurance policy to be issued by MBIA MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION simultaneously with the delivery of the Bonds.

The Bonds shall not be or constitute general obligations or indebtedness of the County within the meaning of Article VII, Section 12 of the Constitution of the State of Florida, but shall be payable solely from and secured by a prior lien upon and a pledge of the Pledged Funds on a parity with the Parity Bonds. No owner of the Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the County, the State of Florida or any political subdivision thereof to pay the principal of or interest on the Bonds or be entitled to payment of the Bonds from any monies of the County except from the Pledged Funds, in the manner provided in the Bond Resolution.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS*
$9,105,000 Serial Bonds

Maturity October 1,	Principal Amount	Interest Rate	Price or Yield	Maturity October 1,	Principal Amount	Interest Rate	Price or Yield
1993	$130,000	%	%	2002	$555,000	%	%
1994	300,000			2003	590,000		
1995	355,000			2004	630,000		
1996	380,000			2005	675,000		
1997	400,000			2006	720,000		
1998	430,000			2007	770,000		
1999	455,000			2008	825,000		
2000	485,000			2009	885,000		
2001	520,000						

$5,435,000 ____% Term Bonds Due October 1, 2014, Price ____%
$7,640,000 ____% Term Bonds Due October 1, 2019, Price ____%
(Plus Accrued Interest)

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval as to legality by Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed on for the County by James G. Sisco, Esquire, St. Augustine, Florida, Attorney for the County and for the Underwriter by its counsel, Rogers, Towers, Bailey, Jones & Gay, Jacksonville, Florida. It is expected that the Bonds in definitive form will be available for delivery in New York, New York on or about November , 1989.

William R. Hough & Co.

October , 1989

*Preliminary, subject to change

EXHIBIT A

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

ST. JOHNS COUNTY, FLORIDA
MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Harry Waldron, Chairman
Craig Maguire, Vice Chairman
Sarah W. Bailey
Francis N. Brubaker
Donald Herold

COUNTY ADMINISTRATOR

R. Daniel Castle

COUNTY CLERK

Carl "Bud" Markel

COUNTY FINANCE DIRECTOR

Henry Hendrix

ATTORNEY FOR THE COUNTY

James G. Sisco, Esquire

BOND COUNSEL

Foley & Lardner
Jacksonville, Florida

FINANCIAL ADVISOR

Public Financial Management, Inc.
Fort Myers, Florida

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

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

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

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SUMMARY STATEMENT

This Summary Statement, being part of the Official Statement, is subject to the more complete information contained herein and should not be considered to be a complete statement of the facts material to making an investment decision. The offering of the St. Johns County, Florida Sales Tax Revenue Bonds, Series 1989 (the "Bonds"), to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this Summary Statement from the Official Statement or to otherwise use it without the entire Official Statement. Unless otherwise defined, all capitalized terms in this Summary Statement shall be as defined in the main text of the Official Statement.

St. Johns County

St. Johns County, Florida (the "County") encompasses approximately 608 square miles and is located in the northeast region of the State of Florida, immediately south of Duval County and Jacksonville, Florida. The largest of the County's four municipalities is St. Augustine, which is the county seat. The estimated 1988 population of the County is in excess of 80,000.

Purpose of the Bonds

The Bonds are being issued to (i) provide funds to finance a portion of the cost of acquiring and constructing new County courthouse and parking facilities and County administration facilities, (ii) remodel, enlarge, repair and improve existing County courthouse and administration facilities, (iii) fund capitalized interest, and (iv) pay a portion of the cost of issuance of the Bonds.

Authority and Security for the Bonds

Authority for the Bonds. The Bonds are being issued pursuant to the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, County Ordinance No. 86-89 and the Bond Resolution.

Source of Payment. The Bonds are payable solely from and secured by a pledge of and lien upon all monies allocated to the County from the Local Government Half-cent Sales Tax Clearing Trust Fund in the State Treasury pursuant to the provisions of Part VI, Chapter 218, Florida Statutes, as amended, together with all monies on deposit to the credit of certain funds and accounts created under the Bond Resolution and the earnings on the investment thereof, in the manner provided in the Bond Resolution (collectively, the "Pledged Funds"). The pledge of the Pledged Funds in favor of the Bonds is on a parity with the pledge of the Pledged Funds to the owners of the County's presently outstanding $1,745,000 Refunding Revenue Bonds dated October 15, 1986 (the "Parity Bonds"), except that the Reserve Account does not secure the Parity Bonds.

Reserve Account. Simultaneously with the issuance of the Bonds, the County is required by the Bond Resolution to deposit in the Reserve Account the Reserve Account Requirement which is the lesser of (i) the Bond Service Requirement for the outstanding Bonds and the Additional Bonds, (ii) 125% of average annual debt service for the outstanding Bonds and the Additional Bonds, or (iii) 10% of the proceeds of the outstanding Bonds and the Additional Bonds. Monies in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest on the Bonds or the Additional Bonds or Amortization Installments thereon, if any, when the other monies in the Sinking Fund and Term Bonds Retirement Account are insufficient therefor and for no other purpose. The Parity Bonds are not secured by the Reserve Account. The Reserve Account Requirement shall be initially funded by a surety bond issued by Municipal Bond Investors Assurance Corporation.

Additional Bonds. The County may issue Additional Bonds payable from the Pledged Funds on a parity with the Bonds and the Parity Bonds, provided, however, that such Additional Bonds may be issued only if the County first complies with certain requirements set out in the Bond Resolution.

No Pledge Of Credit Or Taxing Power. The Bonds shall not be or constitute general obligations or indebtedness of the County as "bonds" within the meaning of Article VII, Section 12 of the Constitution of the State of Florida, but shall be payable solely from and secured by a prior lien upon and a pledge of the Pledged Funds on a parity with the Parity Bonds in accordance with terms of the Bond Resolution. No owner of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power of the County, the State of Florida or any political subdivision thereof to pay the principal of or the interest on any Bond or be entitled to payment of such Bond from any monies of the County except from the Pledged Funds in the manner provided in the Bond Resolution.

Municipal Bond Insurance. The payment of the principal of and interest on the Bonds when due will be insured by a municipal bond insurance policy to be issued by Municipal Bond Investors Assurance Corporation simultaneously with the delivery of the Bonds.

OFFICIAL STATEMENT

relating to

$22,180,000*
ST. JOHNS COUNTY, FLORIDA
SALES TAX REVENUE BONDS
Series 1989

October __, 1989

INTRODUCTION

The purpose of this Official Statement including the cover page, Summary Statement and the appendices, is to provide information concerning the proposed issuance by St. Johns County, Florida (the "County") of $22,180,000* of its Sales Tax Revenue Bonds, Series 1989 (the "Bonds"). The Bonds are issued under the authority of and in full compliance with the Constitution and the laws of the State of Florida (the "State"), particularly Chapter 125, Part I, Florida Statutes, as amended, County Ordinance No. 86-89 and Resolution No. 86-132 duly adopted by the County on September 30, 1986, as amended and supplemented, including as supplemented by Resolutions No. 89-143 and No. 89-__ duly adopted by the County on June 27, 1989 and October __, 1989, respectively. (Resolution No. 86-132, as amended and supplemented is herein referred to as the "Bond Resolution".) See Appendix C hereto for a summary of certain provisions of the Bond Resolution.

The County encompasses approximately 608 square miles and is located in the northeast region of the State, immediately south of Duval County and Jacksonville, Florida. The largest of the County's four municipalities is St. Augustine (the "City"), which is the county seat. The estimated 1988 population of the County is in excess of 80,000.

For a complete description of the terms and conditions of the Bonds, reference is made to the Bond Resolution. The description of the Bonds and of the documents authorizing and securing same and the description of other debt of the County do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such documents. Copies of documents not contained in this Official Statement and further information which may be desired may be obtained from the County's Finance Director, Mr. Henry Hendrix, St. Johns County Administration Building, St. Augustine, Florida 32085, telephone (904) 824-8131, or from Public Financial Management, Inc., 5900 Enterprise Parkway, Ft. Myers, Florida 33905, telephone (813) 693-7117.

PURPOSE OF THE BONDS

The Bonds are being issued to provide funds to finance a portion of the cost of acquiring and constructing new County courthouse and parking facilities and new County administration facilities and to remodel, enlarge, repair and improve existing County courthouse and administration facilities

*Preliminary; subject to change.

(the "Project," see "THE PROJECT," herein). Bond proceeds will also be used to fund capitalized interest and to pay a portion of the costs of issuance of the Bonds.

PLAN OF FINANCING

It is anticipated that the proceeds of the Bonds, together with other funds available to the County, will be sufficient to construct the Project.

There are presently outstanding $1,745,000 Refunding Revenue Bonds dated October 15, 1986 issued by the County (the "Parity Bonds") secured by revenues generated by the Local Government Half-cent Sales Tax (see "AUTHORITY AND SECURITY FOR THE BONDS, Source of Payment," herein) on a parity with the lien thereon in favor of the Bonds.

DESCRIPTION OF THE BONDS

General

The Bonds shall be dated October 1, 1989 and are being issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof. Interest on the Bonds (first payment due April 1, 1990 and semiannually on each April 1 and October 1 thereafter) will be payable by check or draft of Citizens and Southern Trust Company (Florida), National Association, Ft. Lauderdale, Florida as Registrar and Paying Agent, mailed to the registered owner, as shown on the registration books of the Registrar on the fifteenth day of the month prior to each interest payment date (the "Record Date"). Principal of the Bonds is payable at maturity or redemption by surrender thereof at the principal corporate trust office of the Paying Agent.

Optional Redemption

The Bonds maturing October 1 of the years 1993 through 19___, inclusive, are not subject to redemption prior to maturity. The Bonds maturing October 1, 19__, and thereafter may, at the option of the County, be called for redemption prior to maturity in whole on any date on or after October 1, 199_, or in part by lot, on October 1, 199_, or any interest payment date thereafter, at the following redemption prices (expressed as percentages of the principal amount) set forth below, plus accrued interest to the redemption date:

Redemption Dates (Both Dates Inclusive)	Redemption Price
October 1, 199_ to September 30, 199_	%
October 1, 199_ to September 30, 199_	
October 1, 199_ to September 30, 199_	
October 1, 199_ and thereafter	

Mandatory Redemption

The Bonds maturing on October 1, 2014, are subject to Term Bonds Retirement Account redemption prior to maturity in part by lot at a redemption price equal to the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium, from Amortization Installments as follows:

October 1,	Principal Amount
	$
2014*	

*Maturity

The Bonds maturing on October 1, 2019, are subject to Term Bonds Retirement Account redemption prior to maturity in part by lot at a redemption price equal to the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium, from Amortization Installments as follows:

October 1,	Principal Amount
	$
2019*	

*Maturity

Notice of Redemption

Notice of redemption of the Bonds shall be mailed, postage prepaid, by registered or certified mail by the Registrar not less than thirty (30) days nor more than sixty (60) days before the date fixed for redemption to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their addresses as they appear on the registration books kept by the Registrar or at such other address as such owner shall have furnished in writing to the Registrar. No defect in any notice of redemption nor failure to give such notice to an owner of Bonds nor a failure of any such owner to receive such notice shall in any manner defeat the effectiveness of a call for redemption as to all other owners of Bonds to be redeemed.

AUTHORITY AND SECURITY FOR THE BONDS

The Bonds are being issued pursuant to the Constitution and laws of the State, particularly Chapter 125, Part I, Florida Statutes, as amended, County Ordinance No. 86-89 and the Bond Resolution.

Source of Payment

The Bonds are payable solely from and secured by a pledge of and lien upon all monies allocated to the County from the Local Government Half-cent Sales Tax Clearing Trust Fund in the State Treasury pursuant to the provisions of Part VI, Chapter 218, Florida Statutes, as amended, together with all monies on deposit to the credit of certain funds and accounts created under the Bond Resolution and the earnings on the investment thereof, in the manner provided in the Bond Resolution (collectively, the "Pledged Funds"). The pledge of the Pledged Funds in favor of the Bonds is on a parity with the pledge of the Pledged Funds to the owners of the Parity Bonds. The outstanding principal amount of the Parity Bonds mature on October 1, 1990 and 1991 in the respective amounts of $850,000 and $895,000.

Pursuant to Chapter 212, Part I, Florida Statutes, the State is authorized to levy and collect a sales tax on, among other things, the sales price of each item or article of tangible personal property sold at retail in the State, subject to certain exceptions and dealer allowances as set forth in Chapter 212. Currently, the sales tax in the State is 6%, having been increased from 5% in February, 1988, and from 4% in 1982. Chapter 218, Part VI, Florida Statutes, was added in 1982 and provides that money remitted to the State by a sales tax dealer located within a county and transferred to the Local Government Half-cent Sales Tax Clearing Trust Fund in the State Treasury (the "Trust Fund") is earmarked for distribution to the governing body of that county and of each municipality within the county pursuant to a distribution formula. Chapter 212, Florida Statutes, provides that after various enumerated distributions, 9.888 percent of the remaining proceeds from the amount remitted by a sales tax dealer in a participating county is to be transferred to the Trust Fund. Such monies are referred to in Chapter 218, Part VI, as the Local Government Half-cent Sales Tax. The Local Government Half-cent Sales Tax is distributed from the Trust Fund on a monthly basis to participating units of local government. Chapter 218, Part VI, permits the County to pledge its share of the Local Government Half-cent Sales Tax for the payment of principal of and interest on any capital project.

As initially enacted, Chapter 218, Part VI, Florida Statutes provided that the Local Government Half-cent Sales Tax was to be computed based upon one-half of the then newly effective 5th cent of the State sales tax. In 1985, the law was amended to provide that 9.697% of the proceeds of the sales tax remitted by a sales tax dealer located within the county was to be deposited in the Trust Fund. This percentage was amended in 1987 for the State's fiscal year ending June 30, 1988 to 9.846% and, for subsequent State fiscal years, 9.888%. Effective July 1, 1989 the present method of distribution described above was enacted.

Under Chapter 212, Part I, Florida Statutes, the sales tax collected by the State includes, but is not limited to, a levy on the following:

(a) the sale of tangible personal property sold at retail in the State;

(b) the use, or storage for use, of tangible personal property in the State when the same is not sold in the State;

(c) rentals on tangible personal property;

(d) accommodations in hotels, motels, some apartments and offices;

(e) parking and storage places in parking lots, garages and marinas for motor vehicles or boats;

(f) admissions to places of amusement, most sport and recreation events and theaters;

(g) utilities, except those used in homes;

(h) restaurant meals;

(i) expendables used in radio and television broadcasting;

(j) telegraph messages and long distance telephone calls beginning and terminating in the State; and

(k) mail order sales to purchasers within the State.

Among the items exempted from the sales tax are groceries; medicines, hospital rooms and meals; seeds, fertilizers and farm crop protection materials; purchases by religious, charitable and educational non-profit institutions; professional, insurance and personal service transactions; newspapers; apartments used as permanent dwellings; and educational institutions' athletic events.

The sales tax is collected on behalf of the State by businesses at the time of sale at retail, use, consumption, or storage for use or consumption, of taxable property and remitted to the State on a monthly basis. Chapter 212 provides for penalties and fines, including criminal prosecution, for non-compliance with the provisions thereof.

To be eligible to participate in the Local Government Half-cent Sales Tax, the counties and municipalities must comply with certain requirements set forth in § 218.63, Florida Statutes. These requirements include those concerning the reporting and auditing of its finances, the levying of ad valorem taxes or receipt of other revenue sources, and certifying certain requirements pertaining to the employment and compensation of law enforcement officers, the employment of fire fighters and the method of fixing millage rates for the levying of ad valorem taxes.

The County has complied and is required by the provisions of the Bond Resolution to comply with all of the requirements set forth in Chapter 218, Part VI, which are necessary in order for the County to receive its maximum allocation of funds from the Trust Fund. Although Chapter 218, Part VI, does not impose any limitation on the number of years during which the County can receive distribution of the Local Government Half-cent Sales Tax from the Trust Fund, there may be future amendments to Chapter 218, Part VI, in subsequent years imposing additional requirements of eligibility for counties participating in the Local Government Half-cent Sales Tax. To be eligible to participate in the Trust Fund in future years, the County must comply with certain eligibility and reporting requirements of § 218.23(1), Florida Statutes. Otherwise, the County loses its Trust Fund distributions for twelve (12) months following a "determination of noncompliance" by the State Department of Revenue.

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

$$\text{County Share (percentage of total Half-cent Sales Tax receipts)} = \frac{\text{unincorporated area population} + \text{2/3 incorporated area population}}{\text{total county population} + \text{2/3 incorporated area population}}$$

$$\text{Each Municipality Share (percentage of total Half-cent Sales Tax receipts)} = \frac{\text{municipality population}}{\text{total county population} + \text{2/3 incorporated area population}}$$

Population is based upon the latest official State estimate of population certified prior to the beginning of the local government fiscal year. The population so computed for the County for the year ended September 30, 1990, is 80,278. The population for all of the incorporated areas in the County for the year ended September 30, 1990, is 15,711. The County's share of the Local Government Half-cent Sales Tax collected in the County for the fiscal years ending September 30, 1986 through 1989 has been 79.69%, 80.66%, 81.66%, and 81.94%, respectively. Should any unincorporated area of the County become incorporated as a municipality, the share of the Local Government Half-cent Sales Tax received by the County would be reduced. The area of the County known as Ponte Vedra Beach is reported to be considering incorporation as a municipality.

St. Johns County, Florida
Sales Tax Collections and Local Government Half-cent Sales Tax Distributions

County Fiscal Year	County Sales Tax Collections(1)	Distribution of Half-cent Sales Tax to County(2)
1982-83	$16,325,339	$1,271,326
1983-84	19,959,996	1,571,381
1984-85	22,191,188	1,748,170
1985-86	24,092,712	1,865,212
1986-87	26,180,650	2,148,771
1987-88	34,661,453	2,804,608
1988-89	38,388,833	2,898,825(3)

(1) The annual collections for the County are provided by the State Department of Revenue and are based on the State's fiscal year (July 1-June 30). Increases are due in part to changes in tax rates.
(2) Amounts represent distribution from the State for the indicated County fiscal years.
(3) The amount shown for fiscal year 1988-89 represents the County's estimate based on 11 months of actual collections through August, 1989 in the amount of $2,657,256, plus 1 month's estimated distribution.

