

RESOLUTION NO. 90-195

A RESOLUTION SUPPLEMENTING RESOLUTION NO. 90-194 OF ST. JOHNS COUNTY, FLORIDA, ADOPTED OCTOBER 30, 1990, ENTITLED: "A RESOLUTION OF ST. JOHNS COUNTY, FLORIDA, PROVIDING FOR THE ACQUISITION OF DISPOSAL SITES AND RELATED EQUIPMENT AND THE CONSTRUCTION OF APPURTENANT SITE FACILITIES FOR THE DISPOSITION BY THE COUNTY OF SOLID WASTE GENERATED WITHIN THE COUNTY AND FOR THE CLOSING OF AN EXISTING DISPOSAL SITE; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$13,215,000 IN AGGREGATE PRINCIPAL AMOUNT OF SOLID WASTE DISPOSAL REVENUE BONDS, SERIES 1990, TO FINANCE THE COST OF SUCH PROJECT, FUND A DEBT SERVICE RESERVE AND PAY THE COSTS OF ISSUANCE OF SUCH BONDS; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS CERTAIN PLEDGED FUNDS INCLUDING CERTAIN OF THE NET REVENUES OF THE COUNTY'S SOLID WASTE DISPOSAL SYSTEM, ALL MONEYS ON DEPOSIT IN AND INVESTMENTS HELD FOR THE CREDIT OF CERTAIN FUNDS CREATED HEREUNDER AND THE EARNINGS ON SUCH INVESTMENTS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF SUCH BONDS; REPEALING RESOLUTION NO. 88-265; AND PROVIDING AN EFFECTIVE DATE;" FOR THE PURPOSE OF 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 Original Instrument and in this Section, unless the text hereof clearly otherwise requires:

"Bond Counsel" shall mean Foley & Lardner, Jacksonville, Florida, bond counsel to the Issuer with respect to the issuance of the Series 1990 Bonds.

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

"Original Instrument" shall mean Resolution No. 90-194 adopted by the Board on October 30, 1990, the title of which is quoted in the title of this resolution.

"Preliminary Official Statement" shall mean the preliminary official statement relating to the Series 1990 Bonds attached to the Purchase Contract as Exhibit II.

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

"Purchaser" shall mean Prudential-Bache Securities, Inc., the purchasers of the Series 1990 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 October 30, 1990, the Board duly adopted the Original Instrument for the purpose of authorizing the acquisition and construction of the Initial Project and the issuance of the Series 1990 Bonds to pay the cost thereof.

(B) It is necessary, appropriate and in accordance with Sections 2.01 and 2.02 of the Original Instrument that the Board adopt this supplemental resolution at this time in order to fix the date of the Series 1990 Bonds and their maturity dates, interest rates, redemption provisions and other terms, preparatory to the sale thereof to the Purchasers as herein authorized and provided.

(C) The Board is advised that due to the present volatility of the market for tax-exempt public obligations such as the Series 1990 Bonds, it is in the best interest of the

Issuer to sell the Series 1990 Bonds by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Series 1990 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 Series 1990 Bonds be authorized. The Purchaser has offered to purchase the Series 1990 Bonds and has submitted to the Issuer the Purchase Contract expressing the terms of such offer; and the Board does hereby find and determine that it is in the best financial interest of the Issuer that the terms expressed in the Purchase Contract be accepted by the Issuer and that the Chairman or the Vice-Chairman and the Clerk or a deputy clerk be authorized to execute its acceptance on the Purchase Contract.

(D) It is appropriate that the Issuer approve, ratify and confirm the distribution of a preliminary official statement for the purpose of acquainting potential investors with pertinent information with respect to the Issuer and the Series 1990 Bonds and that the Issuer authorize the distribution of a final official statement prior to or contemporaneously with the issuance and delivery of the Series 1990 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 and the Clerk or a deputy clerk at any time at or prior to the issuance of the Series 1990 Bonds.

(E) It is necessary and appropriate that the Issuer appoint a registrar and a paying agent for the Series 1990 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 Series 1990 Bonds in accordance with the terms of the Original Instrument.

SECTION 2. SPECIFICATIONS. The Series 1990 Bonds shall be dated as of October 1, 1990, shall be in denominations of \$5,000 or integral multiples thereof, shall be in Book Entry Form, 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 3. SALE OF THE SERIES 1990 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, which is attached hereto as an exhibit to the Purchase Contract, the Series 1990 Bonds are hereby sold and awarded to the Purchaser at the price

and on such other terms and conditions stated in the Purchase Contract. The Chairman or the Vice-Chairman and the Clerk or a deputy clerk are hereby authorized to execute the Issuer's acceptance of the Purchase Contract, and said officers and the other officers, agents and employees of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Series 1990 Bonds in accordance with the provisions of the Purchase Contract.

SECTION 4. APPROVAL OF PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZATION OF FINAL OFFICIAL STATEMENT. The 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 and the Clerk or a deputy clerk prior to the release thereof, is hereby authorized to be delivered by the Issuer to the Purchaser for distribution prior to or contemporaneously with the issuance and delivery of the Series 1990 Bonds. The Chairman or the Vice-Chairman and the Clerk or a deputy clerk are hereby authorized to evidence the Issuer's approval of the final official statement by either's endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations may be presumed from such endorsement upon any copy of such final official statement. Bond Counsel is hereby directed to furnish to the Division of Bond Finance of the Department of General Services of the State of Florida a copy of the final official statement, a notice of the impending sale of the Series 1990 Bonds and the other information required by Section 218.38, Florida Statutes, as amended, within the appropriate time periods specified by such section.

SECTION 5. REGISTRAR AND PAYING AGENT. Barnett Banks Trust Company, N.A., a national banking association, Jacksonville, Florida, is hereby appointed as Registrar and Paying Agent under the Original Instrument, to serve as Registrar and Paying Agent for the Series 1990 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 satisfactory to them.

SECTION 6. AUTHORIZATION OF EXECUTION OF OTHER CERTIFICATES AND OTHER INSTRUMENTS. The Chairman or the Vice-Chairman and the Clerk or a 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 Series 1990 Bonds, and to execute and deliver such other instruments, including, but not limited to, a letter

of representations to the Securities Depository, as shall be necessary or desirable to perform the Issuer's obligations under this resolution, the Original Instrument and the Purchase Contract and to consummate the transactions contemplated hereby and thereby.

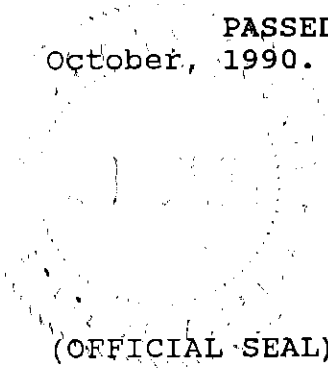
SECTION 7. ORIGINAL INSTRUMENT IN FULL FORCE AND EFFECT. Except as hereby supplemented, the Original Instrument shall remain in full force and effect.

SECTION 8. REPEALING CLAUSE. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 9. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this thirtieth day of October, 1990.

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA


Craig Maguire
Its Chairman

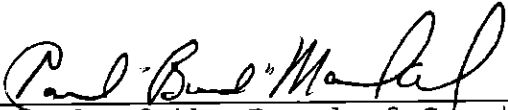
ATTEST:

Carl "Bud" Markel
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. 90-195 of said County passed and adopted on October 30, 1990.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said County this thirtieth day of October, 1990.

(OFFICIAL SEAL)


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

GF04A123

10/29/90
1937M
Execution Copy

ST. JOHNS COUNTY, FLORIDA

\$13,215,000

Solid Waste Disposal Revenue Bonds, Series 1990

BOND PURCHASE CONTRACT

On October 30, 1990 Prudential-Bache Securities Inc., (hereinafter referred to as the "Underwriter"), offers to enter into this Bond Purchase Contract, dated October 30, 1990 (the "Purchase Contract") with St. Johns County, Florida (the "County"). This offer of the Underwriter to purchase the Bonds shall extend until 11:59 P.M., prevailing time within St. Augustine, Florida on the date hereof, unless previously withdrawn or extended in writing by the Underwriter. Upon execution and delivery of this Purchase Contract, it shall be binding upon the County and the Underwriter. Any word not conventionally capitalized and not defined herein shall have the meaning indicated in the Official Statement (hereinafter defined).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the County for offering to the public and the County hereby agrees to sell and deliver to the Underwriter for such purpose, all (but not less than all) of the County's \$13,215,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Series 1990 (the "Bonds"). The Bonds shall be dated October 1, 1990, and shall have the maturities, shall bear interest at the rates payable on such dates, and shall be subject to such redemption provisions, all as set forth in Exhibit I attached hereto. The purchase price for the Bonds shall be \$12,999,743.75 plus interest accrued from October 1, 1990 to the date of the payment for and delivery of the Bonds pursuant to Section 7 hereof (such payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery being hereinafter referred to as the "Closing"). The Preliminary Official Statement of the County relating to the Bonds, dated October 23, 1990, including the cover page and Appendices thereto (the "Preliminary Official Statement") is attached hereto as Exhibit II. The Preliminary Official Statement, as amended to conform to the terms of this Purchase Contract and to reflect the reoffering terms of the Bonds, with such changes and amendments made by the County as shall be approved by the Underwriter, which approval shall be conclusively

evidenced by the payment of the purchase price of the Bonds by the Underwriter, is hereinafter referred to as the "Official Statement."