Historical and Projected Local Government Half-cent Sales Tax
Distribution and Debt Service Coverage

	(Historical) Fiscal Year Ended September 30,		(Projected) Fiscal Year Ending September 30,					
	1987	1988	1989	1990	1991	1992	1993	1994
Local Government Half-cent Sales Tax Distribution(1)	$2,148,771	$2,804,608	$2,898,825	$3,083,375	$3,200,000	$3,355,000	$3,525,000	$3,700,000
Maximum Annual Debt Service for the Bonds and the Parity Bonds (2)	1,872,558	1,872,558	1,872,558	1,872,558	1,872,558	1,872,558	1,872,558	1,872,558
Estimated Debt Service Coverage(3)	1.15x	1.50x	1.55x	1.65x	1.71x	1.79x	1.88x	1.98x

(1) The projected amounts have been obtained from the County's Finance Department.
(2) Debt Service Coverage for Bond Years ending October 1, is based upon maximum annual debt service of $1,872,557.50 for the Bonds and the Parity Bonds assuming the Bonds are issued in the aggregate principal amount of $22,180,000 maturing annually from 1993 to 2019 at interest rates ranging from 6.20% to 7.10%. A portion of interest due on the Bonds in 1990 and 1991 has been capitalized, reducing the debt service for those years in which the Parity Bonds are also payable.
(3) Bond years ending October 1 of indicated year.

Reserve Account

Simultaneously with the issuance of the Bonds, the County is required by the Bond Resolution to deposit in the Reserve Account the Reserve Account Requirement which is the lesser of (i) the Maximum Bond Service Requirement for the outstanding Bonds and Additional Bonds (as defined below), (ii) 125% of average annual debt service for the outstanding Bonds and Additional Bonds, or (iii) 10% of the proceeds of the outstanding Bonds and Additional Bonds. Upon the issuance of Additional Bonds, the Bond Resolution provides that in certain circumstances, the Reserve Account Requirement may be accumulated over a period of time. The Bond Resolution also permits the Reserve Account Requirement to be funded by a surety bond, irrevocable letter of credit, guaranty or insurance policy issued in compliance with the Bond Resolution.

Monies in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest or Amortization Installments on the Bonds or Additional Bonds when the other monies in the Sinking Fund and Term Bonds Retirement Account are insufficient therefor, and for no other purpose. The Parity Bonds are not secured by the Reserve Account.

Application has been made to the Municipal Bond Investors Assurance Corporation (the "Insurer") for a commitment to issue a surety bond (the "Reserve Account Surety Bond"). The Reserve Account Surety Bond will provide that upon notice from the Paying Agent to the Insurer to the effect that insufficient amounts are on deposit in the Sinking Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the Bonds, the Insurer will promptly deposit with the Paying Agent an amount sufficient to pay the principal of and interest on the Bonds

or the available amount of the Reserve Account Surety Bond, whichever is less. Upon the later of: (i) three (3) days after receipt by the Insurer of a Demand for Payment in the form attached to the Debt Service Reserve Fund Surety Bond, duly executed by the Paying Agent; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Paying Agent to the Insurer, the Insurer will make a deposit of funds in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

The available amount of the Reserve Account Surety Bond is the initial face amount of the Reserve Account Fund Surety Bond less the amount of any previous deposits by the Insurer with the Paying Agent which have not been reimbursed by the County. The County and the Insurer have entered into a Financial Guaranty Agreement dated _____, 1989 (the "Agreement"). Pursuant to the Agreement, the County is required to reimburse the Insurer, within one year of any deposit, the amount of such deposit made by the Insurer with the Paying Agent under the Reserve Account Surety Bond. Such reimbursement shall be made only after required deposits to the Sinking Fund have been made.

Under the terms of the Agreement, the County is required to reimburse the Insurer, with interest, until the face amount of the Reserve Account Surety Bond is reinstated before any deposit is made to the Reserve Account. No optional redemption of Bonds may be made until the Insurer's Reserve Account Surety Bond is reinstated. The Reserve Account Surety Bond will be held by the Paying Agent in the Reserve Account and is provided as an alternative to the County's depositing funds equal to the Reserve Account Requirement for outstanding Bonds. The Reserve Account Surety Bond will be issued in the face amount equal to the Maximum Bond Service Requirement for the Bonds, will be non-cancellable and the premium therefor will be fully paid by the County at the time of delivery of the Bonds.

Additional Bonds

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

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

(2) There shall have been obtained and filed with the County a statement of an independent certified public accountant of suitable experience and responsibility: (i) stating that he has examined the books and records of

the County relating to the collection and receipt of the Pledged Funds; (ii) setting forth the amount of the Pledged Funds received by the County for any twelve (12) consecutive month period within the eighteen (18) consecutive months immediately preceding the date of the issuance of the Additional Bonds with respect to which such statement is made; (iii) stating that the aggregate amount of the Pledged Funds for such twelve consecutive month period equals or exceeds 125% of the maximum amount required in any subsequent fiscal year for the payment of the principal of and interest on the Bonds, the Parity Bonds and Additional Bonds previously issued then outstanding and the Additional Bonds with respect to which such statement is made. If, during such twelve consecutive month period, the monies allocated to the County from the Trust Fund shall have increased pursuant to applicable legislation permitting the pledging of such money in the manner provided in the Bond Resolution, the amount of the Pledged Funds stated for such twelve consecutive month period may be adjusted to reflect an amount which would have been allocated to the County had such increased rate been in effect throughout the entire term of such twelve consecutive month period.

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

No Pledge of Credit or Taxing Power

The Bonds shall not be or constitute general obligations or indebtedness of the County as "bonds" within the meaning of Article VII, Section 12 of the Constitution of the State, but shall be payable solely on a from and secured by a prior lien upon and a pledge of the Pledged Funds on a parity with the Parity Bonds in accordance with the terms of the Bond Resolution. No owner of any Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the County, the State or any political subdivision thereof to pay the principal of or interest on any Bond or be entitled to

payment of such Bond from any monies of the County except from the Pledged Funds, in the manner provided in the Bond Resolution.

MUNICIPAL BOND INSURANCE

The following information has been furnished by the Insurer for use in this Official Statement. Reference is made to Appendix E for a specimen of the Insurer's Policy.

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

The Insurer's Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The Insurer's Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than Amortization Installments; (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer's policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer or its designee from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to Citibank, N.A., Citibank,

N.A. shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

The Insurer is the principal operating subsidiary of MBIA Inc. The principal shareholders of MBIA Inc. are Aetna Life and Casualty Company, Fireman's Fund Insurance Company, subsidiaries of CIGNA Corporation, and The Continental Insurance Company and one of its affiliates, and they own approximately 85% of the outstanding common stock of MBIA Inc. Neither MBIA Inc. nor its shareholders are obligated to pay the debts of or claims against the Insurer. The Insurer is a limited liability corporation rather than a several liability association. The Insurer is domiciled in the State of New York and licensed to do business in all 50 states, the District of Columbia and the Commonwealth of Puerto Rico. As of December 31, 1988, the Insurer had admitted assets of $1.146 billion (audited), total liabilities of $770 million (audited), and total capital and surplus of $376 million (audited) prepared in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of June 30, 1989, the Insurer had admitted assets of $1.211 billion (unaudited), total liabilities of $817 million (unaudited), and total capital and surplus of $393 million (unaudited) prepared in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. Copies of the Insurer's financial statements prepared in accordance with statutory accounting practices are available from the Insurer. The address of the Insurer is 113 King Street, Armonk, New York 10504.

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

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

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

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

The information relating to the Insurer contained above has been furnished by the Insurer. No representation is made by the County or the Underwriter as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date thereof.

THE PROJECT

A portion of the proceeds of the Bonds are to be used for the construction of the Project, which includes a new County courthouse and a new County administration facility. This portion of the Project will be constructed outside the municipal boundary of the City, which is the county seat. State statutes (§138.12) permit the County, by resolution of the board of county commissioners, to expand the geographical area of the county seat beyond the corporate limits of the municipality named as the county seat. Such a resolution (89-198) has been adopted. In the opinion of Bond Counsel and the County Attorney, this portion of the Project may be constructed in its presently intended location. The Project may also include the remodelling, enlargement, repair and improvement of the existing County courthouse and administration facilities and the acquisition and construction of parking facilities necessary for County courthouse and administration facilities.

The County, the City and citizens' group have made efforts to reach a compromise concerning the opposition to moving the County courthouse to a new location outside the corporate limits of the City (see "LITIGATION" herein). If no compromise can be reached, and opponents to moving the County courthouse outside the corporate limits of the City prevail in a legal proceeding, the County anticipates that the proceeds of the Bonds would still be needed to further expand the County administration facilities (a significant portion of which have for 11 years been located outside the corporate limits of the City contiguous to the parcel on which the new County courthouse is planned to be constructed). The expanded County administration facilities would free up space to be used by various court-related functions at the existing County courthouse. Some portion of Bond proceeds may also be spent to remodel, repair, improve and enlarge the existing County courthouse and parking facilities.

ESTIMATED SOURCES AND USES OF FUNDS

Sources	
Principal Amount of the Bonds	$
Estimated Investment Earnings in the Construction Fund	
Accrued Interest	
TOTAL SOURCES	$
Uses	
Deposit to Construction Fund	$
Deposit to Interest Account for capitalized interest and accrued interest	
Underwriting discount	
Cost of issuance, including bond insurance premium	
TOTAL USES	$

DEBT SERVICE SCHEDULE

Bond Year Ending October 1,	The Bonds			Parity Bonds	Total Debt Service for the Bonds & the Parity Bonds
	Principal	Interest	Total Debt Service		
1990		$	$	$ 944,275	$
1991				944,225	
1992					
1993	$				
1994					
1995					
1996					
1997					
1998					
1999					
2000					
2001					
2002					
2003					
2004					
2005					
2006					
2007					
2008					
TOTALS	$	$	$	$1,888,500	$

PROPOSED ADDITIONAL BOND FINANCINGS

At an election held on May 23, 1989, the electors of the County approved the issuance of up to $47,000,000 School District of St. Johns County, Florida, General Obligation School Bonds which would be payable from unlimited ad valorem taxes on all taxable property in the County. A sale date for such bonds has not been scheduled. The County is considering the issuance of self-supporting revenue bonds for solid waste disposal projects.

LITIGATION

The County, its County Attorney and several County constitutional officers are currently being sued by Mr. John Barrow, a chronic litigator. The suit involves an alleged civil rights violation under federal law and seeks $50,000,000 in damages, but in the opinion of the attorney representing the County and its officers, the suit is without merit. Additionally, lawsuits and several claims have been filed against the County and against its sheriff seeking substantial damages, including punitive damages, for injuries alleged to have been incurred by inmates of the County jail, for false arrest, and for various other reasons pertaining to law enforcement or inmate incarceration. The County Attorney has been advised by counsel for the sheriff that such claims are generally covered by the Florida Sheriffs-Insurance Fund and should not affect the County's ability to perform its financial obligations. It is the opinion of the County Attorney, that no legal proceedings are pending or

threatened which materially affect the County's ability to perform its obligations to the owners of the Bonds.

There is no litigation or controversy of any nature now pending or (except as discussed below) threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting the validity of the Bonds or any proceedings of the County taken with respect to the authorization, sale or issuance of the Bonds or the pledge or application of any monies provided for the payment of the Bonds. The City of St. Augustine, Florida and a local citizens' group have threatened suit against the County in which they may contend that (i) voter approval is a condition precedent to the issuance of the Bonds (there was no such voter approval), (ii) the construction of new courthouse facilities at the proposed location outside the corporate boundaries of the City of St. Augustine is illegal, and (iii) expansion of the County seat in the manner provided by Florida Statute Section 138.12 is not permitted by the Constitution of the State. It is the opinion of the County Attorney that if such suit is commenced, the County will prevail.

LEGAL MATTERS

Certain legal matters in connection with the authorization, issuance and sale of the Bonds are subject to the approval of Foley & Lardner, Jacksonville, Florida, Bond Counsel, the form of whose approving opinion is attached hereto as Appendix D. Certain legal matters will be passed upon for the County by James G. Sisco, Esquire, St. Augustine, Florida, Attorney for the County, and for the Underwriter by its counsel, Rogers, Towers, Bailey, Jones & Gay, Jacksonville, Florida.

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, a requirement of periodic payments of arbitrage profits to the United States, requirements regarding the use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to use its best efforts to comply with all requirements of the Code that must be satisfied in order for the interest on the Bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

Subject to the condition that the County comply with the pertinent requirements of the Code, under existing law, in the opinion of Bond Counsel, interest on the Bonds will be excluded from the gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Reference is made to a proposed form of the Bond Counsel opinion attached hereto as Appendix D for the complete text thereof.

In rendering the opinion, Bond Counsel will rely upon certificates of the County with respect to certain material facts relating to the property financed with the proceeds of the Bonds and the application of the proceeds of the Bonds.

The Code contains numerous provisions which could affect the economic value of the Bonds to certain owners of the Bonds. The following is a brief summary of some of the significant provisions that may be applicable to particular owners of the Bonds. Prospective owners of the Bonds, however, should consult their own tax advisors with respect to the impact of such provision on their own tax situations.

The Bonds will not be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. Interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of banks and certain other financial institutions, interest expense allocable to interest on the Bonds, will not be deductible for federal income tax purposes.

Insurance companies (other than life insurance companies) are required for taxable years beginning after 1986 to reduce the amount of their deductible underwriting losses by 15% of the amount of tax-exempt interest received or accrued on certain obligations, including the Bonds, acquired after August 7, 1986. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income. Life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest, such as interest on the Bonds.

Interest on the Bonds must be included in the adjusted net book income of corporations (other than S corporations, regulated investment companies, real estate investment trusts, and REMICs) for taxable years beginning in 1987, 1988 and 1989, and such corporations are required to include in their calculation of alternative minimum taxable income 50% of the excess of adjusted net book income over alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). For taxable year beginning after 1989, the use of "adjusted net book income" is to be replaced with "adjusted current earnings." Interest on the Bonds will be included in "adjusted current earnings." For such taxable years, the alternative minimum taxable income of corporations must be increased by 75% of the excess of adjusted current earnings over alternative minimum taxable income (determined with regard to this adjustment and prior to reduction of certain net operating losses).

An environmental tax is imposed on corporations (other than S corporations, regulated investment companies, real estate investment trusts, and REMICs) by Section 59A of the Code. The environmental tax is effective for taxable years beginning after 1988, and before 1992. The amount of the environmental tax is equal to 0.12% of the excess of the alternative minimum taxable income (determined with regard to net operating losses and the deduction for the environmental tax) over $2 million. The environmental tax may be imposed even if the corporation pays no alternative minimum tax because the corporation's regular income tax liability exceeds its alternative minimum tax liability. For purposes of the environmental tax, alternative minimum taxable income includes interest on tax-exempt obligations, such as

the Bonds, to the same extent and in the same manner as such interest is included in alternative minimum taxable income as described in the preceding paragraph.

Certain recipients of social security benefits and railroad retirement benefits are required to include a portion of such benefits in gross income by reason of the receipt or accrual of interest on tax-exempt obligations, such as the Bonds.

For foreign corporations that operate branches in the United States, Section 884 of the Code imposes a branch level tax on certain earnings and profits in tax years beginning after 1986. Interest on tax-exempt obligations, such as the Bonds, may be included in the determination of such domestic branches' taxable base on which this tax is imposed.

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

Florida Tax Matters

It is also the opinion of Bond Counsel that, under existing law, the Bonds and the interest thereon are exempt from taxation under the laws of the State, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, as defined by Chapter 220, Florida Statutes, as amended.

RATINGS

Moody's Investors Service and Standard & Poor's Corporation have assigned their municipal bond ratings of "___" and "___," respectively, to the Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by the Insurer. Such ratings reflect the views of the respective rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies. There is no assurance that such ratings will be in effect for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if, in the judgment of the agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect upon the market price of the Bonds.

UNDERWRITING

William R. Hough & Co. (the "Underwriter") has agreed, subject to certain customary conditions to closing, to purchase the Bonds from the County at an aggregate underwriting discount of $_____ from the initial public offering prices of the Bonds set forth on the cover page of this Official Statement. The Underwriter will be obligated to purchase all of the Bonds if any such Bonds are purchased. The public offering prices may be changed, from time to time, by the Underwriter.

FINANCIAL ADVISOR

The County has retained Public Financial Management, Inc., Fort Myers, Florida as Financial Advisor in connection with the preparation of the County's Plan of Financing and with respect to the authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Public Financial Management, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal or other public securities. Public Financial Management, Inc. is a wholly-owned subsidiary of Marine Midland Bank, N.A., New York, New York. The Financial Advisor's contract with the County prohibits it from participating in the underwriting of any County debt.

ANNUAL FINANCIAL REPORT

The General Purpose Financial Statements of the County for the fiscal year ended September 30, 1988, and the report thereon of Price Waterhouse, reproduced herein as Appendix B, are integral parts of this Official Statement. Copies of the complete Annual Financial Report are available from the Finance Director of the County upon request.

MISCELLANEOUS

All information included herein has been provided by the County, except where attributed to other sources. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument. The information herein has been compiled from official and other sources and, while not guaranteed by the County, is believed to be correct. So far as any statements made in the Official Statement and the appendices attached hereto involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representation of fact, and no representation is made that any of the estimates will be realized.

AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT

The delivery of this Official Statement has been duly authorized by the Board of County Commissioners of the County. Concurrently with the delivery of the Bonds, the undersigned will furnish his certificate to the effect that, to the best of his knowledge, this Official Statement did not as of its date and does not as of the date of the delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be

included therein for the purposes for which this Official Statement is to be used, or which is necessary in order to make the statements herein, in light of the circumstances in which they were made, not misleading.

ST. JOHNS COUNTY, FLORIDA BOARD OF COUNTY COMMISSIONERS

By: _____
Chairman

APPENDIX A

GENERAL INFORMATION CONCERNING THE COUNTY

The following information concerning St. Johns County, Florida is included only for the purpose of providing general background information.

Location

St. Johns County (the "County") encompasses approximately 608 square miles and is located in the northeast region of the State of Florida. The County is located directly south of Duval County, Florida, and is bordered on the west by the St. Johns River, on the south by Flagler County, and on the east by the Atlantic Ocean.

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

Population

St. Johns County currently ranks 32nd out of Florida's 67 counties in gross population and ranks sixth statewide in the percentage change in population growth from 1980 to 1988.

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

Year	Population
1940 U.S. Census	20,012
1950 U.S. Census	24,998
1960 U.S. Census	30,034
1970 U.S. Census	31,025
1980 U.S. Census	51,303
1985 Estimate (1)	68,822
1986 Estimate (1)	73,093
1987 Estimate (1)	75,133
1988 Estimate (1)	80,278

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

Commerce and Industry

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

The strength of the employment growth and the steady growth in population has brought a corresponding increase in housing construction. From 1981 to 1985, multifamily construction exceeded that for single-family units, but the high population growth in 1986 generated a demand for single family housing as well as retailing and service employment.

Agriculture

Agribusiness remains a key sector of the State and the northeast region's economy. Agriculture is a major industry in the County and in 1988 provided the County with on-farm revenue in excess of $35 million.

St. Johns County is known as the potato and cabbage capital of Florida, and leads the other counties in Florida in value of these products. Agriculture commodities produced in the County and their respective values for 1988 are as follows:

Potatoes	$21,200,000
Cabbage	1,700,000
Other Vegetables	2,000,000
Forest Products	4,000,000
Livestock and Dairy	2,000,000
Corn and Grain Sorghum	500,000
Cut Flowers and Nurseries	3,500,000
Poultry	1,000,000
Total	$35,900,000

Source: Florida Department of Agriculture St. Johns County Extension Service, 1988.

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

Employment

The following table shows employment by category for the month of March, 1989.

Distribution	Number of Employees	Percentage of Total
Manufacturing	3,090	12.41%
Construction	1,108	4.45
Transportation, Communications & Utilities	406	1.63
Wholesale Trade	797	3.20
Retail Trade	6,514	26.16
Finance, Insurance and Real Estate	878	3.53
Service	7,115	28.57
Government	4,374	17.56
Agriculture (Except Domestics, Self Employed, Unpaid Family Workers and Seasonal Workers)	619	2.49
TOTAL	24,901	100.00%

Source: State of Florida, Department of Labor and Employment Security, Edited ES-202 Report

Major Employers

The following table shows the major employers in St. Johns County and their approximate level of employment as of May, 1989.

Establishment	Product	Approximate Employment
St. Johns County School Board	Education	1,495
Grumman St. Augustine Corporation	Aircraft overhaul and modification	1,150
St. Johns County	County Government	772
Florida School for the Deaf and Blind	Educational Institution	620
V.A.W. of America, Inc.	Aluminum Extrusion	400
Tree of Life, Inc.	Health Food Distributor	300
Luhrs Corporation	Pleasure Crafts/Sport Fishing Boats	230
Parker Hannifan Corporation	Manufacturing	225
Florida Department of Military Affairs	Florida National Guard Headquarters	211
City of St. Augustine	Municipal Government	205
Flagler College	Four-year Liberal Arts College	200
Florida East Coast Railway	Interstate Railroad Freight & Express	150
Tensolite Company	Hi-tech Wire Insulation	100
Wise Foods (Division of Borden, Inc.)	Potato Chip Manufacturer	90
St. Augustine Record Inc.	Daily Newspaper	85

Source: St. Augustine and St. Johns County Chamber of Commerce, State of Florida 1989 Directory of Florida Industries and personal contact.

Tourism and Recreation

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

Transportation Facilities

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

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

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

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

Health Care Facilities

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

Education

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

Source: St. Augustine and St. Johns County Chamber of Commerce, 1988.

ST. JOHNS COUNTY, FLORIDA
CIVILIAN LABOR FORCE
(unadjusted)

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate	State Unemployment Rate
1979	18,260	16,961	1,299	7.1%	6.0%
1980	21,272	19,662	1,609	7.6	5.9
1981	22,716	20,936	1,780	7.8	6.8
1982	23,924	21,709	2,215	9.3	8.2
1983	24,752	22,073	2,679	10.8	8.6
1984	29,212	26,953	2,259	7.7	6.3
1985	31,263	28,953	2,310	7.4	6.0
1986	35,097	32,815	2,282	6.5	5.7
1987	37,681	35,471	2,210	5.9	5.3
1988	38,781	36,761	2,020	5.2	5.0
1989	39,828	37,868	1,960	4.9	5.4

Note: Figures for 1989 are preliminary as of August, 1989.

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

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ST. JOHNS COUNTY, FLORIDA
TAXABLE ASSESSED PROPERTY VALUATIONS

Year	Non-Exempt Real Property Valuations	Non-Exempt Personal Valuations	Non-Exempt Utilities Railroad	Total Taxable Assessed Property Valuations
1977	$ 588,705,978	$ 62,714,130	$ 6,377,056	$ 657,797,164
1978	628,833,959	65,572,400	7,534,157	701,940,516
1979	667,457,915	72,027,005	7,784,257	747,269,177
1980	732,710,802	89,720,340	9,631,143	832,062,285
1981	815,236,870	104,378,309	7,857,790	927,472,969
1982	1,124,581,258	120,428,374	10,138,271	1,255,147,903
1983	1,223,400,247	144,639,034	12,030,202	1,380,069,483
1984	1,390,251,339	164,456,858	7,626,145	1,562,334,342
1985	1,670,984,352	185,401,615	8,022,393	1,864,408,360
1986	1,962,247,284	206,521,804	1,072,961	2,169,842,049
1987	2,184,537,016	233,803,639	14,441,818	2,432,782,473
1988	2,462,124,391	244,414,748	15,577,014	2,722,116,153

Note: Florida East Coast Railway is involved in litigation with respect to railroad taxes for 1986.

Source: State of Florida, Department of Revenue, Florida Ad Valorem Valuations and Tax Data.

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

Year	Property Taxes Levied	Total Tax Collections(1)	% of Levy Collected(2)	Delinquent Tax Uncollected
1980	$12,923,730	$12,708,385	98.33%	$ 215,345
1981	16,539,045	16,208,819	98.00	330,226
1982	19,836,859	19,635,820	98.99	201,039
1983	23,677,638	23,320,383	98.49	357,255
1984	25,229,244	24,805,582	98.32	423,662
1985	31,295,519	31,042,190	99.19	253,329
1986	35,941,927	35,594,355	99.03	347,572
1987	40,160,327	39,785,685	99.07	374,642
1988(3)	46,143,338	43,844,842	95.02	2,298,496

(1) Aggregate amount of tax collections as of close-but-of-fiscal-year ending September 30, which includes the aggregate amount of discounts actually taken by taxpayers as allowed by Florida law. A 4% discount is allowed if

(footnotes continued on succeeding page)

ST. JOHNS COUNTY, FLORIDA
NET DEBT STATEMENT
October 2, 1989
(Adjusted to give effect to the issuance of the Bonds)

Direct Debt	General Obligation Bonds	Non-Self Supporting Revenue Bonds	Self Supporting Revenue Bonds
St. Johns County, Florida Board of County Commissioners Certificates of Indebtedness (Courthouse Construction and Repair) Dated 7/1/66	$ 165,000		
Limited Ad Valorem Tax Refunding Bonds, Series 1988	4,475,000		
General Obligation Bonds, Series 1989	8,190,000		
Refunding Revenue Bonds, Dated 10/15/86 (the Parity Bonds)		$1,745,000	
Water and Sewer Refunding Revenue Bonds, Dated 8/15/86 ($5,120,000 less $500,000 in Reserve Account)			$4,620,000

(footnotes continued from preceding page)
the taxes are paid in November with the discount declining by 1% each month thereafter. Total tax collections include current taxes paid, tax certificate proceeds, delinquent tax payments upon taxable personal property, and any prior period payments on County-held tax certificates.

(2) Represents percentage of current gross collections (total collections plus discounts taken) to property taxes levied.

(3) The process is not complete until the sale of tax certificates.

Source: State of Florida, Department of Revenue, Florida Ad Valorem Valuations and Tax Data, 1980-1987, Tax Collector, St. Johns County, 1988.

CONTINUED

	General Obligation Bonds	Non-Self Supporting Revenue Bonds	Self Supporting Revenue Bonds
Direct Debt Continued			
Anastasia Sanitary District, Water and Sewer Revenue Bonds, Series 1989 ($5,365,000 less $505,983 in Reserve Account)			$4,859,017
St. Johns County Water and Sewer Revenue Bonds, Series 1989 ($10,430,000 less $912,000 in Reserve Account)			9,518,000
Sales Tax Revenue Bonds, Series 1989		$22,180,000*	
Capital Improvement Revenue Bonds, Series 1987A ($2,775,000 less $200,619 in Reserve Account)		2,574,381	
Transportation Improvement Revenue Bonds, Series 1988		12,135,000	
Total Direct Debt	$12,830,000	$38,634,381	$18,997,017
Underlying Debt			
City of St. Augustine, Florida Water and Sewer Revenue Refunding Bonds, Series 1986 ($27,930,000 less $2,706,937 in Reserve Account)			$25,223,063

*Preliminary; subject to change

CONTINUED

	General Obligation Bonds	Non-Self Supporting Revenue Bonds	Self Supporting Revenue Bonds
Underlying Debt Continued			
Cigarette Tax Bonds, Issue of 1961 ($80,000), Issue of 1971 ($130,000) ($210,000 less $116,000 in Reserve Account)		$ 94,000	
Guaranteed Entitlement Revenue Bonds, Series 1988		2,145,000	
Public Service Tax Revenue Bonds, Series 1988		4,000,000	
St. Augustine Airport Authority District St. Augustine Airport Authority Bonds, Dated 2/1/65 (District is comprised of approximately 1/4 of the County's area)	$ 275,000		
City of Hastings, Florida Water and Sewer Bonds ($370,500 less $15,369 in Reserve Account)			$ 355,131
St. Johns County Board of Public Instruction Certificates of Indebtedness Dated 6/1/67 ($660,000 less $103,435 in Reserve Account)		$ 556,565	
Total Underlying Debt	$ 275,000	$ 6,795,565	$25,578,194
Total Direct and Underlying Debt	$13,105,000	$45,429,946	$44,575,211

DEBT RATIOS

Direct and Underlying General Obligation Debt	$13,105,000
Per Capita	$163.25
As a Percent of Taxable Assessed Valuation	.48%
As a Percent of Total Assessed Valuation	.38%
Direct and Underlying General Obligation and Non-Self Supporting Revenue Debt	$58,534,946
Per Capita	$729.15
As a Percent of Taxable Assessed Valuation	2.15%
As a Percent of Total Assessed Valuation	1.68%
1988 Estimated St. Johns County Population	80,278
1988 Taxable Assessed Valuation for St. Johns County	$2,722,116,153
1988 Total Assessed Valuation for St. Johns County	$3,483,940,622

Police and Fire Protection

St. Johns County is served by the Sheriff's Department, which has approximately 250 full- and part-time employees including deputies, the detective division, communications, jail and administrative personnel. There are sixteen fire stations operating within the County, served by volunteers. The Fire Department operates a special rescue unit manned by trained emergency medical technicians.

Government

The County has a five-member Board of County Commissioners elected for staggered terms of four years. The Board of County Commissioners will be increased to seven members in 1990. The Chairman and Vice-Chairman are elected by the Board. The Board apportions and levies County taxes and controls the expenditure of all County funds, except for schools, which are controlled by the Board of Public Instruction. The budget year of the County runs from October 1 to the following September 30. Operating revenue is raised from ad valorem taxes and personal property taxes, with supplements from State and federal sources for County roads, welfare and health. The Board operates a county road system and has power to establish, build, maintain, repair, protect, and preserve these facilities. The Board may issue bonds for all lawful purposes. The Board correlates and is responsible for various types of elections in the County. Other elected officials serving County-wide are a five-member Board of Public Instruction (each of whom are elected from a specific district), a Superintendent of Public Instruction, a Property Appraiser, a Tax Collector, a Supervisor of Elections, a Sheriff, and a Clerk of the Circuit Court who is also Ex-Officio Clerk of the Board of County Commissioners. The Board appoints a County Administrator who serves at the will of the Board.

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ST. JOHNS COUNTY, FLORIDA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1988

ST. JOHNS COUNTY, FLORIDA

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Notes to Financial Statements

2500 Ir ident Square
Jackson., ., FL 32202
Telephone 904 355 6500

Price Waterhouse

December 16, 1988

Board of County Commissioners
St. Johns County, Florida

We have audited the accompanying general purpose financial statements of St. Johns County, Florida for the year ended September 30, 1988 as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan 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 County officials, as well as evaluating overall financial statement presentation. We believe that our audit provides 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 St. Johns County, Florida and the results of its operations and the changes in financial position for its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

Price Waterhouse

Certified Public Accountants

ST. JOHNS COUNTY, FLORIDA

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS

SEPTEMBER 30, 1988

	Governmental Fund Types				Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	Long-Term Debt	
Assets									
Cash	$ (696,128)	$2,087,086	$ 18,847		$ 62,470	$755,966			$ 2,228,241
Investments, at cost	2,512,839	5,676,775	695,117	$14,907,953	2,297,643	123,523			26,213,850
Receivables (net of allowance for uncollectables of:									
Accounts	22,238	6,176			428,683	4,425			461,522
Special assessments	362			1,556					1,918
Due from other county funds	1,127,819	57,588			24,176				1,209,583
Due from other governmental units	287,969	361,913							649,882
Inventory, at cost					123,404				123,404
Restricted assets:									
Investments, at cost					2,419,061				2,419,061
Land					801,848		$ 1,643,745		2,445,593
Buildings and improvements					398,507		15,631,057		16,029,564
Water and sewer systems					13,095,332				13,095,332
Furniture and equipment					1,181,445		12,088,768		13,270,213
Accumulated depreciation					(2,140,831)				(2,140,831)
Construction in progress					414,835		3,310,840		3,725,675
Prepaid expenses					150,400				150,400
Other assets						7,714			7,714
Amounts available in Debt Service Funds								$ 713,963	713,963
Amount to be provided for retirement of general long-term debt								22,201,037	22,201,037
Amount to be provided for retirement of general long-term compensated absences payable								642,486	642,486
Total assets	$3,255,099	$8,189,538	$713,964	$14,909,509	$19,256,973	$891,628	$32,674,410	$23,557,486	$103,448,607

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS

SEPTEMBER 30, 1988

	Governmental Fund Types				Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	Long-Term Debt	
Liabilities and Fund Equity									
Liabilities:									
Vouchers payable and accrued liabilities	$ 776,503	$ 643,113		$ 262,959	$ 281,004				$1,963,579
Customer deposits	277,701	6,708			367,123				651,532
Due to individuals		55				$543,883			543,938
Due to other county funds	26,244	1,026,921			23,280	133,138			1,209,583
Due to other governmental units	135,666	231,525				169,668			536,859
Other liabilities	63,845					44,939			108,784
Revenue bonds payable					7,397,577			$17,990,000	25,387,577
General obligation bonds payable								4,925,000	4,925,000
General long-term compensated absences payable					45,877			642,486	688,363
Total liabilities	1,279,959	1,908,322		262,959	8,114,861	891,628		23,557,486	36,015,215
Fund equity:									
Investment in general fixed assets							$32,674,410		32,674,410
Contributed capital (net of amortization)					6,818,889				6,818,889
Retained earnings: Unreserved					4,323,223				4,323,223
Fund balances:									
Reserved: Capital outlay				14,646,550					14,646,550
Retirement of long-term debt			$713,964						713,964
Unreserved	1,975,140	6,281,216							8,256,356
Total fund equity	1,975,140	6,281,216	713,964	14,646,550	11,142,112		32,674,410		67,433,392
Total liabilities and fund equity	$3,255,099	$8,189,538	$713,964	$14,909,509	$19,256,973	$891,628	$32,674,410	$23,557,486	$103,448,607

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA

COMBINED STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE

ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	General	Special Revenue	Debt Service	Capital Project	Totals (Memorandum Only)
Revenues:					
Taxes	$13,108,992	$ 6,155,681	$1,029,750	$ 34	$20,294,457
Special assessments levied		516,259			516,259
Licenses and permits	803,967				803,967
Federal shared revenues	151				151
State revenues:					
Shared revenues	3,406,774	1,620,852	1,359,877		6,387,503
Grants	123,199	789,390		20,375	932,964
Local grants and shared costs	16,313	38,488			54,801
Charges for services	881,244	2,805,924			3,687,168
Fines and forfeitures	886,662				886,662
Interest income	388,508	461,865	169,995	925,570	1,945,938
Miscellaneous revenue	198,738	166,121		42,274	407,133
Total revenues	19,814,548	12,554,580	2,559,622	988,253	35,917,003
Expenditures:					
Current:					
General government	3,713,429	9,056,638		8,388	12,778,455
Public safety	5,164,850	1,090,075		159,030	6,413,955
Physical environment	299,855			16,467	316,322
Transportation		3,115,189			3,115,189
Economic environment	37,214	406,580			443,794
Human services	721,383	61			721,444
Culture and recreation	913,724	273,136		51,356	1,238,216
Capital outlay	1,595,885	4,138,368		3,934,424	9,668,677
Debt service:					
Principal retirement			1,180,000		1,180,000
Interest and fiscal charges			1,272,408		1,272,408
Total expenditures	12,446,340	18,080,047	2,452,408	4,169,665	37,148,460
Excess (deficit) of revenues over expenditures	7,368,208	(5,525,467)	107,214	(3,181,412)	(1,231,457)
Other financing sources (uses):					
Operating transfers in	903,499	8,285,776	136,198	136,000	9,461,473
Operating transfers (out)	(8,421,776)	(903,499)		(136,198)	(9,461,473)
Bond proceeds and other uses	(15,636)	(33,161)		15,252,530	15,203,733
Excess (deficit) of revenues and other sources over expenditures and other uses	(165,705)	1,823,649	243,412	12,070,920	13,972,276
Fund balance, beginning of year	2,140,845	4,457,568	470,552	2,575,630	9,644,595
Fund balance, end of year	$ 1,975,140	$ 6,281,217	$ 713,964	$14,646,550	$23,616,871