2. The Bonds. The Bonds shall be as described in, and shall be issued and secured under the provisions of, Resolution No. 90-194, duly adopted by the Board of County Commissioners of the County on October 30, 1990, as supplemented by Resolution No. 90-195, duly adopted on October 30, 1990 (the "Resolution").

3. Offering. It shall be a condition to the County's obligations to sell and to deliver the Bonds to the Underwriter, and to the Underwriter's obligations to purchase, to accept delivery of and to pay for the Bonds, that the entire \$13,215,000 principal amount of the Bonds be issued, sold and delivered by the County and purchased, accepted and paid for by the Underwriter at the Closing. The Underwriter agrees to make a bona fide public offering of all of the Bonds, at not in excess of the initial public offering prices or yields as set forth in the Official Statement, plus interest accrued thereon from the date of the Bonds.

4. Good Faith Check. Delivered to the County herewith is a check of the Underwriter payable to the order of St. Johns County, Florida in the amount of \$132,000.00 (such check being hereinafter referred to as the "Good Faith Check"), which shall be held uncashed by the County if the offer is accepted by the County. The Good Faith Check shall be returned to the Underwriter on the business day following termination of this offer if this offer is not accepted by the County. The Good Faith Check shall be returned to the Underwriter on the Closing Date if the Underwriter accepts delivery of and pays for the Bonds as provided herein. In the event the County fails to deliver the Bonds at the Closing, or in the event the County is unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds, as set forth in this Purchase Contract (unless waived by the Underwriter), or in the event such obligations of the Underwriter are terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and the Good Faith Check shall be immediately returned to the Underwriter. In the event that the Underwriter fails (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, the County shall retain the amount of the Good Faith Check as full liquidated damages for such failure and for any defaults hereunder on the part of the Underwriter and, except as set forth in Section 10 hereof, neither party hereto shall have any further rights against the other hereunder.

5. Use of Documents. The County hereby authorizes the use by the Underwriter of the Resolution, the Official Statement (including any supplements or amendments thereto), and the

information contained therein, and any other documents related to the transactions contemplated by the Official Statement in connection with the public offering and sale of the Bonds. The County ratifies and approves the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds.

6. Representations, Warranties and Agreements. The County hereby represents, warrants and agrees as follows:

(a) The County is and will be at the date of Closing duly organized and validly existing, with the powers and authority set forth in Chapter 125, Florida Statutes, as amended, and any other applicable laws (collectively the "Act");

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

(c) By all necessary official action, the County has duly adopted the Resolution, has duly ratified and approved the prior distribution of the Preliminary Official Statement, has duly authorized and approved the execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance by the County of the obligations on its part in connection with the issuance of the Bonds contained in the Bonds, the Resolution, and this Purchase Contract and the consummation by it of all other transactions contemplated by this Purchase Contract in connection with the issuance of the Bonds; the Resolution constitutes a legal, valid and binding obligation of the County, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, and similar laws affecting creditors' rights and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law); and the Bonds, when issued, authenticated and delivered to the Underwriter in accordance with the Resolution and this Purchase Contract, will constitute legal, valid and binding obligations of the County, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights and subject, as to enforceability, to general principles of equity (regardless of

whether enforcement is sought in a proceeding in equity or at law);

(d) The County is currently operating its solid waste disposal system (the "System") pursuant to and in conformity with a consent order dated June 4, 1990, as amended, between the State of Florida Department of Environmental Regulation and St. Johns County, (the "Consent Order"). Except for the matters addressed by the Consent Order, the County is not in material breach of or material default under any applicable constitutional provision, law, or administrative regulation of the State of Florida (the "State") or the United States or any applicable judgment or decree, or any loan agreement, indenture, bond, note, or material resolution, agreement, or other material instrument to which the County is a party or to which the County or any of its property or assets is otherwise subject, and except as described in the Consent Order no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the execution and delivery of the Bonds and this Purchase Contract, and the adoption of the Resolution, and compliance with the provisions on the County's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the County is a party or to which the County or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the System or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Resolution;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the County of its obligations in connection with the issuance of the Bonds under this Purchase Contract and the Resolution have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds;

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

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

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

(i) The County will furnish such normal information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the County shall not be required to execute a general or special consent to service of process or to qualify to do business in connection with any such qualification or determination in any jurisdiction;

(j) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to be stated

therein to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

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

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

(m) If between the date of this Purchase Contract and the earlier of (i) ninety (90) days from the end of the "Underwriting Period" as defined in Securities Exchange Commission Rule 15c2-12 (17 CFR 240.15c2-12) ("Rule 15c2-12") or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository (but in no event less than twenty-five (25) days following the end of the Underwriting Period), any event shall occur, of which the County has actual knowledge, which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the County shall notify the Underwriter thereof, and, if in the opinion of the County or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriter.

(n) The Issuer has previously delivered to the Underwriter for review copies of the Preliminary Official Statement. As of its date, the Preliminary Official Statement has been deemed final by the Issuer for purposes of Rule 15c2-12. The Issuer authorizes the Underwriter to obtain, within a sufficient time period for such final Official Statements to accompany confirmations delivered by the Underwriter to potential investors in accordance with the

rules of the Municipal Securities Rule Making Board ("MSRB"), but in no event later than seven (7) business days following the date hereof, a quantity of Official Statements adequate to enable the Underwriter to meet the continuing obligations imposed on it by Rule 15c2-12 and the rules of the MSRB. This covenant shall survive the closing.

It is understood by the County and the Underwriter that the County is currently involved in litigation described in the Official Statement under the caption "Litigation" and more particularly entitled City of St. Augustine v. Harry Waldron, et. al. and H.L. "Herbie" Wiles and William R. Adams v. Harry Waldron, et. al. currently on appeal in the Fifth District Court of Appeal of the State of Florida as consolidated case numbers 90-1251 and 90-1252 (the "County Seat Litigation"). The representations of the County set forth above are therefore given with the understanding that if it is ultimately determined in the County Seat Litigation that the expansion of the County Seat (as described in the Official Statement) was improper, such determination could have an adverse effect upon the validity of the proceedings of the County relative to the issuance of the Bonds.

7. Closing. At 10:00 a.m. prevailing time in New York, New York, on November 16, 1990, or at such earlier or later time as may be mutually agreed upon by the County and the Underwriter, the County will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter in definitive form, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof, in immediately available funds to the order of the County. Delivery and payment as aforesaid shall be made at the offices of Prudential Bache Securities Inc., New York, New York, or such other place as may be mutually agreed upon by the County and the Underwriter. The Bonds shall be typewritten and shall be prepared and delivered as fully registered bonds in such names and such amounts as the Underwriter may request in writing at least 48 hours prior to Closing and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection and packaging.

8. Closing Conditions. The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the County contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the

Bonds are conditioned upon the performance by the County of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and are also subject to the following additional conditions:

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

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

(c) At the time of the Closing, all necessary official action of the County and the other parties thereto relating to this Purchase Contract and the Bonds shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect, except in each case as may have been agreed to by the Underwriter (any such agreement to be conclusively evidenced by the Underwriter's payment of the purchase price of the Bonds);

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

(1) The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the County by the Chairman or Vice-Chairman of the Board of County Commissioners and the County Clerk or a deputy clerk.

(2) A copy of the report of HDR Engineering, Inc., Consulting Engineers, included in the Official Statement as Appendix B (the "Engineering Report"), manually signed by a member or officer of such firm.

(3) The Resolution certified by the County Clerk or a deputy clerk under seal as having been duly adopted by the Board of County Commissioners and as being in effect, with such supplements or amendments as may have been agreed to by the Underwriter (any such agreement to be conclusively evidenced by the Underwriter's payment of the purchase price of the Bonds).

(4) The opinion, dated the date of the Closing and addressed to the County, of Foley & Lardner, Jacksonville, Florida, Bond counsel to the County, in substantially the form included in the Official Statement as Appendix E, together with a letter of such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the foregoing opinion addressed to the County may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it.

(5) The opinion, dated the date of the Closing and addressed to the County and to the Underwriter, of Foley & Lardner, Jacksonville, Florida, Bond Counsel to the County, to the effect that (i) this Purchase Contract has been duly authorized, executed and delivered by, and constitutes a legal, valid, and binding agreement of, the County, in accordance with its terms except to the extent that the enforceability of the rights and remedies set forth herein may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally; (ii) the County has duly authorized, executed and delivered the Official Statement; (iii) the Bonds are not subject to the registration requirements of 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 (iv) the statements contained in the Official Statement on the cover thereof and under the captions (and all subheadings thereunder) "The Series 1990 Bonds," "Source of Payment and Security for the Series 1990 Bonds," "Tax Matters," and "Appendix A -- Summary of Certain Provisions of the Bond Resolution," insofar as such statements purport to be descriptions or summaries of the Bonds, the Resolution, the Act, the Constitution and laws of Florida and the federal tax laws, are correct as to the matters set forth or the documents referred to therein and based solely upon their participation as Bond Counsel and without having undertaken to determine the accuracy, completeness or fairness of the statements contained in the Official Statement (except to the extent expressly set forth in this Subparagraph (iv)) nothing has come to their attention that would lead them to believe that the information contained in the Official Statement under said captions contains an untrue statement of a material fact or omits to state a material fact necessary to be stated therein to make the statements therein, in light of the circumstances under which they were made, not misleading (except that said counsel need not express any opinion as to the financial information or statistical data included in the Official Statement). As to the opinions described in (i) and (ii), the opinion may

contain a reference to the County Seat Litigation similar in form and content to such reference contained in the opinion of Bond Counsel referred to in Section 8(d)(4) hereof.