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA

ALL GOVERNMENTAL FUND TYPES

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	$13,979,248	$13,108,992	$ (870,256)	$ 5,760,105	$ 6,155,681	$ 395,576
Special assessments levied				50,900	516,259	465,359
Licenses and permits	819,175	803,967	(15,208)			
Federal shared revenues		151	151			
State revenues:						
Shared revenues	2,998,729	3,406,774	408,045	1,740,000	1,620,852	(119,148)
Grants	172,940	123,199	(49,741)	300,016	789,390	489,374
Local grants and shared costs	2,160	16,313	14,153	29,347	38,488	9,141
Charges for services	757,767	881,244	123,477	2,583,402	2,805,924	222,522
Fines and forfeitures	844,343	886,662	42,319			
Interest income	281,000	388,508	107,508	221,600	461,865	240,265
Miscellaneous revenue	98,000	198,738	100,738	10,795	166,121	155,326
Total revenues	19,953,362	19,814,548	(138,814)	10,696,165	12,554,580	1,858,415
Expenditures:						
Current:						
General government	4,588,844	3,713,429	875,415	9,268,197	9,056,638	211,559
Public safety	5,309,698	5,164,850	144,848	1,180,880	1,090,075	90,805
Physical environment	333,908	299,855	34,053			
Transportation				3,846,298	3,115,189	731,109
Economic environment	37,218	37,214	4		406,580	(406,580)
Human services	727,281	721,383	5,898	62	61	1
Culture and recreation	1,016,084	913,724	102,360	285,107	273,136	11,971
Capital outlay	1,744,379	1,595,885	148,494	6,959,756	4,138,368	2,821,388
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total expenditures	13,757,412	12,446,340	1,311,072	21,540,300	18,080,047	3,460,253
Excess (deficit) of revenues over expenditures	6,195,950	7,368,208	1,172,258	(10,844,135)	(5,525,467)	5,318,668
Other financing sources (uses):						
Operating transfers in	496,674	903,499	406,825	8,362,806	8,285,776	(77,030)
Operating transfers (out)	(8,498,806)	(8,421,776)	77,030	(424,391)	(903,499)	(479,108)
Bond proceeds and other uses	(15,647)	(15,636)	11	(13,964)	(33,161)	(19,197)
Excess (deficit) of revenues and other sources over expenditures and other uses	(1,821,829)	(165,705)	1,656,124	(2,919,684)	1,823,649	4,743,333
Fund balance, beginning of year	2,140,845	2,140,845		4,457,568	4,457,568	
Fund balance, end of year	$ 319,016	$ 1,975,140	$1,656,124	$ 1,537,884	$ 6,281,217	$4,743,333

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA

ALL GOVERNMENTAL FUND TYPES

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	Debt Service Funds			Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	$1,055,349	$1,029,750	$(25,599)		$ 34	$ 34
Special assessments levied						
Licenses and permits						
Federal shared revenues						
State revenues:						
Shared revenues	1,359,877	1,359,877				
Grants				$103,425	20,375	(83,050)
Local grants and shared costs						
Charges for services						
Fines and forfeitures						
Interest income	63,386	169,995	106,609	158,500	925,570	767,070
Miscellaneous revenue					42,274	42,274
Total revenues	2,478,612	2,559,622	81,010	261,925	988,253	726,328
Expenditures:						
Current:						
General government					8,388	(8,388)
Public safety					159,030	(159,030)
Physical environment					16,467	(16,467)
Transportation						
Economic environment						
Human services						
Culture and recreation					51,356	(51,356)
Capital outlay				16,851,624	3,934,424	12,917,200
Debt service:						
Principal retirement	1,185,000	1,180,000	5,000			
Interest and fiscal charges	1,317,302	1,272,408	44,894			
Total expenditures	2,502,302	2,452,408	49,894	16,851,624	4,169,665	12,681,959
Excess (deficit) of revenues over expenditures	(23,690)	107,214	130,904	(16,589,699)	(3,181,412)	13,408,287
Other financing sources (uses):						
Operating transfers in	136,198	136,198		136,000	136,000	
Operating transfers (out)				(136,198)	(136,198)	
Bond proceeds and other uses					15,252,530	15,252,530
Excess (deficit) of revenues and other sources over expenditures and other uses	112,508	243,412	130,904	(16,589,897)	12,070,920	28,660,817
Fund balance, beginning of year	470,552	470,552		2,575,630	2,575,630	
Fund balance, end of year	$ 583,060	$ 713,964	$130,904	$(14,014,267)	$14,646,550	$28,660,817

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA

ALL GOVERNMENTAL FUND TYPES

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	Combined Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$ 20,794,702	$20,294,457	$ (500,245)
Special assessments levied	50,900	516,259	465,359
Licenses and permits	819,175	803,967	(15,208)
Federal shared revenues		151	151
State revenues:			
Shared revenues	6,098,606	6,387,503	288,897
Grants	576,381	932,964	356,583
Local grants and shared costs	31,507	54,801	23,294
Charges for services	3,341,169	3,687,168	345,999
Fines and forfeitures	844,343	886,662	42,319
Interest income	724,486	1,945,938	1,221,452
Miscellaneous revenue	108,795	407,133	298,338
Total revenues	33,390,064	35,917,003	2,526,939
Expenditures:			
Current:			
General government	13,857,041	12,778,455	1,078,586
Public safety	6,490,578	6,413,955	76,623
Physical environment	333,908	316,322	17,586
Transportation	3,846,298	3,115,189	731,109
Economic environment	37,218	443,794	(406,576)
Human services	727,343	721,444	5,899
Culture and recreation	1,301,191	1,238,216	62,975
Capital outlay	25,555,759	9,668,677	15,887,082
Debt service:			
Principal retirement	1,185,000	1,180,000	5,000
Interest and fiscal charges	1,317,302	1,272,408	44,894
Total expenditures	54,651,638	37,148,460	17,503,178
Excess (deficit) of revenues over expenditures	(21,261,574)	(1,231,457)	20,030,117
Other financing sources (uses):			
Operating transfers in	9,131,678	9,461,473	329,795
Operating transfers (out)	(9,059,395)	(9,461,473)	(402,078)
Bond proceeds and other uses	(29,611)	15,203,733	15,233,344
Excess (deficit) of revenues and other sources over expenditures and other uses	(21,218,902)	13,972,276	35,191,178
Fund balance, beginning of year	9,644,595	9,644,595	
Fund balance, end of year	$(11,574,307)	$23,616,871	$35,191,178

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA

COMBINED STATEMENT OF REVENUES AND EXPENDITURES

AND CHANGES IN RETAINED EARNINGS

PROPRIETARY FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	ENTERPRISE
Operating revenues:	
Water sales	$1,720,687
Sewage treatment charges	900,198
Service fees	1,896,488
Merchandise fees	78,457
Total operating revenues	4,595,830
Operating expenses:	
Contractual services	307,085
Salaries and employee benefits	1,283,855
Other operating expenses	775,331
Maintenance	453,317
Depreciation	492,052
Total operating expenses	3,311,640
Operating income	1,284,190
Non-operating revenues (expenses):	
Interest income	309,465
Interest expense	(510,815)
Other revenues	3,203
Other expenses	(55,319)
Total non-operating revenues (expenses)	(253,466)
Net income	1,030,724
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction that reduces contributed capital	131,255
Increase in retained earnings	1,161,979
Retained earnings, beginning of year	3,161,244
Retained earnings, end of year	$4,323,223

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

PROPRIETARY FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	ENTERPRISE
Cash was provided by:	
Net income	$1,030,724
Add (deduct) items not affecting cash:	
Depreciation	492,052
Amortization of bond discount	3,888
Increase in accounts receivable	(139,658)
Increase in inventory	(4,987)
Increase in accounts payable and accrued liabilities	175,189
Change in other current assets and liabilities	1,848
Cash provided by operations	1,559,056
Capital contributions	1,029,765
Increase in customer deposits	38,018
Increase in compensated absences payable	22,974
Total cash provided	2,649,813
Cash was used for:	
Net additions to fixed assets	1,868,689
Increase in restricted assets	294,728
Reduction of long-term debt	121,000
Total cash used	2,284,417
Net increase in cash and investments	365,396
Cash and investments, beginning of year	1,994,717
Cash and investments, end of year	$2,360,113

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA

COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

TRUST AND AGENCY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	Balance September 30, 1987	Additions	Deductions	Balance September 30, 1988
ASSETS				
Cash	$542,786	$56,750,807	$56,537,627	$755,966
Investments	110,585	124,037	111,099	123,523
Juror and witness payrolls	9,962	41,450	43,698	7,714
Accounts receivable	1,958	6,293	3,826	4,425
Total assets	$665,291	$56,922,587	$56,696,250	$891,628
LIABILITIES				
Documentary stamps	$461,559	$ 2,804,072	$ 2,721,748	$543,883
Due to individuals	86,635	23,421,278	23,374,775	133,138
Due to other county funds	94,716	27,136,151	27,061,199	169,668
Due to other governmental agencies	22,381	3,432,329	3,409,771	44,939
Total liabilities	$665,291	$56,793,830	$56,567,493	$891,628

See Accompanying Notes To Financial Statements.

ST. JOHNS COUNTY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

Governmental Fund Types

- The General Fund is used to account for the general operations of the Board which are not accounted for in another fund. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.
- Special Revenue Funds are operating funds used to account for revenues which are restricted or designated as to use by outside sources. The general operating funds of the Clerk of the Circuit and County Courts, Property Appraiser, Supervisor of Elections, Tax Collector and Sheriff are included as special revenue funds.
- Debt Service Funds are used to account for the payment of principal, interest and related costs of general long-term debt. Debt service revenues are primarily derived from property taxes or state-shared revenues.
- Capital Project Funds are used to account for resources designated to construct or acquire general fixed assets and major improvements other than those financed by special assessments or enterprise funds.

Proprietary Fund Types

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

Fiduciary Fund Types

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

Account Groups

- The General Fixed Asset Account Group is used to account for those fixed assets owned by the County except those accounted for in the Enterprise Funds.

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

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

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

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

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

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

Cash and Investments - The County's bank accounts are covered by federal depository insurance. Investments include cash in excess of operating requirements which is invested with the State of Florida Board of Administration, an investment pool controlled by a state agency. Funds can be transferred directly between the County's insured banking institution and the state investment fund. Investment income is recorded in the General fund, except where there is a contractual requirement to record such revenues in another fund. Investments are stated at cost which approximates market value.

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

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

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

NOTE 2 - CASH AND INVESTMENTS

The County's cash and investments are as follows:

Insured deposits (FDIC)	$ 1,522,730
Repurchase agreements with banking institutions	1,003,000
Investment in state investment pool	29,058,970
Small business administration participation certificates (government insured)	46,379
Financing Corporation STRIP coupons (government insured)	204,059
U.S. Treasury Bill, held by banking institution	471,179
U.S. Treasury Note, held by banking institution	32,873
Less: outstanding checks and other reconciling items	(3,897,099)
Total cash and investments	$28,442,091

NOTE 3 - FIXED ASSETS

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

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

The following is a schedule of changes in fixed assets of the General Fixed Asset Account Group for the fiscal year ended September 30, 1988:

	September 30, 1987	Additions	Dispositions	September 30, 1988
Land	$ 1,605,870	$ 37,875	$	$ 1,643,745
Buildings and improvements	14,578,378	$1,181,703	$ 129,024	15,631,057
Furniture and equipment	13,208,678	2,389,367	3,509,277	12,088,768
Construction in progress	981,378	3,467,254	1,137,792	3,310,840
	$30,374,304	$7,076,199	$4,776,093	$32,674,410

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

	September 30, 1987	Additions	Dispositions	September 30, 1988
Land	$ 199,439	$ 602,409	$	$ 801,848
Buildings and improvements	303,868	94,639		398,507
Water and sewer system	13,015,033	80,299		13,095,332
Equipment	473,787	707,658		1,181,445
Construction in progress	31,151	383,684		414,835
	14,023,278	1,868,689		15,891,967
Less: Accumulated depreciation	(1,648,778)	(492,053)		(2,140,831)
	$12,374,500	$1,376,636	$	$13,751,136

NOTE 4 - INTERFUND BALANCES

The summary of individual interfund balances at September 30, 1988 follows:

	Due from other county funds	Due to other county funds
General Fund		
Board of County Commissioners	$1,127,819	$ 26,244
Special Revenue		
Fire District		3,888
County Transportation		32,269
Clerk of the Courts		133,173
Sheriff	25,056	426,231
Tax Collector		467,505
Elkton Drainage District		28
Vilano Street Lighting		67
St. Augustine South-Street Lighting		168
	57,588	1,026,921
Enterprise		
Anastasia Sanitary District		304
Mainland Water System		22,976
	24,176	23,280
Trust and Agency		
Clerk of the Courts		130,923
Sheriff		2,215
		133,138
	$1,209,583	$1,209,583

NOTE 5 - LONG-TERM DEBT

Long-term debt transactions of the County for the year ended September 30, 1988 are summarized below:

	General Government	Enterprise	Total
Long-term debt payable at September 30, 1987	$11,806,161	$7,537,592	$19,343,753
Issuance of long-term debt	17,180,000		17,180,000
Amortization of debt issuance discount		3,888	3,888
Sinking fund payments and maturities	(5,510,000)	(121,000)	(5,631,000)
Increase in liability for compensated absences	81,325	22,974	104,299
Long-term debt payable at September 30, 1988	$23,557,486	$7,443,454	$31,000,940

Long-term debt at September 30, 1988 is comprised of the following individual issues:

General Government:-
Revenue bonds:

$12,495,000 1988 Transportation Improvement Revenue Bonds secured by local option gas tax due in annual installments of $360,000 to $1,140,000 through October 1, 2007; interest at 5.1% to 7.625% payable semi-annually	$12,495,000

$3,140,000 1987 Capital Improvement Revenue Bonds secured by state guaranteed entitlement revenues and parimutuel taxes, due in annual installments of $195,000 to $350,000 through July 1, 2000; interest at 5.0% to 7.875% payable semi-annually	2,945,000
$4,060,000 1986 Refunding Revenue Bonds secured by half-cent sales tax revenues, due in annual installment of $740,000 to $895,000 through October 1, 1991; interest at 4.25% to 5.50% payable semi-annually	2,550,000
	17,990,000
General obligation bonds:	
$1,300,000 1966 General Bonds due in annual installments of $65,000 to $85,000 through July 1, 1991; interest at 4.4% to 5.5% payable semi-annually	240,000
$4,685,000 1988 Limited Ad Valorem Tax Refunding Bonds due in annual installments of $210,000 to $470,000 through March 1, 2003; interest at 5% to 7.3% payable semi-annually	4,685,000
	4,925,000
General long-term compensated absences payable	642,486
Total General Government	$23,557,486
Enterprise:	
Revenue bonds:	
$2,422,700 1981 Water Revenue Bonds secured by County water and sewer revenues, due in annual installments of $26,000 to $137,000 through September 1, 2020; interest at 5% payable annually	$2,267,000

$5,400,000 1986 Water and Sewer Refunding Revenue Bonds secured by County water and sewer revenues, due in annual installments of $90,000 to $460,000 through June 1, 2011; interest at 4.25% to 7.75% payable semi-annually (less unamortized discount of $89,423)	5,130,577
	7,397,577
Enterprise long-term compensated absences payable	45,877
Total Enterprise	$7,443,454

The annual requirements to amortize all debt outstanding as of September 30, 1988, including interest payments of $15,583,795 and $8,230,417 for general government and enterprise fund debt, respectively, are as follows:

Year ending, September 30	General Government	Enterprise	Total
1989	$ 3,128,305	$ 621,662	$ 3,749,967
1990	3,139,275	617,863	3,757,138
1991	3,144,295	623,812	3,768,107
1992	2,105,780	620,788	2,726,568
1993	2,105,945	625,187	2,731,132
1994-Thereafter	24,875,195	12,608,105	37,483,300
	$38,498,795	$15,717,417	$54,216,212

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

In February, 1988 the County issued $4,685,000 in General Obligation Bonds with an average interest rate of 6.3 percent to advance refund $4,330,000 of outstanding 1983 Series bonds with an average interest rate of 7.7 percent. The net proceeds of $4,547,000 (after payment of $138,000 in underwriting fees,

insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1983 Series bonds. As a result, the 1983 Series bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The County advance refunded the 1983 Series bonds to reduce its total debt service payments over the next 15 years by approximately $153,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $105,000.

In prior years the County defeased certain other general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements.

NOTE 6 - PENSION PLAN

The County provides benefits for substantially all of its employees through a defined contribution plan under the State of Florida retirement system. In a non-contributory defined contribution plan, benefits depend solely on amounts contributed to the plan by the Board plus investment earnings. Employees are eligible to participate from the date of employment. State legislation requires that the County contribute an amount equal to a percentage of the employee's gross compensation each month. The County's contributions for each employee are based on employment status (regular members - 13.38%, special risk members - 15.35%, and elected county officers - 17.43%). Members are vested after ten years continuous service and unvested County contributions for employees who leave employment before ten years of service are retained in the Florida Retirement System.

The County's total payroll in fiscal year 1988 was $13,913,934. The County's contributions were calculated using the gross compensation for the employees and County contributions of $1,903,189 were recorded as expenditures or expenses during the current year.

NOTE 7 - COMMITMENTS AND CONTINGENT LIABILITIES

Grants

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

Litigation

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

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

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

Bond Resolution to Constitute Contract

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

Negotiability, Registration, Transfer and Exchange

The Bonds shall be and shall have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive owner, in accepting any Bonds shall be conclusively deemed to have agreed that the same shall be and have all of said qualities and incidents of negotiable instruments.

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

In all cases of the transfer of any Bond, the Registrar shall enter the transfer of ownership in the Bond Register and shall deliver in the name of the transferee or transferees a new registered Bond or Bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Bond Resolution. The County or the Registrar may charge the owner of such Bond for every such transfer an amount sufficient to reimburse it for any tax, fee or other governmental charge required to be

paid with respect to such transfer and may require that such charge be paid before any such new Bond shall be delivered.

The County and the Registrar shall not be required to issue or transfer any Bonds during the period beginning with the fifteenth day next preceding either any interest payment date or any day on which such Bonds shall have been duly called for redemption in whole or in part and with respect to which the applicable notice of redemption shall have been duly given.

New Bonds delivered upon any transfer shall be valid, limited obligations of the County, evidencing the same debt as the Bonds surrendered, shall be payable solely from the Pledged Funds and shall be entitled to all of the security and benefits of the Bond Resolution to the same extent as the Bonds surrendered.

The County and the Registrar may treat the registered owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and any notice to the contrary shall not be binding upon the County or the Registrar.

Bonds Mutilated, Destroyed, Stolen or Lost

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

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

Bonds Not to Be Indebtedness of County

The Bonds shall not be or constitute general obligations or indebtedness of the County as "bonds" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from and secured by a prior lien upon and pledge

of the Pledged Funds as provided in the Bond Resolution. No owner of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power of the County, the State of Florida or any political subdivision thereof to pay the principal of or interest on any Bond or be entitled to payment of such Bond from any moneys of the County except from the Pledged Funds in the manner provided in the Bond Resolution.

Security for Bonds

The payment of the principal of and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and prior lien upon the Pledged Funds. The County irrevocably pledges the Pledged Funds to the payment of the principal of and premium, if any, and interest on the Bonds and for reserves therefor and for all other payments required by the Bond Resolution. The Bonds are payable from the Pledged Funds on a parity, equally and ratably, with the Parity Obligations.

Covenants of the County

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

(A) Revenue Fund. The County shall deposit promptly as received all Pledged Funds into the Revenue Fund established under the Bond Resolution. All moneys on deposit at any time in the Revenue Fund shall be applied by the County only for the purposes and in the manner and order specified in the Bond Resolution.

(B) Disposition of Revenues. All moneys on deposit in the Revenue Fund shall be applied by the County on or before the twenty-fifth day of each month only in the following manner and in the following order of priority:

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

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

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

(4) To deposit in the Reserve Account such sum as will be necessary to maintain in the Reserve Account an amount equal to the Reserve Account Requirement. If a disbursement is made by a Reserve Instrument Provider under a Reserve Instrument, the County shall, promptly following such disbursement, but solely from Pledged Funds and after complying with paragraphs (1), (2) and (3) above, reinstate the limits of such Reserve Instrument to the amount required, or deposit into the Reserve Account funds in an amount sufficient to meet the Reserve Account Requirement, or accomplish a combination of such alternatives; and if compliance with the foregoing part of this sentence does not accomplish the payment and reimbursement to the Reserve Instrument Provider of such disbursement and its expenses and interest in accordance with the Reserve Instrument and any County's reimbursement agreement related thereto, the County shall pay to the Reserve Instrument Provider from Pledged Funds all such sums in full prior to such replenishment of the Reserve Account to the Reserve Account Requirement.

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

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

The Revenue Fund and the Sinking Fund and all other special funds and accounts created and established in the Resolution shall constitute trust funds for the purposes provided in the Bond Resolution. The Bond Resolution creates a lien upon

such funds and accounts in favor of the owners of the Bonds until the moneys deposited therein shall have been applied in accordance with the Bond Resolution.

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

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

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

(C) Compliance with Part VI, Chapter 218, Florida Statutes. The County covenants and agrees that it will comply with all of the provisions of Chapter 218, Part VI, Florida Statutes, as amended, and all applicable regulations thereunder, in order that the County shall at all times receive the maximum allocation which it may be entitled to receive from the Local Government Half-cent Sales Tax Clearing Trust Fund. The County shall not knowingly acquiesce in any attempt to eliminate or reduce the rate of the Sales Tax or the base upon which it is imposed, if such reduction will result in diminishing the Sales Tax proceeds to be received by the County in each future Fiscal Year below an amount equal to 1.25 times the principal of and interest on the Bonds, the Parity Obligations and the Additional Bonds falling due in that year, and will vigorously resist all such attempts by others to eliminate or reduce the same. The County shall comply at all times with the eligibility requirement for participation

in the Sales Tax enumerated in Section 218.63, Florida Statutes. If for any reason the Sales Tax proceeds are found not legally sufficient to produce the full amount of Sales Tax proceeds which such tax might produce in order to meet all the requirements of the Bond Resolution, the County covenants that to the extent permitted by law it will take all action reasonably practicable and feasible to cause the same to be replaced by another equivalent source of available non ad valorem revenues and will dedicate such revenues to the replacement of the Pledged Funds, to the extent necessary.

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

So long as any of the Bonds shall be outstanding, the County will furnish on or before one hundred eighty (180) days after the close of each Fiscal Year, to any owner who shall request the same in writing, copies of an annual audit report prepared by an independent certified public accountant or an auditing official of the State of Florida, covering for the preceding Fiscal Year, in reasonable detail, the record of the County's receipts of Pledged Funds.

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

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

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

(H) Arbitrage. The County covenants that it will not knowingly make any investments or acquiesce in the making of any investments by any depository pursuant to or under the provisions of the Bond Resolution which could cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue

Code of 1986, as amended from time to time, and the applicable regulations issued thereunder (the "Code"). The County covenants that it shall pay from the special account described in paragraph (2) below, any rebate amount required to be paid on behalf of the County to the U.S. Treasury pursuant to Section 148 of the Code. The County shall take the following actions to provide for payment to the U.S. Treasury pursuant to Section 148 of the Code:

(1) Unless the County is furnished with an opinion of Bond Counsel to the effect that failure to make such determinations will not adversely affect the tax-exempt status of the Bonds, the County shall make a determination of the amount required to be paid to the U.S. Treasury at least every year (as of the anniversary of the date of issue of the Bonds) and upon the final payment of the Bonds.

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

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

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

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

(I) Compliance with the Code. The County covenants and agrees that it will take any additional action required to be taken pursuant to the nonarbitrage certificate, or other instructions from Bond Counsel, whether delivered in connection with or subsequent to the issuance and sale of the Bonds, in order to comply with all provisions of the Code compliance with which is required to maintain the tax-exempt status of the interest payable on the Bonds.

Events of Default and Remedies

If one or more of the following events, called "Events of Default," shall happen, that is to say, in case:

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

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

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

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

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

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

(G) the County shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds, the Parity Obligations or the Additional Bonds or in the Bond Resolution on the part of the County to be performed, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given the the County by

the owners of not less than 25% in principal amount of the Bonds, the Parity Obligations or the Additional Bonds then outstanding; or

(H) a default shall occur under the Financial Guaranty Agreement executed by the County and the Insurer in connection with the Reserve Account Surety Bond;

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

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

No delay or omission of any owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by the Bond Resolution to the owners may be exercised from time to time, and as often as may be deemed expedient.

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

Modification or Amendment

The County may, from time to time and at any time, adopt Bond Resolutions supplemental to or amendatory of the Bond Resolution without the consent of the Bondowners for any of the following purposes:

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

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

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

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

(E) To specify and determine any matters and things relative to the Bonds, the Parity Obligations and the Additional Bonds which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect.

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

Defeasance

If, at any time, the County shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to the Bonds, then, and in that event, the pledge of and lien on the Pledged Funds in favor of the owners of such Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit by the County of Federal Securities, or bank certificates of deposit fully secured as to principal and interest by Federal Securities (or deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance), in irrevocable trust with a banking institution

or trust company, for the sole benefit of the owners of such Bonds, in an aggregate principal amount which, together with interest to accrue thereon, will be sufficient to make timely payment of the principal of and redemption premiums, if any, and interest accrued and which shall thereafter accrue on such Bonds in accordance with their terms, the Registrar's and paying agents' fees and expenses with respect thereto and any other expenses occasioned by escrow arrangements or provision for redemption, shall be considered "provision for payment." Nothing contained in the Bond Resolution shall be deemed to require the County to call any of the outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the County in determining whether to exercise any such option for early redemption. The trust agreement providing for the deposit of such securities may provide for the investment of moneys unclaimed by owners and for payment to the County of such unclaimed moneys and investment earnings thereon.

GF04A24

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FOLEY & LARDNER
POST OFFICE BOX 1290
JACKSONVILLE, FLORIDA 32201-1290
1700 FIRST UNION BUILDING
200 WEST FORSYTH STREET
TELEPHONE (904) 356-2029

IN MILWAUKEE, WISCONSIN
FOLEY & LARDNER
777 EAST WISCONSIN AVENUE
MILWAUKEE, WISCONSIN 53202-5367
TELEPHONE (414) 271-2400
TELEX 26-819

MADISON, WISCONSIN
CHICAGO, ILLINOIS
ITASCA, ILLINOIS
WASHINGTON, D.C.
ALEXANDRIA, VIRGINIA
ANNAPOLIS, MARYLAND
ORLANDO, FLORIDA
TALLAHASSEE, FLORIDA
TAMPA, FLORIDA
WEST PALM BEACH, FLORIDA

November __, 1989

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

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Board of County Commissioners (the "Board") of St. Johns County, Florida (the "Issuer"), and other proofs submitted relative to the authorization, issuance and sale of and the security for the following described bonds (the "Bonds"):

$_____
ST. JOHNS COUNTY, FLORIDA
SALES TAX REVENUE BONDS
SERIES 1989
Dated as of October 1, 1989

The Bonds are issued pursuant to the Constitution and laws of the State of Florida, including particularly Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No. 86-89, and Resolution No. 86-132 duly adopted by the Issuer on September 30, 1986, as previously amended and supplemented, as further supplemented by Resolution No. 89-143 duly adopted by the Issuer on June 27, 1989, as amended and supplemented (collectively, the "Resolution"), to finance the cost of the acquisition, erection and construction of new county courthouse and parking facilities and new county administration facilities for the Issuer and the enlargement, remodeling, repairing and improvement of the existing county courthouse and administration facilities of the Issuer. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

The principal of, premium, if any, and interest on the Bonds are payable solely from and secured by a prior lien upon and a pledge of the Local Government Half-cent Sales Tax (as such term is defined in the Resolution), all moneys on deposit to the credit of certain funds and accounts created under the Resolution and the earnings on the investment thereof, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). The Bonds are payable from the Pledged Funds on a parity with the Issuer's outstanding Refunding Revenue Bonds dated as of October 15, 1986 (the "Parity Obligations"), in the manner provided in the Resolution.

The Bonds and the interest thereon do not constitute a general indebtedness of the Issuer or a pledge of its faith and credit, but are payable solely from the Pledged Funds in the manner provided in the Resolution. No owner of any of the Bonds shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay the Bonds or interest thereon or be entitled to payment of the Bonds or interest thereon from any moneys of the Issuer except the Pledged Funds.

The Issuer has reserved the right to issue additional parity bonds to be payable from and secured by the Pledged Funds equally and ratably with the Bonds and the Parity Obligations, upon the terms and conditions prescribed in the Resolution.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing political subdivision of the State of Florida with the power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer enforceable in accordance with their terms.

4. The Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, as defined by Chapter 220, Florida Statutes, as amended.

5. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax applicable to all taxpayers; provided, however, that interest on the Bonds is included in calculating "adjusted net book income" ("adjusted current earnings" for taxable years beginning after 1989) for purposes of calculating the alternative minimum tax imposed on corporations. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements.

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

6. The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution

may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereinafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

GF04A23

FINANCIAL GUARANTY INSURANCE POLICY

Municipal Bond Investors Assurance Corporation
Armonk, New York 10504

Policy No. XXXXXXX

Municipal Bond Investors Assurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [INSERT NAME OF PAYING AGENT] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR AMOUNT]
[LEGAL TITLE OF OBLIGATIONS]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to Citibank, N.A., Citibank, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH AND YEAR].

MUNICIPAL BOND INVESTORS
ASSURANCE CORPORATION

President

Attest:

Assistant Secretary

SPECIMEN

STD-R-4

BOND PURCHASE AGREEMENT

October 24, 1989

Board of County Commissioners
of St. Johns County, Florida
St. Johns County Administration
Building
4020 Lewis Speedway
St. Augustine, Florida 32085

Re: $21,095,000 St. Johns County, Florida Sales Tax Revenue Bonds, Series 1989

Ladies and Gentlemen:

The Underwriter hereby delivers as Attachment I hereto the disclosure statement required by Chapter 218, Part III, Florida Statutes and proposes to purchase all of the Bonds from the County and to make a public offering of the Bonds subject to the acceptance of this proposal by the County on or before 5:00 o'clock p.m. local time then prevailing in St. Augustine, Florida, on October 24, 1989 and subject to the following provisions:

Section 1. Definitions. The following terms shall have the following meanings in this Agreement unless another meaning is plainly intended:

(a) "Accountants" means Price Waterhouse, independent certified public accountants;

(b) "Agreement" means this Bond Purchase Agreement between the Underwriter and the County;

(c) "Bond Counsel" means Foley & Lardner.

(d) "Bonds" means the County's $21,095,000 Sales Tax Revenue Bonds, Series 1989. The Bonds shall be issued under and secured as provided in the Resolution and shall have the maturities and interest rates and be subject to redemption as set forth on Annex A hereto.

(e) "Closing" refers to the transaction at which the Bonds are delivered by the County to the Underwriter, and paid for by the Underwriter, pursuant to this Agreement;

EXHIBIT B

(f) "Closing Documents" means the documents described in Section 9 hereof and required to be delivered to the Underwriter at the Closing;

(g) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder and otherwise in effect;

(h) "Comfort Letter" means the letter from the Accountants to the County and the Underwriter, in form and content satisfactory to the Underwriter and the County, dated the date of Closing, generally to the effect of Annex B hereto;

(i) "County" means the St. Johns County, Florida, a political subdivision organized and existing under the laws of the State of Florida;

(j) "County's Counsel" means James G. Sisco, Esquire;

(k) "Official Statement" means the Official Statement of the County, relating to the Bonds, dated the date hereof;

(l) "Official Statements" means the Official Statement and the Preliminary Official Statement;

(m) "Preliminary Official Statement" means the Preliminary Official Statement of the County relating to the Bonds dated October 17, 1989;

(n) "Resolution" means Resolution No. 86-132 of the County, as amended and supplemented, authorizing the issuance of the Bonds;

(o) "Underwriter" means William R. Hough & Co., acting for and on behalf of itself and such other securities dealers, if any, as may from time to time be designated by the Underwriter;

(p) "Underwriter's Counsel" means Rogers, Towers, Bailey, Jones & Gay.

Section 2. Purchase Price. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter shall purchase and the County shall sell all, but not less than all, of the Bonds at an aggregate purchase price of $19,024,944.65 (net of an underwriting discount of $281,618.25 and an original issue discount of $1,788,437.10) plus accrued interest thereon from October 1, 1989 to the date of Closing.

Section 3. Public Offering. The Underwriter shall make a bona fide public offering of the Bonds at prices not in excess of the initial offering price or prices (or at yields not lower than the yield or yields) set forth in the Official Statement, plus accrued interest on the Bonds. The Underwriter represents that, based on prevailing market conditions, it has no reason to believe that any of the Bonds will be initially sold to the public (excluding bond houses, brokers or similar organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices (or yields lower than the yields) shown on the cover of the Official Statement. The Underwriter shall sell at least 10% of the Bonds of each maturity to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices not greater than the respective prices shown on the cover of the Official Statement, or in the case of discount obligations sold on a yield basis, at yields no lower than the yields shown on such cover, plus accrued interest on the Bonds. The Underwriter reserves the right to change such initial public offering prices as the Underwriter deems necessary in connection with the marketing of the Bonds.

Section 4. Good Faith Check. Delivered to the County herewith is a check payable to the order of the County in the amount of $220,000 as security for the performance by the Underwriter of its obligation to accept and pay for the Bonds on the Closing Date referred to in Section 8 hereof (the "Closing Date") in accordance with the provisions hereof. The County shall hold such check uncashed until the Closing Date. The amount of such check is hereinafter called "Earnest Money." In the event of the Underwriter's compliance with its obligations hereunder, the Earnest Money shall be returned to the Underwriter on the Closing Date upon payment to the County as provided in Section 8 hereof, of the purchase price of the Bonds plus accrued interest. In the event of the County's failure to tender the Bonds on the Closing Date, or if the County shall be unable on the Closing Date to satisfy the conditions to the obligations of the Underwriter contained herein, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, the Earnest Money shall be immediately returned to the Underwriter. If the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by the County on the Closing Date as herein provided, the Earnest Money shall be retained by the County as and for full agreed upon liquidated damages to the County, and not as a penalty, for such failure it being understood and agreed by the parties hereto that

the actual amount of damages caused by such failure to accept and pay for the Bonds may be difficult to ascertain.

Section 5. Representations of County. The County represents to the Underwriter that: (a) on the date hereof and on the date of the Closing the statements and information contained in the Official Statements are and will be true and complete in all material respects, and the Official Statements do not and will not omit any statement or information which is necessary to make the statements and information therein, in light of the circumstances under which they are made, not misleading; (b) the Official Statements do not and will not omit any information with respect to the County or its business, properties and affairs which might in a material respect adversely or unfavorably affect the transactions contemplated by the Official Statements; (c) when delivered to and paid for by the Underwriter at the Closing in accordance with the provisions of this Agreement, the Bonds will have been duly authorized, executed, issued and delivered by the County and, upon being authenticated by the Registrar, will constitute valid, binding and enforceable obligations of the County of the character referred to in the Official Statements, in conformity with, and entitled to the benefit and security of, the Resolution, except that the enforceability of such obligations are subject to applicable bankruptcy, reorganization, insolvency and other similar laws affecting creditors' rights generally; (d) the County is empowered and has been duly authorized to enter into this Agreement and to adopt the Resolution; (e) the execution and delivery of this Agreement, the Bonds and compliance with the provisions thereof, under the circumstances contemplated herein and therein, will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party, or any existing law, administrative regulation, court order or consent decree to which the County is subject; (f) the County has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon; (g) the County has never been in default at any time after December 31, 1975, as to principal of or interest on any obligation pledging the ad valorem taxes or the revenues of the County which it has issued, and to the best of its knowledge, has never been in default at any time after December 31, 1975, as to principal or interest on any other obligation which it has issued; (h) all approvals, consents and orders, if any, of any governmental body having jurisdiction in any matter which would constitute a condition precedent to the performance by the County of its obligations under the Resolution and this Agreement have been

obtained and are in full force and effect; (i) subsequent to the date of the last audited financial statements contained in the Official Statements, there have been no material adverse changes in the assets, liabilities or condition of the County, financial or otherwise, and neither the business, the properties, nor the affairs of the County have been adversely affected in any substantial way as the result of any fire, explosion, accident, strike, riot, flood, windstorm, earthquake, embargo, war or act of God or of the public enemy; and (j) the Preliminary Official Statement is deemed final within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, as of its date, except for omissions of no more than the following information: the offering price(s), the interest rate(s), selling compensation, aggregate principal amount, amount per maturity, delivery date, ratings and other terms depending on such matters.