(6) An opinion, dated the date of the Closing and addressed to the Underwriter, of James G. Sisco, Esq., County Attorney, to the effect that (i) this Purchase Contract has been duly authorized, executed, and delivered by the County and constitutes a binding and enforceable agreement of the County in accordance with its terms except to the extent that the enforceability of the rights and remedies set forth herein may be limited by bankruptcy, insolvency or other laws affecting creditors' rights; (ii) the County has duly authorized, executed, and delivered the Official Statement; (iii) the information in the Official Statement as to legal matters relating to the County, the System, the Act, the Bonds, and the Resolution, is correct in all material respects and does not omit any statement which, in his opinion, should be included or referred to therein, and, in addition, such counsel shall state that, based upon his participation in the preparation of the Official Statement as County Attorney and without having undertaken to determine the accuracy, completeness or fairness of the statements contained in the Official Statement (except to the extent expressly set forth in this subparagraph (iii)), as of the date of the Closing nothing has come to his attention causing him to believe that (A) the Official Statement as of its date contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the Engineering Report and summaries thereof and references thereto and the financial and statistical information contained in the Official Statement as to all of which no view need be expressed), or (B) the Official Statement (as supplemented or amended pursuant to paragraph (m) of Section 6 hereof, if applicable) as of the date of the Closing contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except as aforesaid); (iv) except as may be set forth in the Consent Order described in Section 6(d) hereof, the County, with respect to the System, is not in material breach of or material default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, material resolution,

material agreement or other material instrument to which the County is a party or to which the County or any of its property or assets is otherwise subject, and except as aforesaid no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument, except in each case as disclosed in the Official Statement; (v) the execution and delivery of the Bonds and this Purchase Contract, and the adoption of the Resolution, and compliance with the provisions on the County's part contained herein and therein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County or under the terms of any such law, regulation or instrument, except as expressly provided by the Bonds and the Resolution; (vi) the County has the right and power under the Act to adopt the Resolution, and to pledge and grant a first lien on the Pledged Funds as security for the Bonds as provided in the Resolution, and the Resolution has been duly and lawfully adopted by the County, is in full force and effect and constitutes the legal, valid and binding obligation of the County, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and no other authorization is required; (vii) the Bonds, when authenticated, will be valid and binding obligations of the County, enforceable in accordance with their terms and the terms of the Resolution, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and are entitled to the benefits of the Resolution and the Act; (viii) to the best of his knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, pending or threatened against or affecting the County, nor is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or

finding would have a materially adverse effect upon the transactions contemplated by the Official Statement or the validity of the Bonds, the Resolution or this Purchase Contract, except as described herein or in the Official Statement; and (ix) all authorizations, consents, approvals and reviews of governmental bodies or regulatory authorities then required for the County's adoption, execution or performance of the Bonds, the Resolution, and this Purchase Contract or to the best of his knowledge for the lawful operation of the System in accordance with the Consent Order have been obtained or effected and, to the best of his knowledge, he has no reason to believe that the County will be unable to obtain or effect any such additional authorization, consent, approval or review that may be required in the future for performance of any of them by the County; (x) the County has the right and power under the Act to adopt Ordinance No. 88-49 and to adopt and implement Ordinance No. 89-20, as amended and supplemented by Ordinances No. 89-58, 90-31 and 90-58, and as further implemented by Resolutions No. 89-240 and 90-137 (collectively, the "Special Assessment Proceedings"), and to levy the assessments referred to therein in accordance therewith and the Special Assessment Proceedings have been duly and lawfully adopted by the County and are in full force and effect; and, (xi) it is understood by the County and the Underwriter that the County is currently involved in litigation described in the Official Statement under the caption "Litigation" and more particularly entitled City of St. Augustine v. Harry Waldron, et. al. and H.L. "Herbie" Wiles and William R. Adams v. Harry Waldron, et. al. currently on appeal in the Fifth District Court of Appeal of the State of Florida as consolidated case numbers 90-1251 and 90-1252 (the "County Seat Litigation"). The opinions and representations set forth above are therefore given with the understanding that if it is ultimately determined in the County Seat Litigation that the expansion of the County Seat (as described in the Official Statement) was improper, such determination could have an adverse effect upon the validity of the proceedings of the County relative to the issuance of the Bonds, including the matters addressed above. He shall give his opinion that the County will continue to prevail in the County Seat Litigation and that he is therefore of the opinion that other than with respect to the proceeding related to the Consent Order, there are no legal proceedings pending or threatened which could reasonably be expected to have a materially adverse effect upon the County's ability to perform its obligations pursuant to the Resolution or upon the legality of the proceedings of the County relative to the issuance of the Bonds. The opinion may

also state that for purposes of such opinion it is assumed that interest on the Bonds is excluded from gross income for federal income tax purposes and that neither the Bonds, the Resolution, nor any other matter or documents related thereto need be registered or qualified under the Securities Act of 1933, as amended, the Florida Securities and Investor Protection Act, Chapter 517, Florida Statutes, as amended, the Trust Indenture Act of 1939, as amended, the laws of Florida, or the securities or blue sky laws of any jurisdiction (except to the extent registration, or qualification under any state blue sky laws is effected).

(7) An opinion, dated the date of the Closing and addressed to the Underwriter of Moyle, Flanigan, Katz, FitzGerald & Sheehan, P.A., counsel for the Underwriter, in form and substance satisfactory to the Underwriter.

(8) A certificate, dated the date of Closing, signed by the Chairman or Vice-Chairman of the Board of County Commissioners and the Clerk or a deputy clerk to the effect that, to the best of their knowledge: (i) the representations of the County herein are true and correct in all material respects as of the date of Closing; (ii) the County has performed all obligations to be performed hereunder as of the date of Closing; (iii) except as disclosed in the Official Statement, no litigation is pending or threatened (A) to restrain or enjoin the issuance or delivery of any of the Bonds, (B) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Resolution, the Special Assessment Proceedings or this Purchase Contract, (C) in any way contesting the existence or powers of the County, (D) to restrain or enjoin the collection of any Pledged Funds, (E) which may result in any material adverse change in the business, properties, assets or the financial condition of the System or (F) asserting that the Preliminary Official Statement or the Official Statement contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iv) since September 30, 1989, no material and adverse change has occurred in the financial position or results of operations of the County except as set forth in or contemplated by the Official Statement; (v) with the exception of the County of St. Johns, Florida, Sales Tax Revenue Bonds, Series 1989, dated October 1, 1989, and issued November 9, 1989 in the original principal amount of \$21,095,000, and currently outstanding in such amount, and the St. Johns County, Florida, Water and Sewer Revenue Bonds, Series 1990A,

dated March 1, 1990 and issued April 11, 1990 in the original principal amount of \$7,455,000 and currently outstanding in such amount, the County has not, since September 30, 1989, incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement; (vi) the representations attributed to the County in the Official Statement under the caption "Florida Disclosure" are accurate; and (vii) the Official Statement did not as of its date, and does not as of the date of Closing contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purposes for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in light of the circumstances in which they were made, not misleading;

The Certificate may state that it is understood by the County and the Underwriter that the County is currently involved in litigation described in the Official Statement under the caption "Litigation" and more particularly entitled City of St. Augustine v. Harry Waldron, et. al. and H.L. "Herbie" Wiles and William R. Adams v. Harry Waldron, et. al. currently on appeal in the Fifth District Court of Appeal of the State of Florida as consolidated case numbers 90-1251 and 90-1252 (the "County Seat Litigation"), and that the representations of the County set forth above are therefore given with the understanding that if it is ultimately determined in the County Seat Litigation that the expansion of the County Seat (as described in the Official Statement) was improper, such determination could have an adverse effect upon the validity of the proceedings of the County relative to the issuance of the Bonds.

(9) A letter, dated the date of Closing, from HDR Engineering, Inc., in the form set forth in Exhibit III hereto;

(10) A letter, addressed to at least the Underwriter, from Price Waterhouse or any other firm retained by the County as its independent auditors, to the effect that: (i) they are independent certified public accountants engaged by the County, (ii) they consent to the inclusion of their audit report dated December 18, 1989 in the Preliminary Official Statement and the Official Statement and to the use of their name in the Preliminary Official Statement and the Official Statement and (iii) based upon inquiries of certain officials of the County who have responsibility for financial and accounting matters and a review of the

minutes of the meetings of the Board of County Commissioners of the County for the period from October 1, 1989 through a date not earlier than October 30, 1990, except for the Sales Tax Revenue Bonds and Water and Sewer Revenue Bonds referred to in Section 8(d)(8)(v) hereof, nothing came to their attention which caused them to believe that there was any change at October 30, 1990 in the long-term debt or decrease in the fund balance of the County as compared with amounts shown on the September 30, 1989 combined balance sheet of the County or for the period from October 1, 1989 to October 30, 1990 any decreases, as compared with the corresponding period in the preceding year, in the combined revenues of the County;

(11) Letters from Moody's Investors Service, Inc. and Standard & Poor's Corporation indicating that the Bonds have been rated Aaa and AAA, respectively, by those agencies, together with a policy of municipal bond insurance insuring the timely payment of principal and interest on the Bonds issued by Financial Guaranty Insurance Company.