Section 6. Official Statement; Public Offering. The County shall prepare and deliver to the Underwriter, within such time as reasonably requested by the Underwriter but in any case prior to closing, five hundred (500) copies of the Official Statement or such greater number as shall reasonably be requested, together with all supplements and amendments thereto, substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter (acceptance to be conclusively presumed by the Underwriter's payment for the Bonds), ten copies of which shall be signed on behalf of the County by the Chairman or the Vice Chairman of its Board of County Commissioners. The County agrees that the Official Statement and copies of the Resolution and comparative financial statements of the County may be used by the Underwriter in the public offering of the Bonds; and that they will cooperate with the Underwriter if the Underwriter decides to qualify the Bonds under the securities acts of any state; provided, however, the County shall not be required to register as a dealer or broker in any such state or to qualify to do business in connection with any such qualification of the Bonds for sale in any state.

Section 7. Comfort Letter. The County will cause the Comfort Letter to be delivered to the Underwriter on the date of Closing.

Section 8. Closing, Delivery and Payment. The Bonds shall be printed or lithographed on steel engraved borders as fully registered Bonds in the denomination of $5,000 each or integral multiples thereof as requested by the Underwriter prior to the Closing, and shall be made available for checking and packaging by

representatives of the Underwriter in New York, New York, at a place designated by the Underwriter, not less than 24 hours prior to the Closing.

The Closing shall be held beginning at 9:00 o'clock a.m., November 9, 1989, at the offices of Foley & Lardner, Jacksonville, Florida, or at such later time and other place as is mutually agreeable to the Underwriter and the County. At the Closing, the Underwriter shall accept the delivery of the Bonds from the County and shall make payment therefor as provided herein in federal funds or other immediately available funds upon (i) tender of the definitive Bonds to the Underwriter by the County; and (ii) the delivery by the County to the Underwriter of all of the Closing Documents.

Section 9. Closing Documents. The Closing Documents shall consist of the following, each properly executed, certified or otherwise verified, dated as of the date of Closing, and in such form, as may be satisfactory to Bond Counsel, the Underwriter and Underwriter's Counsel, including, but not limited to, the matters hereinafter set forth:

(a) A certified copy of the Resolution as amended and supplemented to the date of Closing;

(b) The County's closing certificate confirming (i) the representations made by the County herein; (ii) other than as disclosed in the Official Statement, that there is no litigation pending or, to its knowledge, threatened to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds, the Resolution, or in any way contesting the corporate existence or the powers of the County; (iii) other than as disclosed in the Official Statement, that there is no litigation pending or, to its knowledge, threatened against or affecting the County or involving any of the businesses, properties or affairs of the County which involves the possibility of any judgment or liability which may result in any material adverse change in the properties, businesses or assets or in the condition, financial or otherwise, of the County; (iv) the application of the proceeds of the sale of the Bonds as described in the Resolution; and (v) the adoption and present effectiveness of all resolutions considered necessary, in the opinion of Bond Counsel and Underwriter's Counsel, in connection with the transactions contemplated hereby, together with copies of said resolutions;

(c) Evidence satisfactory to Bond Counsel to the effect that Section 3.06E of the Resolution has been complied with to enable the Bonds to be on a parity as to lien on the Pledged Funds (as defined in the Resolution) with all bonds issued and outstanding under the Resolution;

(d) The unqualified approving opinion of Bond Counsel, dated the date of Closing, substantially in the form of Appendix D of the Preliminary Official Statement;

(e) An opinion of Bond Counsel in form satisfactory to the Underwriter and Underwriter's Counsel regarding the federal income tax treatment of the original issue discount;

(f) A reliance letter of Bond Counsel, dated the date of Closing, addressed to the Underwriter to the effect that the Underwriter may rely on the opinion of Bond Counsel described in paragraph (c) above as if such opinion were addressed to them;

(g) A supplemental opinion of Bond Counsel, dated the date of Closing, addressed to the Underwriter and the County to the effect that: (i) the information contained in the Official Statement under the headings "SUMMARY STATEMENT--Authority and Security for the Bonds," "DESCRIPTION OF THE BONDS," "AUTHORITY AND SECURITY FOR THE BONDS," "TAX MATTERS," and "APPENDIX C--Summary of Certain Provisions of the Bond Resolution" are accurate statements or summaries of the matters set forth therein and fairly present the information purported to be shown, and nothing has come to their attention which would lead them to believe that such sections of the Official Statement contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements, in light of the circumstances in which they were made, not misleading; (ii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and (iii) the County has taken the actions required by Florida Statutes Section 138.12 to allow a portion of the Project (as defined in the Official Statement) to be constructed outside the municipal boundary of St. Augustine, Florida in the location designated by Resolution 89-198 of the County.

(h) An opinion of the County's Counsel (which may assume that the interest on the Bonds is excluded from gross income for federal income tax purposes and that neither the Bonds, this Agreement, the Resolution, or any other matter or documents need to be registered or qualified under the Securities Act of

1933, as amended, the Trust Indenture Act of 1939, as amended, or the securities or blue sky laws of any jurisdiction) to the effect that (i) the County is a political subdivision organized and validly existing under the laws of the State of Florida and has all the necessary power and authority to issue the Bonds and enter into this Agreement; (ii) this Agreement and the Bonds have been duly authorized, executed and delivered by the County and, with respect to this Agreement, assuming due execution hereof by the Underwriter and, with respect to the Bonds, assuming proper authentication thereof by the Registrar, constitute legal, valid and binding obligations of the County enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, reorganization, insolvency and other similar laws affecting the enforcement of creditors' rights generally, and no opinion need be expressed as to the availability of any discretionary equitable remedy; (iii) the County has approved the Official Statement and the execution and delivery thereof to the purchasers of the Bonds; (iv) the execution and delivery of the Bonds and this Agreement, the adoption of the Resolution and the issuance of the Bonds pursuant thereto, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any existing law, regulation, court order or consent decree to which the County is subject; (v) nothing has come to his attention which would lead him to believe that the Official Statement (with the exception of financial and statistical information) contains an untrue statement of a material fact, or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (vi) other than as disclosed in the Official Statement, no litigation or proceeding is pending or to the best of his knowledge is threatened against or affecting the County to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds or of this Agreement, or in any way contesting the existence or the powers of the County; (vii) other than as disclosed in the Official Statement, no litigation or proceeding is pending or to the best of his knowledge is threatened against or affecting the County or involving any of the business, property or affairs of the County which involves the possibility of any judgment or liability which may result in any material adverse change in the financial condition of the County (viii) the County has obtained the consents, approvals, authorizations or other orders of all municipal, state or regulatory authorities required for the issuance of the Bonds,

(ix) the County has taken the actions required by Florida Statutes Section 138.12 to allow a portion of the Project (as defined in the Official Statement) to be constructed outside the municipal boundary of St. Augustine, Florida in the location contemplated by Resolution 89-198 of the County;

(i) A copy of all historical financial statements included in the Official Statement, together with the report issued in connection therewith, manually signed by the Accountants, and the Accountants' consent to the use of their report in the Official Statement and to the references to their firm therein;

(j) Appropriate arbitrage certifications and agreements by the County in form and substance satisfactory to Bond Counsel and Underwriter's Counsel;

(k) A municipal bond insurance policy issued by Municipal Bond Investors Assurance Corporation insuring the payment of the principal of and interest on the Bonds when due;

(l) Appropriate evidence that the Bonds have been assigned ratings of Aaa by Moody's Investors Service and AAA by Standard & Poor's Corporation;

(m) A surety bond issued by Municipal Bond Investors Assurance Corporation relating to the Reserve Account (as defined in the Resolution) as described in the Official Statement;

(n) A certificate of the Registrar and Paying Agent relating to the incumbency of its officers and its power to serve as Registrar and Paying Agent in form and substance acceptable to Bond Counsel and Underwriter's Counsel;

(o) The opinion of Underwriter's Counsel, dated the date of Closing, in form and substance acceptable to the Underwriter;

(p) A certificate of the County and study of an independent architect or engineer, the form and substance of which are acceptable to Bond Counsel, sufficient to permit Bond Counsel to conclude that the Project (as defined in the Resolution) is entitled to a four year temporary period as permitted by Treasury Regulation Sections 1.103-14(b)(5) and 1.103-13(a)(2)(ii).

(q) Such additional legal opinions, certificates, instruments and other documents and such multiple copies of the

above listed documents as the Underwriter, Underwriter's Counsel or Bond Counsel may reasonably request to evidence compliance by the County with legal requirements; the truth and accuracy, as of the date of Closing, of the respective representations contained herein and in the Official Statement; and the due performance or satisfaction by them of all agreements to be performed by them and all conditions to be satisfied by them at or prior to the Closing.

Section 10. Termination by Underwriter. This Agreement may be terminated in writing prior to the Closing by the Underwriter if any of the following shall occur: (i) this Agreement shall not have been accepted by the County within the time herein provided; (ii) the signed Official Statement and the Comfort Letter shall not have been provided within the time required by this Agreement; (iii) the Bonds and all of the Closing Documents shall not have been delivered to the Underwriter as of 2:00 p.m. (unless such time shall have been extended by mutual agreement of the parties hereto) on the date of Closing; (iv) (a) legislation shall have been enacted by the Congress, or introduced in the Congress, or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or (b) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (c) an order, ruling, regulation or communication (including a press release) shall have been issued by the Treasury Department of the United States, the Internal Revenue Service or the Securities and Exchange Commission, or (d) any action shall be taken or statement made by or on behalf of the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, which indicates or implies that interest on obligations such as the Bonds may not be excludable from gross income for federal income tax purposes or that legislation will be introduced in the next scheduled session of the United States Congress, in each case referred to in clauses (a), (b), (c) and (d), with the purpose or effect, directly or indirectly, of (x) imposing federal income taxation upon interest to be received by any holders of the Bonds or (y) requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933 or the Resolution to be qualified as an indenture under the Trust Indenture Act of 1939; (v) there shall exist any event or circumstance which, in the reasonable opinion of the Underwriter, either makes untrue or incorrect in a material respect any statement or

information contained in the Official Statement, or any event or circumstance is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in a material respect; (vi) there shall have occurred any outbreak of hostilities or other national or international calamity or crisis, the effect of such outbreak, calamity or crisis on the financial markets of the United States of America being such as in the reasonable opinion of the Underwriter, would make it impracticable for the Underwriter to sell the Bonds; (vii) there shall be in force a general suspension of trading on the New York Stock Exchange, or any other major United States stock exchange, or minimum or maximum prices for trading shall have been fixed and be in force; (viii) in the reasonable judgment of the Underwriter the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be adversely affected because: (a) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any United States governmental authority or by any United States national securities exchange, or (b) the New York Stock Exchange or other United States national securities exchange, or any United States governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; (ix) a general banking moratorium shall have been declared by either federal, New York or Florida authorities having jurisdiction, and shall be in force; or (x) there shall have occurred any material adverse change in the affairs of the County.

Section 11. Termination by County. This Agreement may be terminated in writing by the County in the event that the Underwriter shall fail to accept delivery of the Bonds on the Closing Date upon tender thereof to the Underwriter by the County, and delivery to the Underwriter of all of the Closing Documents.

Section 12. Changes Affecting the Official Statement After the Closing. After the Closing, and so long as the Underwriter or any participating dealer shall be offering Bonds which constitute the whole or a part of their unsold participations, but in no event later than 90 days after the Closing, the County will not adopt any amendment of or supplement to the Official Statement except with the written consent of the Underwriter, which consent shall not be unreasonably withheld; and during such period of time, if any event relating to or affecting the County shall occur the result of which shall make it necessary, in the reasonable

opinion of the (i) County or (ii) Underwriter or Underwriter's Counsel, to amend or supplement the Official Statement in order to make it not misleading in the light of the circumstances existing at that time, the County shall forthwith prepare and furnish to the Underwriter, at the County's expense, a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Underwriter, so that it then will not contain an untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances existing at that time, not misleading.

Section 13. Expenses. The Underwriter shall pay its own out-of-pocket expenses, the fees and expenses of Underwriter's Counsel, and the fees and expenses in connection with the preparation of the Legal Investment Survey and Blue Sky Memorandum and the registration of the Bonds for "Blue Sky" purposes.

The County shall pay all of the other costs and expenses in connection with the financing contemplated by this Agreement, including, but not limited to: (i) the fees and expenses of Bond Counsel, Counsel to the County and the expenses of the County, if any; (ii) fees and expenses incurred for the preparation of the Comfort Letter, and the fees and expenses of any other experts or consultants; (iii) the cost of preparation and printing of the Bonds; (iv) the cost of printing and duplication for the Official Statements and any amendments or supplements thereto; (v) bond rating agency fees; and (vi) premium and fees for the municipal bond insurance policy.

Section 14. Notices. Any notice or other communication to be given to the County under this Agreement may be given by delivering the same in writing to the address set forth above; and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to the Underwriter addressed to William R. Hough & Co., 1440 First Union Building, Jacksonville, Florida 32202.

Section 15. Parties and Interests; County's Undertakings; Survival of Representations. This Agreement is made solely for the benefit of the County and the Underwriter, including the successors and assigns of the Underwriter, and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof except as provided in Section 13 hereof. All representations and agreements by the County in

this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Underwriter, and shall survive the delivery of and payment for the Bonds.

WILLIAM R. HOUGH & CO.

By: _____
Senior Vice President

(SEAL)

Accepted by the Board of County Commissioners of St. Johns County, Florida on October 24, 1989

By: _____
Chairman

ATTACHMENT I

William R. Hough & Co.

1440 FIRST UNION BUILDING
JACKSONVILLE, FLORIDA 32202
904 · 355-6691

EDWARD R. WULBERN
SENIOR VICE PRESIDENT
RESIDENT MANAGER

S. JACK LARKINS
FIRST VICE PRESIDENT

MITCHELL N. OWENS
SENIOR VICE PRESIDENT

INMAN P. CRUTCHFIELD, JR.
VICE PRESIDENT

October 24, 1989

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

Re: $21,095,000 St. Johns County, Florida Sales Tax Revenue Bonds, Series 1989

Dear Ladies and Gentlemen:

Pursuant to Florida Statutes, Section 218.385(4), the following information is provided.

1. The estimated amount of expenses which the managing underwriter expects to incur with respect to the captioned obligations (the "Bonds") is as follows:

Clearance	$ .50 per $1,000
Underwriter's Counsel	$ .85 per $1,000
Other Expenses	$1.50 per $1,000

2. There are no finders, as defined in Section 218.386, Florida Statutes, who have been employed by the managing underwriter in connection with the issuance of the Bonds.

3. The amount of underwriting spread expected to be realized with respect to the Bonds is $13.35 per $1,000 which includes $ .68 per $1,000 risk and $8.32 per $1,000 takedown.

4. The management fee expected to be charged by the managing underwriter is $1.50 per $1,000.

5. The underwriter is William R. Hough & Co., 1440 First Union Building, Jacksonville, Florida 32202.

Sincerely,

WILLIAM R. HOUGH & CO.

Mitchell N. Owens
Senior Vice President

MNO:dad

ANNEX A

MATURITIES, AMOUNTS AND INTEREST RATES
$3,015,000 Serial Bonds

Maturity October 1,	Amount	Interest Rate
1993	$300,000	6.20%
1994	320,000	6.30
1995	340,000	6.40
1996	360,000	6.50
1997	385,000	6.60
1998	410,000	6.70
1999	435,000	6.80
2000	465,000	6.90

$2,215,000 7% Term Bonds due October 1, 2004
$5,655,000 7% Term Bonds due October 1, 2011
$2,150,000 5% Term Bonds due October 1, 2013
$8,060,000 6% Term Bonds due October 1, 2019

REDEMPTION PROVISIONS

The Bonds maturing October 1, 1993 through 1997 are not subject to redemption prior to maturity.

The Bonds maturing October 1, 1998 through 2011 may, at the option of the County, be called for redemption prior to maturity in whole on any date on or after October 1, 1997, or in part by lot (within maturities designated by the County, which designation may include the redemption of an entire maturity or maturities) on October 1, 1997, or any interest payment date thereafter at a redemption price (plus accrued interest to the date fixed for redemption) equal, for each period indicated below, to the percentage of the principal amount thereof shown in the following table:

Redemption Dates (both dates inclusive)		Redemption Price
From	To	
October 1, 1997	September 30, 1998	102 %
October 1, 1998	September 30, 1999	101.5
October 1, 1999	September 30, 2000	101
October 1, 2000	September 30, 2001	100.5
October 1, 2001	and thereafter	100

The Bonds maturing October 1, 2013 and October 1, 2019 are not subject to redemption prior to October 1, 1999. Such Bonds may be called for redemption prior to maturity in whole on any date on or after October 1, 1999, or in part by lot (within maturities designated by the County, which designation may include the redemption of either maturity) on October 1, 1999 or any interest payment date thereafter at par plus accrued interest to the date fixed for redemption.