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

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter. The Underwriter shall not unreasonably withhold its approval of such items, and the Underwriter shall use its best efforts to timely obtain the opinion referred to in Section 8(d)(7) hereof. The opinion of Foley & Lardner, which is referred to in clause (4) of paragraph (d) of this Section shall be deemed satisfactory provided it is substantially in the form included in the Official Statement as Appendix E.

If the County shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the County shall

be under any further obligation hereunder, except that: (i) the uncashed Good Faith Check shall immediately be returned to the Underwriter by the County; and (ii) the respective obligations of the County and the Underwriter set forth in Section 10 hereof shall continue in full force and effect.

9. Termination. The Underwriter shall have the right to terminate the Underwriter's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds by notifying the County of its election to do so if, after the execution hereof and prior to the Closing; (i) legislation shall have been introduced in or enacted by Congress of the United States or enacted by the State of Florida, or legislation pending in the Congress of the United States shall have been amended, or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee, by any member thereof or presented as an option for consideration by either such Committee, by the staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or the State of Florida, including the Tax Court of the United States, or a ruling shall have been made or a regulation shall have been proposed or made or a press release or other form of notice shall have been made or a regulation shall have been proposed or made or a press release or other form of notice shall have been issued by the Treasury Department of the United States, or the Internal Revenue Service or other Federal or State of Florida authority, with respect to Federal or State of Florida taxation upon revenues or other income of the general character to be derived by the County or by any similar body, or upon interest on obligations of the general character of the Bonds, which may have the purpose or effect, directly or indirectly, of affecting the tax status of the County, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by the State of Florida or, which in the reasonable opinion of the Underwriter, affects materially and adversely the market for the Bonds, or the market price generally of obligations of the general character of the Bonds; or (ii) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or other unforeseen national or international calamity shall have occurred or accelerated to such an extent as, in the reasonable opinion of the

Underwriter, affects materially and adversely the market for the Bonds, or the market price generally of obligations of the general character of the Bonds; or (iii) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by United States, New York State or State of Florida authorities; or (iv) an event described in paragraph (m) of Section 6 hereof shall have occurred which in the reasonable opinion of the Underwriter requires the preparation and publication of a supplement or amendment to the Official Statement; or (v) any rating of the County's bonds shall have been downgraded or withdrawn by Moody's Investors Service, Inc. or Standard & Poor's Corporation, and such action, in the reasonable opinion of the Underwriter, will materially adversely affect the marketability of the Bonds or the market price thereof, or (vi) the County has, without the prior written consent of the Underwriter, offered or issued any bonds, notes or other obligations for borrowed money, or incurred any material liabilities, direct or contingent, in either case payable from the revenues of the System or there has been an adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the System, other than in the ordinary course of its business; or (vii) a decision adverse to the County shall be rendered in the County Seat Litigation (further described in Section 6 hereof).

10. Expenses.

(a) The Underwriter shall be under no obligation to pay, and the County shall pay, any expense incident to the performance of the County's obligations hereunder including, but not limited to: (i) the cost of preparation, printing and delivery of the Resolution, the Preliminary Official Statement and the Official Statement in reasonable quantities (but in no event less than as may be required by Section 6(n) hereof); (ii) the cost of preparation, printing and delivery of any supplements and amendments to the Official Statement; (iii) the cost of preparation and printing of the Bonds; (iv) the fees and disbursements of Foley & Lardner, Bond Counsel, and James G. Sisco, Esq., County Attorney; (v) the fees and disbursements of HDR Engineering, Inc. and any other consulting engineers retained by the County; (vi) the fees and disbursements of Public Financial Management, Inc., for their services as financial advisor to the County; (vii) the fees and disbursements of Price Waterhouse, for their services as certified public accountants for the County; (viii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisors retained by the County; and (ix) fees for bond ratings and/or bond insurance.

(b) The Underwriter shall pay: (i) the cost of preparation and printing of this Purchase Contract, and the Blue Sky and Legal Investment Surveys; (ii) all advertising

expenses and Blue Sky filing fees in connection with the public offering of the Bonds; and (iii) all other expenses incurred by them or any of them in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by them.

11. Notices. Any notice or other communication to be given to the County under this Purchase Contract may be given by delivering the same in writing to St. Johns County, Florida, 4020 Lewis Speedway, St. Augustine, Florida 32084, Attention: County Administrator and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Prudential-Bache Securities Inc., Prudential-Bache Capital Funding, Attn: Public Finance Department, Suite 201A, 4800 North Federal Highway, Boca Raton, Florida 33431.

12. Parties In Interest. This Purchase Contract is made solely for the benefit of the County and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the County's representations, warranties and agreements contained in this Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter and (ii) delivery of and payment for the Bonds pursuant to this Purchase Contract.

13. Disclosure Statement. The Underwriter's Disclosure Statement required by Section 218.385(4), Florida Statutes, is attached hereto as Exhibit IV.

14. Effectiveness: This Purchase Contract shall become effective upon the execution by the appropriate County officials of the acceptance hereof by the County and shall be valid and enforceable at the time of such acceptance. To the extent of any conflict between the provisions of this Purchase Contract and any prior contract between the parties hereto, the provisions of this Purchase Contract shall govern.

15. Additional Closing Condition. The County's obligations under this Purchase Contract are conditioned upon the County's receipt at or prior to closing of a letter from HDR Engineering, Inc. in the form set forth in Exhibit V hereto.

16. Headings: The headings of the sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

BY: PRUDENTIAL-BACHE SECURITIES INC.

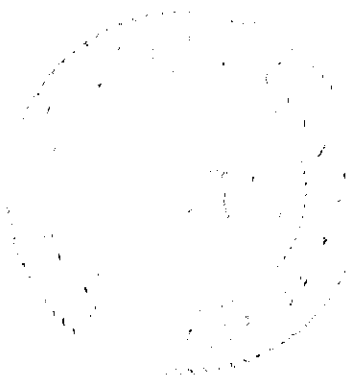
By: William F. Simpson

ST. JOHNS COUNTY, FLORIDA

By: Craig A. Maguire
Chairman, Board of
County Commissioners

Attest:

Carol B. Munkel
County Clerk



1937M/20

EXHIBIT I
Terms of Bonds

AMOUNTS, MATURITIES, INTEREST RATES AND PRICES

\$6,505,000 SERIAL BONDS

<u>Amount</u>	<u>Maturity</u> <u>(November 1)</u>	<u>Interest Rate</u>	<u>Price</u>
\$335,000	1991	5.90%	100%
355,000	1992	6.05	100%
380,000	1993	6.15	100%
400,000	1994	6.25	100%
425,000	1995	6.35	100%
455,000	1996	6.45	100%
485,000	1997	6.60	100%
515,000	1998	6.70	100%
550,000	1999	6.80	100%
585,000	2000	6.90	100%
630,000	2001	7.00	100%
670,000	2002	7.05	100%
720,000	2003	7.10	100%

\$6,710,000 7.25% Term Bonds Due November 1, 2010 - Price 99.50%

(Accrued interest from October 1, 1990 to be added)

Redemption Provisions

Optional Redemption. The Series 1990 Bonds maturing on and before November 1, 2000 are not subject to redemption prior to maturity. The Series 1990 Bonds maturing after November 1, 2000 are subject to redemption prior to maturity at the option of the County on or after November 1, 2000, in whole at any time, or in part on any interest payment date, at the redemption price (expressed as a percentage of the principal amount of the Series 1990 Bonds to be redeemed) as set forth below, plus accrued and unpaid interest thereon to the date of redemption. If less than all the Series 1990 Bonds are to be redeemed, the Series 1990 Bonds shall be redeemed in such order of maturity as shall be determined by the County, and if less than all the Series 1990 Bonds of a maturity are to be redeemed, the Series 1990 Bonds of such maturity to be redeemed shall be selected by the Registrar in such method as the Registrar shall deem fair and appropriate.

<u>REDEMPTION PERIOD (Dates Inclusive)</u>	<u>REDEMPTION PRICE</u>
November 1, 2000 through October 31, 2001	102%
November 1, 2001 through October 31, 2002	101%
November 1, 2002 and thereafter	100%

Mandatory Redemption. The Term Bonds maturing on November 1, 2010 (the "Term Bonds") are subject to mandatory redemption in part by the County prior to maturity in accordance with the schedule and in the principal amounts set forth below, at a redemption price of par plus accrued interest to the redemption date. The Term Bonds to be redeemed shall be selected by the Registrar in such method as the Registrar shall deem fair and appropriate.

Term Bonds

<u>REDEMPTION DATES</u> <u>(November 1 of each year)</u>	<u>PRINCIPAL AMOUNT</u>
2004	770,000
2005	825,000
2006	885,000
2007	950,000
2008	1,020,000
2009	1,090,000
2010	1,170,000

If the County purchases for cancellation or redeems through optional redemption in any year Term Bonds in excess of the mandatory redemption requirement for such Term Bonds for such year or any subsequent year, such excess of Term Bonds so purchased and cancelled or redeemed shall be credited over such of the remaining mandatory redemption dates for such Term Bonds as the County shall determine, and shall reduce the amount of Term Bonds otherwise subject to redemption and due on such date or dates. No such excess, however, shall be credited to the amount of Term Bonds subject to mandatory redemption on any November 1 if the selection of Term Bonds to be redeemed on such November 1 has already been made.

1937M/21

EXHIBIT II

Preliminary Official Statement

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

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 23, 1990

NEW ISSUE

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

In the opinion of Bond Counsel, under existing law, and assuming continuing compliance with certain covenants in the Bond Resolution (as hereinafter defined) described herein, interest on the Series 1990 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax applicable to all taxpayers, and the Series 1990 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. 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 Series 1990 Bonds.

\$13,270,000*

St. Johns County, Florida Solid Waste Disposal Revenue Bonds Series 1990

DATED: October 1, 1990

DUE: November 1, as shown below

The Series 1990 Bonds are being issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 1990 Bonds. Purchases of Series 1990 Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in the Series 1990 Bonds so purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co., and shall not mean the Beneficial Owners (as defined herein) of the Series 1990 Bonds. See "The Series 1990 Bonds — Book-Entry Only System" herein for further information.

Interest on the Series 1990 Bonds is payable semiannually on each May 1 and November 1, commencing May 1, 1991. The principal of, premium, if any, and interest on the Series 1990 Bonds will be paid by Barnett Banks Trust Company, N.A. as paying agent (the "Paying Agent"). So long as DTC or its nominee, Cede & Co., is the registered owner, such payments will be made directly to Cede & Co. Disbursement of such payments to the DTC Participants (as defined herein) is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants (as defined herein), as more fully described herein.

The Series 1990 Bonds are being issued by the County pursuant to the Constitution and Laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, and other applicable provisions of law, Ordinance 88-49 of the County and Resolution No. _____ of the County, as supplemented (the "Bond Resolution"), to finance (i) the acquisition of land and related equipment and the construction of appurtenant site facilities for the disposition of solid waste generated within the County and (ii) the closing of an existing solid waste disposal site, all as more fully described herein.

The Series 1990 Bonds are subject to redemption prior to maturity as more fully described herein.

The Series 1990 Bonds are not general obligations or indebtedness of the County, but are special obligations payable solely from and secured by a lien upon and pledge of the Pledged Funds, as more fully described herein. No Bondholder shall ever have the right to compel the exercise of the ad valorem taxing power of the County to pay principal, premium, if any, or interest on the Series 1990 Bonds or to make other payments provided for in the Bond Resolution, or be entitled to payment of such principal, premium, if any, or interest from any funds other than those pledged pursuant to the Bond Resolution for such purposes. The Series 1990 Bonds are not obligations of the State of Florida or any political subdivision thereof other than the County.

Payment of the principal at stated maturity or earlier mandatory sinking fund redemption of, and interest payable at interest payment dates on, the Series 1990 Bonds when due will be guaranteed by a municipal bond insurance policy to be issued simultaneously with the delivery of the Series 1990 Bonds by FINANCIAL GUARANTY INSURANCE COMPANY.



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

AMOUNTS, MATURITIES, INTEREST RATES AND PRICES

\$		SERIAL BONDS	
<u>Amount</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Price</u>
\$	%	Term Bonds Due November 1,	Price %
(Accrued interest from October 1, 1990 to be added)			

The Series 1990 Bonds are offered when, as, and if issued and received by the Underwriter, subject to the approving opinion of Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by James G. Sisco, Esq., County Attorney, and for the Underwriter by its counsel, Moyle, Flanigan, Katz, FitzGerald & Sheehan, P.A., West Palm Beach, Florida. Public Financial Management, Inc. is serving as financial advisor to the County. It is expected that the Series 1990 Bonds will be available for delivery in New York, New York, or or about November 15, 1990.

Prudential-Bache Capital Funding

The date of this Official Statement is _____, 1990.

*Preliminary, subject to change.

ST. JOHNS COUNTY, FLORIDA
4200 Lewis Speedway
St. Augustine, Florida 32084
(904) 824-8131

BOARD OF COUNTY COMMISSIONERS

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

County Administrator
R. Daniel Castle

County Clerk
Carl "Bud" Markel

Finance Director
Michael R. Givens, C.P.A.

County Attorney
James G. Sisco, Esq.

Bond Counsel
Foley & Lardner
Jacksonville, Florida

Financial Advisor
Public Financial Management, Inc.
Orlando, Florida

Consulting Engineer
HDR Engineering, Inc.
Tampa, Florida

NO BROKER, DEALER, SALESMAN, OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY OR THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY EITHER OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OF THE SERIES 1990 BONDS AND THERE SHALL BE NO OFFER, SOLICITATION, OR SALE OF THE SERIES 1990 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION, OR SALE.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM PUBLIC DOCUMENTS, RECORDS AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN CONTAINED ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY SINCE THE DATE HEREOF.

THE SERIES 1990 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 1990 BONDS UNDER THE SECURITIES LAWS OF THE JURISDICTIONS IN WHICH THEY HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 1990 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING OF THE SERIES 1990 BONDS, THE UNDERWRITER MAY WITHOUT NOTICE OVERALLOT OR EFFECT TRANSACTIONS THAT MAY STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 1990 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND IF DISCONTINUED, MAY BE RECOMMENCED AT ANY TIME.

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OFFICIAL STATEMENT
RELATING TO

\$13,270,000*
ST. JOHNS COUNTY, FLORIDA
SOLID WASTE DISPOSAL REVENUE BONDS, SERIES 1990

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices hereto, is to set forth certain information relating to St. Johns County, Florida (the "County"), its solid waste disposal system (as more precisely defined in the hereinafter defined Bond Resolution, the "System") and the \$13,270,000* aggregate principal amount of Solid Waste Disposal Revenue Bonds, Series 1990 (the "Series 1990 Bonds") being issued by the County. The Series 1990 Bonds, together with any Additional Bonds as may hereafter be issued by the County pursuant to the Bond Resolution, are collectively referred to herein as the "Bonds."

The Series 1990 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, including Chapter 125, Florida Statutes, Ordinance No. 88-49 of the County and Resolution No. _____ duly adopted by the Board of County Commissioners of the County on _____, 1990, as supplemented (the "Bond Resolution"). The Series 1990 Bonds are being issued to finance (i) the acquisition of land and related equipment and the construction of appurtenant site facilities for the disposition of solid waste generated within the County and (ii) the closing of an existing solid waste disposal site, all as more fully described herein (the "Initial Project").

The Series 1990 Bonds are not general obligations or indebtedness of the County, but are special obligations payable solely from the sources provided in the Bond Resolution as further described in this Official Statement. No bondholder shall ever have the right to compel the exercise of the ad valorem taxing power of the County to pay principal, premium, if any, or interest on the Series 1990 Bonds or to make other payments provided for in the Bond Resolution, or be entitled to payment of such principal, premium, if any, or interest from any funds other than those pledged pursuant to the Bond Resolution for such purposes. The Series 1990 Bonds are not obligations of the State of Florida or any political subdivision thereof other than the County.

* Preliminary, subject to change.

There follow in this Official Statement descriptions of the Series 1990 Bonds, the County, the System, the Initial Project, and certain other matters. Such descriptions and information do not purport to be complete, comprehensive, or definitive, and all references herein to documents or reports are qualified in their entirety by reference to such documents and reports.

Unless otherwise defined herein, terms used in capitalized form in this Official Statement shall have the same meanings as in the Bond Resolution. See "Appendix A - Summary of Certain Provisions of the Bond Resolution" for definitions of certain terms used herein and in the Bond Resolution.

THE SERIES 1990 BONDS

General Description

The Series 1990 Bonds will be issued as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof. The Series 1990 Bonds will be dated, will bear interest from the dated date at the rates and, subject to the redemption provisions set forth below, will mature on the dates and in the amounts, all as set forth on the cover page of this Official Statement.

Interest on the Series 1990 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Series 1990 Bonds will be payable semi-annually on May 1 and November 1 of each year, commencing May 1, 1991. The interest on the Series 1990 Bonds will be paid by check or draft mailed by the Paying Agent to the registered owners of the Series 1990 Bonds at their addresses as they appear on the registration books of the County on the 15th day of the month preceding the applicable interest payment date.

Principal of, and premium, if any, on the Series 1990 Bonds will be payable when due upon presentation and surrender of the Series 1990 Bonds at the principal corporate trust office of the Paying Agent.

All payments of principal of, premium, if any, and interest on the Series 1990 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The initial Paying Agent and Registrar for the Series 1990 Bonds is Barnett Banks Trust Company, N.A., the principal corporate trust office of which is located in Jacksonville, Florida.

Redemption Provisions

Optional Redemption. The Series 1990 Bonds maturing on and before November 1, _____ are not subject to redemption prior to maturity. The Series 1990 Bonds maturing after November 1, _____ are subject to redemption prior to maturity at the option of the County on or after _____, _____, in whole at any time, or in part on any interest payment date, at the redemption price (expressed as a percentage of the principal amount of the Series 1990 Bonds to be redeemed) as set forth below, plus accrued and unpaid interest thereon to the date of redemption. If less than all the Series 1990 Bonds are to be redeemed, the Series 1990 Bonds shall be redeemed in such order of maturity as shall be determined by the County, and if less than all the Series 1990 Bonds of a maturity are to be redeemed, the Series 1990 Bonds of such maturity to be redeemed shall be selected by the Registrar in such method as the Registrar shall deem fair and appropriate.

REDEMPTION PERIOD (Dates Inclusive)

REDEMPTION PRICE

Mandatory Redemption. The Term Bonds maturing on November 1, _____ (the "_____ Term Bonds") are subject to mandatory redemption in part by the County prior to maturity in accordance with the schedule and in the principal amounts set forth below, at a redemption price of par plus accrued interest to the redemption date. The _____ Term Bonds to be redeemed shall be selected by the Registrar in such method as the Registrar shall deem fair and appropriate.