Term Bonds maturing on October 1, 2004, as set forth in the table below, are subject to mandatory redemption by lot prior to maturity on October 1 in the years and amounts shown below at par (plus accrued interest to the redemption date), from Amortization Installments required to be paid in such years and amounts:

Years	Amount
2001	$500,000
2002	535,000
2003	570,000
2004 (maturity)	610,000

Term Bonds maturing on October 1, 2011, as set forth in the table below, are subject to mandatory redemption by lot prior to maturity on October 1 in the years and amounts shown below at par (plus accrued interest to the redemption date), from Amortization Installments required to be paid in such years and amounts:

Years	Amount
2005	$655,000
2006	700,000
2007	750,000
2008	800,000
2009	855,000
2010	915,000
2011 (maturity)	980,000

Term Bonds maturing on October 1, 2013, as set forth in the table below, are subject to mandatory redemption by lot prior to maturity on October 1 in the years and amounts shown below at par (plus accrued interest to the redemption date), from Amortization Installments required to be paid in such years and amounts:

Years	Amount
2012	$1,050,000
2013 (maturity)	1,100,000

Term Bonds maturing on October 1, 2019, as set forth in the table below, are subject to mandatory redemption by lot prior to maturity on October 1 in the years and amounts shown below at par (plus accrued interest to the redemption date), from Amortization Installments required to be paid in such years and amounts:

Years	Amount
2014	$1,155,000
2015	1,225,000
2016	1,300,000
2017	1,375,000
2018	1,460,000
2019 (maturity)	1,545,000

ANNEX B

<CLOSING DATE>

To the Board of County Commissioners
of St. Johns County, Florida
and
William R. Hough & Co.

Dear Sirs:

This letter is being written in response to Section 7 of the Bond Purchase Agreement (the "Agreement") dated October ___, 1989 between St. Johns County, Florida (the "County") and William R. Hough & Co. We have audited the general purpose financial statements of St. Johns County, Florida as of and for the year ended September 30, 1988. These financial statements and our report thereon dated December 16, 1988 are included in the Official Statement of the $24,000,000 St. Johns County, Florida Sales Tax Revenue Bonds, Series 1989, dated October __, 1989 (the "Official Statement"). As to the aforementioned financial statements, we are independent accountants with respect to the County within the meaning of Rule 101 of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

In connection with the Official Statement:

1. We have not audited any financial statements of the County as of any date or for any period subsequent to September 30, 1988. Therefore, we are unable to and do not express any opinion on the financial position, results of operations or changes in financial position for any period subsequent to September 30, 1988.

2. For purposes of this letter, we have read the minutes of the meetings of the Board of County Commissioners of St. Johns County, Florida for the period October 1, 1988 through <FIVE DAYS PRIOR TO CLOSING DATE> as set forth in the minute books at <FIVE DAYS PRIOR TO CLOSING DATE>, officials of the County having advised us that the minutes of all such meetings through that date were set forth therein, and have carried out other procedures to <FIVE DAYS PRIOR TO CLOSING DATE> (our work did not extend to the period from <FOUR DAYS PRIOR TO CLOSING DATE> to <CLOSING DATE>, inclusive) as follows:

a. County officials have advised us that no financial statements as of any date or for any period subsequent to September 30, 1988 are available. We have made inquiries of certain officials of the County who have responsibility for financial and accounting matters as to whether (i) there was any change at September 30, 1989 in the long term debt or decrease in the fund balance of the County as compared with amounts shown on the September 30, 1988 combined balance sheet of the County or (ii) for the period from October 1, 1988 to September 30, 1989, there were any decreases, as compared with the corresponding period in the preceding year, in the combined revenues of the County. On the basis of these inquires and our reading of the minutes as described above, nothing came to our attention that caused us to believe that there was any such change or decrease, except as described in the following sentence. County officials have informed us that the balance of long term debt at September 30, 1989 is $_____ compared to $31,000,940 at September 30, 1988.

The foregoing procedures do not constitute an audit made in accordance with generally accepted auditing standards. Also, they would not necessarily reveal any material misstatement of the financial data referred to above. Accordingly, we make no representations as to the sufficiency of the foregoing procedures for your purposes.

3. For purposes of this letter, we have also read the following information (set forth in the Official Statement on page <___>, as indicated) and have performed the additional procedures stated below with respect to such information. Our audit of the financial statements for the period referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For neither the period referred to therein nor any other period did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated below and, accordingly, we express no opinion thereon.

Item	Page	Description, Procedures and Findings
		"St. Johns County, Florida Sales Tax Collections and Local Government Half-cent Sales Tax Distributions"
a.	___	"Distributions of Half-cent Sales Tax to County." We compared the dollar amounts under the heading "Distribution of Half-cent Sales Tax to County" for each of the fiscal years ended September 30, 1983 through 1988 to corresponding amounts appearing in the accounting records for the respective years and found them to be in agreement.

This letter is solely for the information of the Board of County Commissioners and for the information of, and assistance to, William R. Hough & Co. in conducting and documenting their investigation of the affairs of the County in connection with the offering of the securities covered by the Official Statement and is not to be used, circulated, quoted, or otherwise referred to within or without the underwriting group for any other purpose, including but not limited to the registration, purchase or sale of securities, nor is it to be filed with or referred to in whole or in part in the Official Statement or any other document, except that reference may be made to it in the underwriting agreement or in any list of closing documents pertaining to the offering of the securities covered by the Official Statement.

Yours very truly,

EXHIBIT C

INSURER'S COMMITMENTS

GF04A22

EXHIBIT C

COMMITMENT TO ISSUE A
MUNICIPAL BOND GUARANTY INSURANCE POLICY

Application No.: 89-09-6388
Sale Date: October 18, 1989
Program Type: Negotiated DP

RE: $23,533,214 (Est.) St. Johns County, Florida, Satles Tax Revenue Bonds, Series 1989 (the "Obligations")

This commitment to issue a municipal bond guaranty insurance policy (the "Commitment") dated October 10, 1989, constitutes an agreement between St. Johns County, Florida (the "Applicant"), and MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION (the "Insurer"), a stock insurance company incorporated under the laws of the State of New York.

Based on an approved application dated September 27, 1989, the Insurer agrees, upon satisfaction of the conditions herein, to issue on the earlier of (i) 120 days of said approval date or (ii) on the date of delivery of and payment for the Obligations, a municipal bond insurance policy (the "Bond Insurance Policy"), for the Obligations, insuring the payment of principal of and interest on the Obligations when due. The issuance of the Bond Insurance Policy shall be subject to the following terms and conditions:

1. Payment by the Applicant, or by the Trustee on behalf of the Applicant, on the date of delivery of and payment for the Obligations, the following payments:
   a. a nonrefundable premium in the amount of .399% of total debt service, premium rounded to the nearest $1,000. The premium set out in this paragraph 1.a. shall be the total premium required to be paid on the Bond Insurance Policy issued pursuant to this Commitment; and
   b. rating agencies' fees in the amount of $6,500 in connection with obtaining the initial ratings on the Obligations.
2. The Obligations shall have received the unqualified opinion of bond counsel with respect to the tax-exempt status of interest on the Obligations.
3. There shall have been no material adverse change in the Obligations or the Resolution, Bond Ordinance, Trust Indenture or other official document authorizing the issuance of the Obligations or in the final official statement or other similar document, including the financial statements included therein.
4. There shall have been no material adverse change in any information submitted to the Insurer as a part of the application or subsequently submitted to be a part of the application to the Insurer.
5. No event shall have occurred which would allow any underwriter or any other purchaser of the Obligations not to be required to purchase the Obligations at closing.

6. All documents executed in connection with the issuance of the Obligations shall contain a provision which requires copies of any amendments to such documents consented to by the Insurer to be sent to Standard & Poor's.

7. A Statement of Insurance satisfactory to the Insurer shall be printed on the obligations.

8. Prior to the delivery of and payment for the Obligations, none of the information or documents submitted as a part of the application to the Insurer shall be determined to contain any untrue or misleading statement of a material fact or fail to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading.

9. No material adverse change affecting any security for the Obligations shall have occurred prior to the delivery of and payment for the Obligations.

10. This Commitment may be signed in counterpart by the parties hereto.

11. Standard debt service reserve fund replacement if reserve funds are common for all parity debt.

12. Delete provisions for variable rate debt.

13. Standard permitted investments and defeasance provisions (See attached).

14. Standard debt service reserve fund surety's repayment from first available funds. Refer to the 4th paragraph on page 2 of the Reassure Program Term Sheet (See attached).

15. Additional bonds test should include requirement that there not be an existing event of default.

Dated this 10th day of October, 1989.

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION

By _____
Assistant Secretary

St. Johns County, Florida

By_____
Title: _____

COMMITMENT TO ISSUE A
DEBT SERVICE RESERVE SURETY BOND

Application No.: 89-09-6389
Sale Date: October 18, 1989
Program Type: Negotiated DP

RE: 2,038,835 Debt Service Reserve Fund for the $23,533,214 (Est.) St. Johns County, Florida, Satles Tax Revenue Bonds, Series 1989 (the "Obligations")

This commitment to issue a debt service reserve surety bond (the "Commitment") dated October 10, 1989, constitutes an agreement between St. Johns County, Florida, (the "Applicant"), and MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION (the "Insurer"), a stock insurance company incorporated under the laws of the State of New York.

Based on an approved application dated September 27, 1989, the Insurer agrees, upon satisfaction of the conditions herein, to issue on the earlier of (i) 120 days of said approval date or (ii) on the date of delivery of and payment for the Obligations, a debt service reserve surety bond (the "Surety Bond"), for the Obligations, guaranteeing the payment to the issuer of up to $2,038,835 on the Obligations. The issuance of the Surety Bond shall be subject to the following terms and conditions:

1. Payment by St. Johns County, Florida, or by the Trustee on behalf of St. Johns County, Florida, on the date of delivery of and payment for the Obligations, the following payment: a nonrefundable premium in the amount of 4.0% of the surety amount, premium rounded to the nearest $1,000. The premium set out in this paragraph shall be the total premium required to be paid on the Surety Bond issued pursuant to this Commitment.

2. The Obligations shall have received the unqualified opinion of bond counsel with respect to the tax-exempt status of interest on the Obligations.

3. There shall have been no material adverse change in the Obligations or the Resolution, Bond Ordinance, Trust Indenture or other official document authorizing the issuance of the Obligations or in the final official statement or other similar document, including the financial statements included therein.

4. There shall have been no material adverse change in any information submitted to the Insurer as a part of the Application or subsequently submitted to be a part of the Application to the Insurer.

5. No event shall have occurred which would allow any underwriter or any other purchaser of the Obligations not to be required to purchase the Obligations at closing.

6. All documents executed in connection with the issuance of the Obligations shall contain a provision which requires copies of any amendments to such documents consented to by the Insurer to be sent to Standard & Poor's.

7. Prior to the delivery of and payment for the Obligations, none of the information or documents submitted as a part of the Application to the Insurer shall be determined to contain any untrue or misleading statement of a material fact or fail to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading.

8. No material adverse change affecting any security for the Obligations shall have occurred prior to the delivery of and payment for the Obligations.

9. This Commitment may be signed in counterpart by the parties hereto.

10. Standard debt service reserve fund replacement if reserve funds are common for all parity debt.

11. Delete provisions for variable rate debt.

12. Standard permitted investments and defeasance provisions (See attached).

13. Standard debt service reserve fund surety's repayment from first available funds. Refer to the 4th paragraph on page 2 of the Reassure Program Term Sheet (See attached).

14. Additional bonds test should include requirement that there not be an existing event of default.

Dated this 10th day of October, 1989.

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION

By _____
Assistant Secretary

St. Johns County, Florida

By_____
Title: _____

LIST OF PERMISSIBLE INVESTMEN.
FOR INDENTURED FUNDS

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America:

1. U.S. Export-Import Bank: Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration: Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures
5. General Services Administration: Participation certificates
6. Government National Mortgage Association ("GNMA"): GNMA - guaranteed mortgage-backed bonds; GNMA - guaranteed pass-through obligations (not acceptable for certain cash-flow sensitive issues.)
7. U.S. Maritime Administration: Guaranteed Title XI financing
8. New Communities Debentures: U.S. government guaranteed debentures
9. U.S. Public Housing Notes and Bonds: U.S. government guaranteed public housing notes and bonds
10. U.S. Department of Housing and Urban Development: Project Notes; Local Authority Bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following U.S. government agencies (non-full faith and credit agencies):

1. Federal Home Loan Bank System: Senior debt obligations
2. Federal Home Loan Mortgage Corporation: Participation Certificates; Senior debt obligations
3. Federal National Mortgage Association: Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association: Senior debt obligations

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAAm; or AAm.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC or FSLIC.

G. Investment Agreements, including GIC's, acceptable to MBIA.

H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's or "A-1" or better by S&P.

I. Bonds or notes issued by any state or municipality which are rated by Moody's or S&P in one of the two highest rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

K. Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.
Repurchase Agreements must satisfy the following criteria or be approved by MBIA.

1. Repos must be between the municipal entity and a dealer bank or securities firm
   a. Primary dealers on the Federal Reserve reporting dealer list, or
   b. Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.
2. The written repo contract must include the following:
   a. Securities which are acceptable for transfer are:
      (1) Direct U.S. governments, or
      (2) Federal agencies backed by the full faith and credit of the U.S. government
   b. The term of the repo may be up to 30 days
   c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
   d. Valuation of Collateral
      (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest
         (a) The value of collateral must be equal to 102% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 102% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred.
3. Legal opinion which must be delivered to the municipal entity:
   a. Repo meets guidelines under state law for legal investment of public funds.

L. Defeasance should require the deposit of cash or U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -- "SLGSs"), direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities and obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

1. U.S. Export-Import Bank
   Direct obligations or fully guaranteed certificates of beneficial ownership

2. Farmers Home Administration
   Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures

5. General Services Administration
   Participation certificates

6. U.S. Maritime Administration
   Guaranteed Title XI financing

7. New Communities Debentures
   U.S. government guaranteed debentures

8. U.S. Public Housing Notes and Bonds
   U.S. government guaranteed public housing notes and bonds

9. U.S. Department of Housing and Urban Development
   Project Notes
   Local Authority Bonds

M. Prerefunded municipals are permitted investments for defeasance with the following criteria:
Prerefunded municipal bonds must be rated "#Aaa" by Moody's or "AAA" by S & P.
If the issue is only rated by S & P (i.e. there is no Moody's rating) then the prerefunded bonds must have been prerefunded with cash, direct U.S., or U.S. guaranteed obligations, or AAA-rated prerefunded municipals that satisfy this condition.

N. Acceleration: Other than the usual redemption provisions, any acceleration of principal payments must require MBIA Corp. approval.

THE REASSURE PROGRAM

TERM SHEET

Introduction

Municipal Bond Investors Assurance Corporation (the "Insurer") can, under certain circumstances, issue a debt service reserve fund surety bond (the "Surety Bond"), to be used as a replacement for a cash funded reserve, in any amount up to the full amount of the debt service reserve fund requirement. The premium for this Surety Bond may either be paid (i) in full at closing, generally ranging from 3% to 5% of the Surety Bond face amount; or (ii) in annual installments on the first day of each bond year, generally in an amount equal to 25 to 50 basis points of the Surety Bond face amount.

The Insurer requires that the issuer and/or the underlying obligor of the bonds enter into a Financial Guaranty Agreement with the Insurer, providing for, among other things, payment of the annual premium, if any, and the reimbursement to the Insurer of amounts drawn under the Surety Bond. A sample draft of the Financial Guaranty Agreement is attached.

The Insurer will undertake its standard credit analysis of the issuer and/or obligor, which may result in requests for modifications of the structure or of certain provisions of the bond documents. These changes would be in addition to the standard specific changes required in all financings where a Surety Bond will be issued (see Required Terms below).

The Surety Bond can be structured to provide a debt service reserve fund replacement for the current issue of bonds and any other debt issued on a parity therewith. However, in all cases, the Surety Bond will expire on the final maturity date of the current issue unless earlier terminated, in the case of Surety Bonds subject to annual premium installments, (i) at the option of the issuer, or (ii) at the direction of the Insurer due to non-payment of any required annual premium. Surety Bond premiums paid prior to the date of early termination are, in all cases, nonrefundable.

The premium charged and the program criteria are subject to change by the Insurer

General Provisions

Provision should be made in the bond documents for the creation of a debt service reserve fund and for maintenance of that fund at a specified level. The bond documents should also state that the debt service reserve fund requirement may be satisfied by cash, a qualified surety bond (or its equivalent), or a combination of these two. A "qualified surety bond" means a

surety bond issued by an insurance company rated in the highest rating category by A.M. Best & Company, Standard & Poor's, or Moody's.

In the event that the issuer and/or obligor exercises its right to terminate a Surety Bond subject to annual premium installments, the bond indenture or resolution should permit such termination only after the issuer and/or obligor has fully funded the reserve, substituted a qualified surety bond, or obtained another substitute instrument consistent with the rating(s) on the financing.

In those instances where the issuance of parity debt will cause the debt service reserve fund requirement to increase, the Insurer requires that at the time of issuance of such parity debt, either cash or a qualified surety bond be provided so that the increased debt service reserve fund requirement will be satisfied.

Where the debt service reserve consists of both an MBIA Surety Bond and cash, the Insurer requires that the cash be drawn down completely before any demand is made on the Surety Bond.

With regard to replenishment, any available monies, as defined in the Indenture or Resolution, should be used first, to reimburse the Insurer, thereby reinstating the Surety Bond (unless the annual premium has not been paid and the Insurer has given notice of termination); and second, to replenish the cash in the debt service reserve fund.

If the documents provide for the issuance of additional bonds that do not share a common reserve fund with the current issue, the Insurer can issue a surety bond that is, by its terms, available only as a reserve for the current issue. In such cases, the Insurer would require a covenant that any revenues available for debt service must be distributed between the current issue and any additional bonds on a pro rata basis without regard to the existence of debt service reserve funds.

Required Terms

With respect to any security interest in collateral granted to the bondholders, the Insurer should be granted that same interest subject only to that of the bondholders. This would apply to existing security, if any, as well as any to be granted in the future.

The rate covenant, if any, should be expanded so that, in addition to all other coverage requirements, there are sufficient monies available to pay all amounts owed to the Insurer under the terms of the Financial Guaranty Agreement, including the annual premium, if any.

In general, the "flow of funds" under the bond indenture or resolution should be structured as follows, with all pledged revenues paid out according to the order of priority indicated:

(1) payment of the Insurer's annual premium (if applicable);
(2) expenses of operation and maintenance;
(3) debt service on the bonds;
(4) reimbursement of amounts advanced by the Insurer under the Surety Bond;
(5) reimbursement of cash amounts, if any, drawn from the reserve fund;
(6) replenishment of Renewal and Replacement Fund;
(7) payment to the Insurer of interest on amounts advanced under the Surety Bond;
(8) all other lawful uses, including the debt service payment on any subordinate bonds.

The bond documents should require the Trustee to deliver a Demand For Payment (see Surety Bond form) at least three days prior to the date on which funds are required. It will be the responsibility of the trustee/paying agent to maintain adequate records, verified by the Insurer, as to the amount available to be drawn at any given time under the Surety Bond and as to the amounts paid and owing to the Insurer under the terms of the Financial Guaranty Agreement.

A covenant should be included in the bond indenture or resolution whereby the bond issuer agrees to pay or cause to be paid all amounts owed to the Insurer under the terms of the Financial Guaranty Agreement or any other documents. Provision also should be made requiring that such amounts be paid before the bond documents may be terminated. Further, there may be no optional redemption of bonds, refunding, or distribution of funds to the issuer and/or the underlying obligor unless all amounts owed to the Insurer under the terms of the Financial Guaranty Agreement or any other documents have been paid in full.

The provision dealing with the distribution of monies received as a result of foreclosure or any other remedial action should be modified to include the payment to the Insurer of any amounts due and owing to it under the terms of the Financial Guaranty Agreement or the bond documents.

Under the bond documents, events of default should include the following: "The occurrence of an event of default under the Financial Guaranty Agreement."

Under the bond documents, remedies in the event of default under the Financial Guaranty Agreement should include the following: "The trustee/paying agent agrees to, at the direction of the Insurer, enforce by mandamus, suit or other proceeding at law or in equity the covenants and agreements of the issuer."

Provision should be made in the bond documents (e.g., ordinance, indenture, loan, lease) that no amendment to any substantive provisions of the documents may be made without the prior written consent of the Insurer, such consent not to be unreasonably withheld.

The bond documents should name the Insurer as a third-party beneficiary and state that the terms, conditions and obligations of those documents which benefit the Insurer are specifically enforceable by the Insurer

The Insurer should receive an opinion from counsel to the issuer/obligor that the Financial Guaranty Agreement is a legal, valid and binding obligation of the issuer/obligor and that it is enforceable against the issuer/obligor in accordance with its terms.

The Insurer should receive all significant notices with respect to the bond documents as follows:

Municipal Bond Investors Assurance Corporation
113 King Street
Armonk, New York 10504
Attention: Surveillance Department

FINANCIAL GUARANTY AGREEMENT
(BETWEEN ISSUER AND INSURER)

FINANCIAL GUARANTY AGREEMENT made as of [DATE OF OBLIGATIONS] by and between [ISSUER] (the "Issuer") and MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION (the "Insurer"), organized under the laws of the state of New York.

W I T N E S S E T H :

WHEREAS, the Issuer has or will issue the Obligations; and

WHEREAS, pursuant to the terms of the Document the Issuer agrees to make certain payments on the Obligations; and

WHEREAS, the Insurer will issue its Surety Bond, substantially in the form set forth in Annex A to this Agreement, guaranteeing certain payments by the Issuer subject to the terms and limitations of the Surety Bond; and

WHEREAS, to induce the Insurer to issue the Surety Bond, the Issuer has agreed to pay the premium for the Surety Bond and to reimburse the Insurer for all payments made by the Insurer under the Surety Bond, all as more fully set forth in this Agreement; and

WHEREAS, the Issuer understands that the Insurer expressly requires the delivery of this Agreement as part of the consideration for the execution by the Insurer of the Surety Bond; and

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the execution of the Surety Bond, the Issuer and the Insurer agree as follows:

SPECIMEN

ARTICLE I

DEFINITIONS; SURETY BOND

Section 1.01. Definitions. The terms which are capitalized herein shall have the meanings specified in Annex B hereto.

Section 1.02. Surety Bond.

(a) The Insurer will issue the Surety Bond in accordance with and subject to the terms and conditions of the Commitment.

(b) The maximum liability of the Insurer under the Surety Bond and the coverage and term thereof shall be subject to and limited by the terms and conditions of the Surety Bond.

Section 1.03. Premium. In consideration of the Insurer agreeing to issue the Surety Bond hereunder, the Issuer hereby agrees to pay or cause to be paid the Premium set forth in the in Annex B hereto. The Premium on the Surety Bond is not refundable for any reason..

Section 1.04. Certain Other Expenses. The Issuer will pay all reasonable fees and disbursements of the Insurer's special counsel related to any modification of this Agreement or the Surety Bond.

ARTICLE II

REIMBURSEMENT AND INDEMNIFICATION
OBLIGATIONS OF ISSUER AND SECURITY THEREFOR

Section 2.01. Reimbursement for Payments Under the Surety Bond and Expenses; Indemnification.

(a) The Issuer will reimburse the Insurer, within the Reimbursement Period, without demand or notice by the Insurer to the Issuer or any other person, to the extent of each Surety Bond Payment with interest on each Surety Bond Payment from and including the date made to the date of the reimbursement at the lesser of the Reimbursement Rate or the maximum rate of interest permitted by then applicable law.

(b) The Issuer also agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by state law, for all reasonable expenses incurred by the Insurer in connection with the Surety Bond and the enforcement by the Insurer of the Issuer's obligations under this Agreement, the Document, and any other document executed in connection with the issuance of the Obligations, together with interest on all such expenses from and including the date incurred to the date of payment at the rate set forth in subsection (a) of this Section 2.01.

(c) The Issuer agrees to indemnify the Insurer, to the extent permitted by state law, against any and all liability, claims, loss, costs, damages, fees of attorneys and other expenses which the Insurer may sustain or incur by reason of or in consequence of (i) the failure of the Issuer to perform or comply with the covenants or conditions of this Agreement or (ii) reliance by the Insurer upon representations made by the Issuer or (iii) a default by the Issuer under the terms of the Document or any other documents executed in connection with the issuance of the Obligations.

(d) The Obligor and the Issuer agree that all amounts owing to the Insurer pursuant to Section 1.03 hereof and this Section 2.01 must be paid in full prior to any optional redemption or refunding of the Obligations.

(e) All payments made to the Insurer under this Agreement shall be paid in lawful currency of the United States in immediately available funds at the Insurer's office at 113 King Street, Armonk, New York 10504, Attention: Accounting and Surveillance Departments, or at such other place as shall be designated by the Insurer.

Section 2.02. Allocation of Payments. The Insurer and the Issuer hereby agree that each payment received by the Insurer from or on behalf of the Issuer as a reimbursement to the Insurer as required by Section 2.01 hereof shall be applied by the Insurer first, toward payment of any unpaid premium; second, toward repayment of the aggregate Surety Bond Payments made by the Insurer and not yet repaid, payment of which will reinstate all or a portion of the Surety Bond Coverage to the extent of such repayment (but not to exceed the Surety Bond Limit); and third, upon full reinstatement of the Surety Bond Coverage to the Surety Bond Limit, toward other amounts, including, without limitation, any interest payable with respect to any Surety Bond Payments then due to the Insurer.

Section 2.03. Security for Payments; Instruments of Further Assurance. To the extent, but only to the extent, that the Document, or any related indenture, trust agreement, ordinance, resolution, mortgage, security agreement or similar instrument, if any, pledges to the Owners or any trustee therefor, or grants a security interest or lien in or on any collateral, property, revenue or other payments ("Collateral and Revenues") in order to secure the Obligations or provide a source of payment for the Obligations, the Issuer hereby grants to the Insurer a security interest in or lien on, as the case may be, and pledges to the Insurer all such Collateral and Revenues as security for payment of all amounts due hereunder and under the Document or any other document executed in connection with the issuance of the Obligations, which security interest, lien and/or pledge created or granted under this Section 2.03 shall be subordinate only to the interests of the Owners and any trustee therefor in such Collateral and Revenues, except as otherwise provided. The Issuer agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all financing statements, if applicable, and all other further instruments as may be required by law or as shall reasonably be requested by the Insurer for the perfection of the security interest, if any, granted under this Section 2.03 and for the preservation and protection of all rights of the Insurer under this Section 2.03.

Section 2.04. Unconditional Obligation. The obligations hereunder are absolute and unconditional and will be paid or performed strictly in accordance with this Agreement, subject to the limitations of the Document, irrespective of:

(a) any lack of validity or enforceability of, or any amendment or other modification of, or waiver with respect to the Obligations, the Document or any other document executed in connection with the issuance of the Obligations; or

(b) any exchange, release or nonperfection of any security interest in property securing the Obligations or this Agreement or any obligations hereunder; or

(c) any circumstances that might otherwise constitute a defense available to, or discharge of, the Issuer with respect to the Obligations, the Document or any other document executed in connection with the issuance of the Obligations; or

(d) whether or not such obligations are contingent or matured, disputed or undisputed, liquidated or unliquidated.

Section 2.05. Subrogation Rights. To the extent of payments made and expenses incurred by the Insurer in connection with the Obligations and this Agreement, the Insurer shall be fully subrogated to the rights of the Paying Agent and the Owners against the Issuer, which rights shall be subordinate to the rights of the Owners to receive regularly scheduled principal and interest on the Obligations.

ARTICLE III

AMENDMENTS TO DOCUMENT

So long as this Agreement is in effect, the Issuer agrees that it will not agree to amend the Document or any other document executed in connection with the issuance of the Obligations, without the prior written consent of the Insurer.

ARTICLE IV

EVENTS OF DEFAULT; REMEDIES

Section 4.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) The Issuer shall fail to pay to the Insurer when due any amount payable under Sections 1.03; or

(b) The Issuer shall fail to pay to the Insurer any amount payable under Sections 1.04 and 2.01 hereof and such failure shall have continued for a period in excess of the Reimbursement Period; or

(c) Any material representation or warranty made by the Issuer under the Document or hereunder or any statement in the application for the Surety Bond or any report, certificate, financial statement, document or other instrument provided in connection with the Commitment, the Surety Bond, the Obligations, or herewith shall have been materially false at the time when made; or

(d) Except as otherwise provided in this Section 4.01, the Issuer shall fail to perform any of its other obligations under the Document, or any other document executed in connection with the issuance of the Obligations, or hereunder, provided that such failure continues for more than 30 days after receipt by the Issuer of written notice of such failure to perform; or

(e) The Issuer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; or

(f) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Issuer, or of a substantial part of its property, under of the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Issuer or for a substantial part of its property; and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for 30 days.

Section 4.02. Remedies. If an Event of Default shall occur and be continuing, then the Insurer may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Agreement or to enforce performance of any obligation of the Issuer to the Insurer under the Document or any related instrument, and any obligation, agreement or covenant of the Issuer under this Agreement; provided, however, that the Insurer may not take any action to direct or require acceleration or other early redemption of the Obligations or adversely affect the rights of the Owners. In addition, if an Event of Default shall occur due to the failure to pay to the Insurer the amounts due under Section 1.03 hereof, the Insurer shall have the right to cancel the Surety Bond in accordance with its terms. All rights and remedies of the Insurer under this Section 4.02 are cumulative and the exercise of any one remedy does not preclude the exercise of one or more of the other available remedies.

ARTICLE V

SETTLEMENT

The Insurer shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought against the Insurer, the Issuer or any other party on the Surety Bond shall or shall not be paid, compromised, resisted, defended, tried or appealed, and the Insurer's decision thereon, if made in good faith, shall be final and binding upon the Insurer, the Issuer and any other party on the Surety Bond. An itemized statement of payments made by the Insurer, certified by an officer of the Insurer, or the voucher or vouchers for such payments, shall be prima facie evidence of the liability of the Issuer, and if the Issuer fails to immediately reimburse the Insurer upon the receipt of such statement of payments, interest shall be computed on such amount from the date of any payment made by the Insurer at the rate set forth in subsection (a) of Section 2.01 hereof.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Interest Computations. All computations of interest due hereunder shall be made on the basis of the actual number of days elapsed over a year of 360 days.

Section 6.02. Exercise of Rights. No failure or delay on the part of the Insurer to exercise any right, power or privilege under this Agreement and no course of dealing between the Insurer and the Issuer or any other party shall operate as a waiver of any such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Insurer would otherwise have pursuant to law or equity. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the other party to any other or further action in any circumstances without notice or demand.

Section 6.03. Amendment and Waiver. Any provision of this Agreement may be amended, waived, supplemented, discharged or terminated only with the prior written consent of the Issuer and the Insurer. The Issuer hereby agrees that upon the written request of the Paying Agent, the Insurer may make or consent to issue any substitute for the Surety Bond to cure any ambiguity or formal defect or omission in the Surety Bond which does not materially change the terms of the Surety Bond nor adversely affect the rights of the Owners, and this Agreement shall apply to such substituted surety bond. The Insurer agrees to deliver to the Issuer and to the company or companies, if any, rating the Obligations, a copy of such substituted surety bond.

Section 6.04. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Issuer and the Insurer and their respective successors

and assigns; provided, that the Issuer may not transfer or assign any or all of its rights and obligations hereunder without the prior written consent of the Insurer.

(b) The descriptive headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 6.05. Other Sureties. If the Insurer shall procure any other surety to reinsure the Surety Bond, this Agreement shall inure to the benefit of such other surety, its successors and assigns, so as to give to it a direct right of action against the Issuer to enforce this Agreement, and "the Insurer," wherever used herein, shall be deemed to include such reinsuring surety, as its respective interests may appear.

Section 6.06. Signature on Bond. The Issuer's liability shall not be affected by its failure to sign the Surety Bond nor by any claim that other indemnity or security was to have been obtained nor by the release of any indemnity, nor the return or exchange of any collateral that may have been obtained.

Section 6.07. Waiver. The Issuer waives any defense that this Agreement was executed subsequent to the date of the Surety Bond, admitting and covenanting that such Surety Bond was executed pursuant to the Issuer's request and in reliance on the Issuer's promise to execute this Agreement.

Section 6.08. Notices, Requests, Demands. Except as otherwise expressly provided herein, all written notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been given or made when actually received, or in the case of telex or telecopier notice sent over a telex or a telecopier machine owned or operated by a party hereto, when sent, addressed as specified below or at such other address as any of the parties may hereafter specify in writing to the others:

If to the Issuer:	[ISSUER AND ADDRESS]
	Attention: [NAME]
If to the Paying Agent:	[PAYING AGENT]
	Attention: [NAME]
If to the Insurer:	Municipal Bond Investors Assurance Corporation 113 King Street Armonk, New York 10504 Attention: Surveillance Department

Section 6.09. Survival of Representations and Warranties. All representations, warranties and obligations contained herein shall survive the execution and delivery of this Agreement and the Surety Bond.

Section 6.10. Governing Law. This Agreement and the rights and obligations of the parties under this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State.

Section 6.11. Counterparts. This Agreement may be executed in any number of copies and by the different parties hereto on the same or separate counterparts, each of which shall be deemed to be an original instrument. Complete counterparts of this Agreement shall be lodged with the Issuer and the Insurer.

Section 6.12. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 6.13. Survival of Obligations. Notwithstanding anything to the contrary contained in this Agreement, the obligation of the Issuer to pay all amounts due hereunder and the rights of the Insurer to pursue all remedies shall survive the expiration, termination or substitution of the Surety Bond and this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

[ISSUER]

By _____

Title _____

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION

_____

[TITLE]

_____

[TITLE]

ANNEX A

SURETY BOND

[To be provided.]

ANNEX B

DEFINITIONS

For all purposes of this Agreement and the Surety Bond, except as otherwise expressly provided herein or unless the context otherwise requires, all capitalized terms shall have the meaning as set out below, which shall be equally applicable to both the singular and plural forms of such terms.

"Agreement" means this Financial Guaranty Agreement.

"Closing Date" means [CLOSING DATE].

"Commitment" means the commitment to issue Municipal Bond Guaranty Insurance in the form attached hereto as Annex C.

"Debt Service Payments" means those payments required to be made by or on behalf of the Issuer which will be applied to payment of principal of and interest on the Obligations.

"Demand for Payment" means the certificate submitted to the Insurer for payment under the Surety Bond substantially in the form attached to the Surety Bond as Attachment 1.

"Document" means [DEFINE DOCUMENT].

"Event of Default" shall mean those events of default set forth in Section 4.01 of the Agreement.

"Insurer" has the same meaning as set forth in the first paragraph of this Agreement.

"Issuer" means [ISSUER].

"Obligations" means [LEGAL TITLE OF OBLIGATIONS] (together with any bonds issued on a parity therewith, excluding bonds issued for the purpose of refunding the Obligations).

"Owners" means the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer or any designee of the Issuer for such purpose.

"Paying Agent" means [PAYING AGENT / TRUSTEE].

"Premium" means $[AMOUNT] payable to the Insurer on or prior to the Closing Date.

"Reimbursement Period" means, with respect to a particular Surety Bond Payment, the period commencing on the date of such Surety Bond Payment and ending on the earlier of the date of cancellation of the Surety Bond due to nonpayment of Premium when due or on the expiration of [NUMBER OF MONTHS] following such Surety Bond Payment.

"Reimbursement Rate" means Citibank's prime rate plus three (3) percent per annum, as of the date of such Surety Bond Payment, said "prime rate" being the rate of interest announced from time to time by Citibank, N.A., New York, New York, as its prime rate. The rate of interest shall be calculated on the basis of the actual number of days elapsed over a 360-day year.

"State" means [STATE].

"Surety Bond" means that surety bond attached hereto as Annex A and issued by the Insurer guaranteeing, subject to the terms and limitations thereof, Debt Service Payments required to be made by the Issuer under the Document.

"Surety Bond Coverage" means the amount available at any particular time to be paid under the terms of the Surety Bond, which amount shall never exceed the Surety Bond Limit.

"Surety Bond Limit" means $[AMOUNT]

"Surety Bond Payment" means an amount equal to the Debt Service Payment required to be made by the Issuer pursuant to the Document less (i) that portion of the Debt Service Payment paid by or on behalf of the Issuer, and (ii) other funds legally available for payment to the Owners, all as certified in a Demand for Payment.

ANNEX C

COMMITMENT

[To be provided.]