Term Bonds

REDEMPTION DATES
(November 1 of each year)

PRINCIPAL AMOUNT

If the County purchases for cancellation or redeems through optional redemption in any year _____ Term Bonds in excess of the mandatory redemption requirement for such Term Bonds for such year or any subsequent year, such excess of _____ Term Bonds so

purchased and cancelled or redeemed shall be credited over such of the remaining mandatory redemption dates for such ____ Term Bonds as the County shall determine, and shall reduce the amount of ____ Term Bonds otherwise subject to redemption and due on such date or dates. No such excess, however, shall be credited to the amount of Term Bonds subject to mandatory redemption on any November 1 if the selection of Term Bonds to be redeemed on such November 1 has already been made.

Notice of Redemption. Notice of any redemption of Series 1990 Bonds other than mandatory redemption from the Bond Amortization Account, and excepting any notice that refers to Series 1990 Bonds that are the subject of an advance refunding, shall be circulated only if sufficient funds shall have been deposited with the Paying Agent or an escrowee or trustee to pay the redemption price of the Series 1990 Bonds to be redeemed. Notice of redemption of Series 1990 Bonds shall be given by the Registrar on behalf of the County by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each Holder of Series 1990 Bonds to be redeemed at the address of such Holder shown on the registration books maintained by the Registrar or at such other address as shall be furnished in writing by such Holder to the Registrar. Each such notice shall set forth (i) the redemption date, (ii) the redemption price, (iii) if less than all of the outstanding Series 1990 Bonds are to be redeemed, the number and, in the case of a partial redemption of any Series 1990 Bonds, the principal amount of each Series 1990 Bond to be redeemed, (iv) that on the redemption date the redemption price will become due and payable upon each such Series 1990 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and (v) that such Series 1990 Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the redemption price at the office of the Paying Agent. The Bond Resolution provides that the failure to give any such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 1990 Bond with respect to which no such failure has occurred.

After the redemption date, no further interest shall accrue on the principal of any Series 1990 Bond called for redemption if notice has been duly given and funds for the payment of such Series 1990 Bond are on deposit with the Paying Agent at that time.

Book-Entry Only System

The Depository Trust Company of New York, New York ("DTC") will initially act as securities depository for the Series 1990 Bonds. The ownership of one fully registered Bond for each

maturity of the Series 1990 Bonds, in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC.

DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others (the "Indirect Participants") such as banks, brokers, dealers and trust companies that clear through or maintain, either directly or indirectly, a custodial relationship with a DTC Participant.

Purchases of Series 1990 Bonds under the book-entry system may be made through brokers and dealers who are, or act through, DTC Participants. The DTC Participants shall receive a credit balance in the records of DTC representing their share of the Series 1990 Bonds purchased. The ownership interest of the actual purchaser of each Series 1990 Bond (the "Beneficial Owner") will be recorded on the records of the DTC Participant or Indirect Participant.

Beneficial Owners will receive a written confirmation of their purchase with details of the Series 1990 Bonds acquired. Transfers of ownership interests in the Series 1990 Bonds will be accomplished by book entries made by DTC and in turn by the DTC Participants or Indirect Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing ownership interests in the Series 1990 Bonds, unless they become registered owners as provided in the Bond Resolution upon discontinuation of the book-entry system. Interest and principal will be paid by the Paying Agent to DTC, or its nominee, and then paid by DTC to the DTC Participants and thereafter paid by the DTC Participants and Indirect Participants to the Beneficial Owners when due.

NEITHER THE COUNTY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE BENEFICIAL OWNERS, THE DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 1990 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS, HOLDERS OR REGISTERED OWNERS OF THE SERIES 1990 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS THEREOF.

Principal, premium, if any, and interest payments on the Series 1990 Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Series 1990 Bonds. Upon receipt of moneys, DTC's current practice is to immediately credit the accounts of the DTC Participants according to their respective holdings shown on the records of DTC. Payment by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC, the Paying Agent, the Registrar or the County, subject to any statutory and regulatory requirements as may be in effect from time to time. The "record date" for payments of interest to the Beneficial Owners may not be the same as the Record Date for payments to DTC or its nominee as registered owner of the Series 1990 Bonds.

The Paying Agent and the County, so long as a book-entry system is used for the Series 1990 Bonds, will send any notice of redemption or other notices to Holders only to DTC. Any failure by DTC to advise any DTC Participant, or by any DTC Participant or Indirect Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series 1990 Bonds called for redemption or of any other action premised on such notice.

The County and the Paying Agent cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute (i) payments of debt service of the Series 1990 Bonds paid to DTC or its nominee, as the registered owner, (ii) certificates or other confirmation of ownership interests in Series 1990 Bonds, or (iii) redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, the DTC Participants or Indirect Participants will serve and act in a manner described in this Official Statement.

DTC may discontinue services with respect to the Series 1990 Bonds at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, Series 1990 Bond certificates would be delivered to the Beneficial Owners. Each Beneficial Owner, upon registration of ownership of the Series 1990 Bonds held in the Beneficial Owner's name on the registration books maintained on behalf of the County by the Registrar, will become the Bondholder of such Series 1990 Bonds.

The County may determine that continuing the system of book-entry transfer through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners. In such event, Series 1990 Bond certificates will be delivered to the Bondholders.

In the event the system of book-entry ownership of Series 1990 Bonds is discontinued, transfers and exchanges of Series 1990 Bonds will be accomplished as provided in the Bond Resolution, as further described in Appendix A.

Estimated Annual Debt Service Requirements

The following table sets forth the debt service requirements for the Series 1990 Bonds:

<u>Period Ending</u> <u>November 1</u>	<u>Principal</u> <u>(or Amortization</u> <u>Installment)</u>	<u>Interest</u>	<u>Total</u> <u>For Period</u>
1991			
1992			
1993			
1994			
1995			
1996			
1997			
1998			
1999			
2000			
2001			
2002			
2003			
2004			
2005			
2006			
2007			
2008			
2009			
2010			

PURPOSE OF THE SERIES 1990 BONDS

General Description

The proceeds derived from the sale of the Series 1990 Bonds will be used to (i) finance the acquisition of land and related equipment and the construction of appurtenant site facilities for the disposition of solid waste generated within the County and the closing of an existing solid waste disposal site (the "Initial Project") (ii) deposit certain moneys into the Reserve Account and

(iii) pay costs of issuance with respect to the Series 1990 Bonds. For further information concerning the Initial Project, see "The Solid Waste System" herein.

Estimated Sources and Uses of Funds

The table that follows summarizes the estimated sources and uses of funds to be derived from the sale of the Series 1990 Bonds.

Sources of Funds:

Principal Amount of Series 1990 Bonds	\$13,270,000*
Accrued Interest	\$ _____
TOTAL SOURCES	\$ _____

Uses of Funds:

Deposit to Interest Account(1)	\$ _____
Deposit to Reserve Account	\$ _____
Deposit to Cost of Issuance Account(2)	\$ _____
Deposit to Construction Fund	\$ _____
TOTAL USES	\$ _____

- (1) Accrued interest on the Series 1990 Bonds.
- (2) Includes amounts to be used to pay for bond counsel, the County Attorney, financial advisor, bond insurance, underwriter's discount and other costs of issuing the Series 1990 Bonds.

THE COUNTY

St. Johns County is located on the east coast of the State of Florida approximately 40 miles south of the City of Jacksonville. The County encompasses an area of approximately 608 square miles. The County seat is St. Augustine. The County had an estimated

* Preliminary, subject to change.

1989 population of 84,389. Principal industries of the County include tourism and agriculture.

The Board of County Commissioners of St. Johns County is the principal legislative and governing body of the County, as provided by the Constitution of the State of Florida and Chapter 125, Florida Statutes. The Board consists of 5 commissioners elected by the voters of the County for terms of 4 years each. The present commissioners and the date on which their current terms of office expire are as follows:

<u>Commissioner</u>	<u>Term Expires</u>
Craig A. Maguire, Chairman	November 16, 1992
Sarah W. Bailey	November 16, 1992
Francis N. Brubaker	November 19, 1990
Donald H. Herold	November 16, 1992
Harry Waldron	November 19, 1990

Effective November, 1990 the Board of County Commissioners will be expanded to seven members. Thereafter, 5 commissioners will be elected from single-member districts and 2 commissioners will be elected on an at-large basis.

For further general information concerning the County, see Appendix C hereto.

THE SOLID WASTE SYSTEM

Consulting Engineer's Feasibility Report

The Consulting Engineer's Feasibility Report (the "Feasibility Report") prepared by HDR Engineering, Inc. (the "Consulting Engineer"), which appears as Appendix B hereto, sets forth certain information concerning the System, including the Initial Project. The Feasibility Report should be read in its entirety.

The projection of operating results included in the Feasibility Report is based upon assumptions of future events. These assumptions were reviewed with and approved by the County staff and are based on present circumstances and information currently available. While the Consulting Engineer believes that the considerations and assumptions used constitute reasonable bases for the preparation of the projections, the achievement of projected operations is dependent upon the occurrence of future events which cannot be assured. To the extent that the actual

future conditions differ from those assumed by the Consulting Engineer, the actual results will vary from those forecasted.

Based upon its experience, and the information made available to it, and subject to the assumptions contained in the Feasibility Report, the Consulting Engineer is of the opinion that (1) the County has received all permits which are currently required to close, construct and operate the Initial Project; and (2) the projected receipts resulting from the operation of the Initial Project, under normal operating procedures, are anticipated to be adequate to close, develop and operate and maintain the County's solid waste system, make debt service payments on the Series 1990 Bonds, and maintain the Debt Service Reserve Account and all other accounts created pursuant to the Bond Resolution at the required levels.

Description of Existing System

The County's solid waste disposal system (the "System") currently consists of three County-owned and operated solid waste transfer stations, the County-owned and operated Tillman Ridge Sanitary Landfill ("Tillman Ridge"), and certain other equipment and buildings used in the handling and disposal of solid waste.

The County has operated the Tillman Ridge Sanitary Landfill since April, 1976. Permits issued by the Florida Department of Environmental Regulation (the "FDER") which were necessary for the operation of Tillman Ridge expired April 1, 1986. In January, 1986 more stringent landfill regulations issued by FDER, requiring all disposal of Class I waste to take place in lined landfills, became effective. Additionally, by April, 1986, groundwater monitoring at Tillman Ridge indicated that groundwater contamination existed in the zone of discharge for the landfill at levels in excess of those permitted by regulations. However, compliance with these new regulations (landfill liners and groundwater quality) with respect to Tillman Ridge would have been extremely difficult and expensive, and because Tillman Ridge had only a few remaining years of useful life, FDER entered into a consent order (the "Consent Order") with the County providing for the continued operation and closure of the landfill under conditions set forth in the Consent Order. Pursuant to the terms of the Consent Order, as amended, Tillman Ridge may continue in operation until April 16, 1991.

Description of Initial Project

The Initial Project consists of two (2) phases. Phase I activities consist of continuing and eventually closing the current landfill operations at Tillman Ridge. Phase II activities consist of landfill design and the construction of the initial

cell of the new landfill. The following discussion presents a limited discussion of the main aspects of the two phases of the Initial Project.

Landfill Closure Activities. Tillman Ridge consists of six (6) cells. The northern three (3) cells were closed by the County pursuant to existing FDER regulations prior to July, 1985. The operation of the three (3) southern cells has continued pursuant to the Consent Order. A closure permit issued by FDER requires closure of Tillman Ridge by April 16, 1991 and provides guidance for operating Tillman Ridge until the new landfill is opened.

During the remaining life of Tillman Ridge, solid waste and cover material will be placed such that stormwater will be directed into a stormwater collection system and not allowed to collect on top of the waste-filled areas. After solid waste is no longer being deposited at Tillman Ridge, a low permeability final cap will be installed over approximately the southern half (the southern three cells) of the landfill. The purpose of the cap and retention system is to prevent contamination of groundwater by leaching of materials from the landfill. Landfill gas will be released from beneath the cap through a series of penetrating vents. Additionally, a groundwater monitoring program has begun and will be continued to determine the extent of any leachate plume emanating from the landfill. The estimated cost of closure of the Tillman Ridge Landfill is \$5,054,800.

The New Landfill. In order to replace Tillman Ridge, the County will be constructing a new landfill (the "New Landfill") on land adjacent to and immediately south of Tillman Ridge. The new site consists of approximately one hundred fifty-four (154) acres of land which the County owns; the cost incurred by the County in acquiring this land will be reimbursed to the County from proceeds of the Series 1990 Bonds. The County issued a special zoning exemption allowing the operation of the New Landfill on the new site.

The New Landfill is anticipated to consist of four (4) cells of between 8.5 acres and 13.1 acres each, for a total fill area of 45 acres. Based on existing per capita waste generation rates and projections of population growth, and assuming the County is able to institute a recycling program which complies with Florida law, each cell is expected to have a life of four to five (4-5) years. The useful life of all four (4) cells of the New Landfill is expected to be seventeen (17) years. For further information concerning recycling, see "Waste Supply and Control - Mandatory Recycling" below.

Although the New Landfill is anticipated to consist of four (4) cells, only the construction cost of the initial cell ("Cell 1") is being funded with proceeds of the Series 1990

Bonds. The estimated cost of the portion of the New Landfill to be built with proceeds of the Series 1990 Bonds is \$5,961,600.

As the useful life of each cell ends, it is expected that it will be necessary to construct each of the additional three (3) landfill cells. Additionally, the County will be required to close each cell. The Consulting Engineer has prepared long-term estimates of the cost of these cell expansions and closures, and has used these costs in developing the projected operating results contained in the Feasibility Report.

Permitting. According to the Feasibility Report, all permits required to fully implement the Initial Project have been obtained.

Waste Supply and Control

In general, subject to exceptions described below, all persons disposing of solid waste at a County operated disposal facility are required to pay a disposal fee referred to as a "tipping fee." Tipping fees are fees payable solely with respect to the disposition of solid waste at the disposal site, and they are to be distinguished from any fees payable by a generator of solid waste for the collection and transportation of such waste to the disposal site.

Pursuant to County Ordinance No. 89-20, the County has made it unlawful for any municipality or other person to dispose of solid waste accumulated or collected within the County, including within any municipality located within the County, at any place other than a County approved disposal site. Ordinance No. 89-20 requires that all solid waste generated within the County, including the municipalities therein, be disposed of at the County operated landfill upon payment of the required tipping fees.

The County has implemented a program of levying non ad valorem special assessments against certain residential property within the unincorporated areas of the County. These special assessments (the "Assessments") are intended to pay for the cost of solid waste disposal with respect to the property subject to the assessments (the "Assessed Property"), and are in lieu of tipping fees with respect to those premises. The County's system of assessments is further described herein under the heading "Source of Payment and Security for the Series 1990 Bonds - Levy and Pledge of Assessments."

The revenues pledged to payment of debt service on the Series 1990 Bonds include both the Assessments and the tipping fees.

A description of the solid waste collection procedures within the County must differentiate between collection within incorporated municipalities and within unincorporated areas of the

County. Further, the collection procedures applicable to residential waste within unincorporated areas of the County are different from those applicable to commercial/industrial waste.

Unincorporated County. Pursuant to County ordinances, it is unlawful for any person other than an authorized franchise holder or other approved entity to engage in the business of or receive consideration for the collection, hauling or transportation of solid waste (with the exception of land clearing debris, farming debris, hazardous, radiological and biohazardous waste, motor vehicles and their parts, or yard trash) within the County. The foregoing prohibition does not apply to noncommercial collection of solid waste, and generators of solid waste are authorized to dispose of their own waste at County approved disposal sites. Commercial collection of solid waste in unincorporated areas of the County is currently undertaken through the use of exclusive franchises with private haulers. There are currently two (2) franchisees (Browning-Ferris Industries, Inc. and Seaboard Sanitation, Inc.) whose franchises extend to January 22, 1997.

Residential property owners are not required to subscribe for the services of an authorized franchisee, but those failing to so subscribe may not engage the services of any other commercial collection service, and would have to dispose of their own solid waste. Furthermore, while subscription to a franchised collection service is optional, payment of the Assessments is not. Thus, a resident who elects not to subscribe to a franchised collection service would be required to pay the Assessments in any event.

Each franchisee is required to provide twice-weekly garbage collection to each residential subscriber and to deliver all collections to Tillman Ridge (or the New Landfill) for disposal. The County sets the maximum fee that the franchisees may charge residential subscribers for collection and transportation of solid waste.

Franchisees are required to pay tipping fees for the disposal of waste collected from subscribers. Thus, in addition to the fee charged for collection and transportation of solid waste, the County has, except as noted below, authorized the franchisees to charge residents fees, according to a County-approved schedule, designed to reimburse the franchisee for the tipping fees paid by the franchisee. Franchisees collecting solid waste from Assessed Property are prohibited by the County from charging their customers any disposal fee to with respect to Assessed Property. Therefore, franchisees are given a credit against the required tipping fees based upon (i) the number of Assessed Properties served by the franchisee, (ii) the then current Assessment amount and (iii) the estimated weight of solid waste generated by a typical Assessed Property.

The franchise agreements require the franchisees to collect commercial and industrial waste within the County at rates negotiated by the franchisees and the individual waste generators. Commercial/industrial subscribers to a franchise collection service may also be charged a fee by the franchisee sufficient to reimburse the franchisee for the tipping fee paid by the franchisee. Commercial and industrial waste generators are not required to contract with franchisees for collection services, and they may dispose of their own waste at a County landfill upon payment of the tipping fees. As noted above, pursuant to Ordinance No. 89-20, commercial and industrial waste generators are permitted to dispose of their waste only at a County approved disposal site.

Municipalities. Because the County is a non-charter county, under Florida law a County ordinance in conflict with a municipal ordinance is not effective within the municipality to the extent of the conflict. Thus, while the County has adopted an ordinance regulating the accumulation, collection, transportation and disposal of solid waste within municipalities within the County, in the event a conflicting municipal ordinance is adopted or in the event Ordinance No. 89-20 is otherwise rendered inapplicable or unenforceable within a municipality, it may not be possible for the County to require solid waste generated within municipalities to be disposed of at a County-operated site. For this reason, the following information is provided.

There are three municipalities within the County: Hastings, St. Augustine, and St. Augustine Beach. Solid waste collection within incorporated municipalities is currently conducted through city-operated collection programs, except for the collection of construction and demolition debris by individual private haulers. According to the Consulting Engineer's Feasibility Report, approximately 19% of the solid waste generated within the County is generated within these municipalities.

Pursuant to Chapter 88-130, Laws of Florida, the municipalities within the County are prohibited from operating their own solid waste disposal facilities unless they can show that the use of the County's system would place a significantly higher and disproportionate financial burden on their citizens when compared to the financial burden placed on persons residing in unincorporated areas of the County. However, the Florida Statutes would permit any of these municipalities to construct a resource recovery facility if it could demonstrate that the operation of the facility would not significantly impair financial commitments made by the County with respect to the System or result in significantly increased solid waste management costs to the remaining persons residing within the County but not served by the municipal facility.

If Ordinance No. 89-20 of the County should become inapplicable or unenforceable, waste generated within municipalities could be transported to alternate disposal sites located outside of the County and the tipping fees received by the County would be reduced. However, this would be very costly because of the significant distance to alternative disposal sites in neighboring counties. The following table shows a comparison of solid waste disposal fees of several neighboring counties together with hauling distances from the municipalities within the County.

Comparative Solid Waste Disposal Chart

<u>Disposal Sites</u>	<u>Tipping Fee (\$/Ton)</u>	<u>One-Way Haul Distance (Miles)</u>		
		<u>Hastings</u>	<u>St. Augustine</u>	<u>St. Augustine Beach</u>
Clay County	\$45.00	35	45	50
Duval County	37.00	70	55	60
Flagler County	40.00	30	35	35
Putnam County	29.00	10	45	45
St. Johns County	42.00	10	5	10

As shown in the above table, the City of Hastings is located equidistant from the Putnam County landfill and the New Landfill, and Putnam County charges a lower tipping fee. Thus, if Ordinance No. 89-20 should become inapplicable or unenforceable there is a potential for diversion of solid waste from the City of Hastings to the Putnam County landfill. However, the solid waste generated within the City of Hastings is less than 1% of the solid waste generated within the entire County.

Duval County has applied for permits to construct a landfill at the extreme southeast corner of Duval County adjacent to its boundary with St. Johns County. The proposed landfill would be significantly closer to the municipalities within the County than the existing Duval landfill. The Consulting Engineer is of the opinion that the fees charged at the proposed Duval landfill will be comparable to those at the New Landfill. If Ordinance No. 89-20 of the County should become inapplicable or unenforceable, the construction of the proposed Duval landfill could result in reduced flow into the System and could result in reduced Gross Revenues. The County is opposing the proposed Duval landfill, in both judicial proceedings and through the executive branch of State government, because of the potential environmental impact upon citizens of the County. The outcome of the challenge cannot be predicted at this time.

Mandatory Recycling. Chapter 88-130, Laws of Florida, which was adopted by the State Legislature in 1988, is designed to

reduce the amount of waste being disposed of by the public and to encourage recycling, composting, waste incineration, and other methods of conserving resources. The basic goal of the legislation is to reduce the amount of solid waste by at least 30% before the waste is incinerated or deposited in a landfill. This goal is required to be achieved by the end of 1994. In developing the revenue projections contained in the Feasibility Report the Consulting Engineer considered the anticipated effects of recycling upon the System, both in terms of the increased operating expenses and reduced revenues (tipping fees) resulting from the reduced amount of waste being disposed of.

SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 1990 BONDS

Pledged Funds

Payment of the principal of, premium, if any, and interest on the Series 1990 Bonds will be payable solely from and secured by a lien upon and pledge of the "Pledged Funds."

The Bond Resolution defines "Pledged Funds" to mean "Net Revenues" and, until applied in accordance with the provisions of the Bond Resolution, the proceeds of the Bonds and all monies, including investments thereof, in the Revenue Fund, the Debt Service Fund, and the Renewal and Replacement Fund. Pledged Funds do not include Net Revenues that have been deposited in the Closure Fund, the Rebate Fund, or the Rate Stabilization Fund.

The Bond Resolution defines "Net Revenues" to mean "Gross Revenues" less "Operating Expenses".

"Gross Revenues" are defined as (i) all income and monies received by the County from the tipping fees and other charges which may be made and collected by the County for the use of the services or facilities of the System, excluding Assessments, and (ii) all earnings and income derived from the investment of monies under the provisions of the Bond Resolution which are transferred to the Revenue Fund or the Interest Account and (iii) the Assessments, to the extent the County elects to levy the Assessments. As further described below under the caption "Levy and Pledge of Assessments," the County is not obligated to levy any Assessments, and if any Assessments are levied, the County may amend or repeal or reimpose any such Assessments at any time in its discretion.

"Operating Expenses" means, in general, the County's expenses (i) for operation, maintenance, repairs, and replacements with respect to the System and (ii) incurred to administer, levy and collect the Rates and the Assessments, as further described in the Bond Resolution. Operating Expenses do not include (a) any costs

or expenses in respect of original construction or improvement other than expenditures necessary to prevent an interruption or continuance of an interruption of the Gross Revenues, (b) minor capital expenditures necessary for the proper and economical operation or maintenance of the System, or (c) any provision for interest, depreciation, amortization, or similar charges.

Tipping Fees

Prior to October, 1987, the County paid for the operations of the System from the County's General Fund, which was funded through the imposition of ad valorem taxes. In September, 1987, the County implemented a system of tipping fees and charges designed to defray the cost of operation of the System.

Effective November 1, 1990, the tipping fee will be revised to a flat rate of \$42.00 per ton for all waste.

Levy and Pledge of Assessments

Levy. Pursuant to Ordinance No. 89-20, adopted by the Board of County Commissioners of the County (the "Board") on May 9, 1989, as amended and supplemented, the Board created a municipal service benefit unit ("MSBU") consisting of all unincorporated areas of the County. The MSBU is authorized to levy an annual non-ad valorem special assessment of not to exceed \$75.00 per year upon each "Residential Property" located within the MSBU (the "MSBU Assessments"). The term "Residential Property" means all real property located within the MSBU used or designed for use as a residence, including (i) single family residences, (ii) property improved to accommodate mobile homes, (iii) duplexes, triplexes, quadriplexes, and quintexes, and (iv) apartment buildings, timeshare buildings, and condominium buildings comprising five units or less, but not including portions of mobile home parks where properties are not individually assessed by the County Property Appraiser, or rental apartments, timeshare buildings and condominium buildings with six or more units, or hotels or motels. In addition any property that receives solid waste collection service pursuant to a commercial agreement with a contractor approved by the County may be exempted from the MSBU Assessments.

The MSBU Assessments are levied by the Board on an annual basis, and the Board may elect to impose, amend or eliminate the MSBU Assessments at any time. However, pursuant to Resolution 90-137, adopted by the Board August 7, 1990, the Board established the level of the MSBU Assessments at a rate of \$65 per year per Residential Property for 1990 and for each year thereafter until modified by subsequent County resolution or ordinance. In addition, the Resolution provides that the assessments will be collected each year for the next 20 years unless subsequently modified by resolution or ordinance. It should be noted that, as

indicated by Exhibit 1 to the Feasibility Report prepared by the Consulting Engineer and included as Appendix B hereto, the Consulting Engineer has based the projected operating results for the System on the assumption that beginning in fiscal year 1994 the MSBU Assessments will be increased from \$65.00 per year to \$89.00 per year initially and to higher amounts thereafter. Since Ordinance No. 89-20 currently allows a maximum MSBU Assessment of \$75.00 per year, Ordinance No. 89-20 would have to be amended in order to authorize MSBU Assessments at the rates assumed in the Feasibility Report.

To the extent the MSBU Assessments are levied and collected, they will constitute "Assessments," and will be part of the Pledged Funds. The MSBU Assessments may be discontinued or amended at any time by the Board and the Board is not obligated to levy, or if levied to continue to levy, the MSBU Assessments.

In addition to the MSBU Assessments, pursuant to Ordinance 88-49 of the County, the County is authorized to levy special assessments against lands and properties specially benefited by any Project. The County is not obligated to levy any assessments pursuant to Ordinance 88-49, and such assessments may be imposed, amended, or repealed by the County at its discretion. Although the County has not levied any assessments pursuant to Ordinance 88-49, should the County do so in the future, such assessments would also constitute a portion of the Pledged Funds for so long as the County in its discretion elects to continue to levy such assessments. The MSBU Assessments, and any assessments that may be levied pursuant to Ordinance No. 88-49 are referred to in this Official Statement as the "Assessments."

Collection. Under Florida law, the collection of the Assessments could be accomplished in one of two manners: (1) the County could prepare its own assessment bills and send them to persons subject to the Assessments, with collection of delinquent Assessments being accomplished pursuant to a court action for judgment on the amount due; or (2) the Assessments could be billed along with County and municipal and other ad valorem taxes and special assessments and collected pursuant to the procedures applicable to County ad valorem taxes.

Pursuant to Resolutions 89-240 and 90-137, the Board expressed its intention that the MSBU Assessments be collected utilizing the procedures applicable to County ad valorem taxes. Accordingly, a summary of the procedures governing the collection of ad valorem taxes is provided hereinafter. To the extent the County does not utilize the collection procedures applicable to County ad valorem taxes with respect to Assessments, the enforcement of the collection of any delinquent annual disposal special Assessment would be pursuant to court action for judgment on the amount due, and the following discussion would not be relevant.

Pursuant to Section 197.3632, Florida Statutes, non ad valorem assessments collected pursuant to the procedures applicable to County ad valorem taxes are subject to all collection procedures applicable to ad valorem taxes levied by counties, and are enforced and collected by the county tax collector in the same manner and at the same time as county ad valorem taxes on real property.

The collection of delinquent taxes upon real property is based upon the sale by the tax collector of "tax certificates" and remittance of the proceeds of such sale to the various governmental entities levying taxes for the payment of the taxes due. The demand for such certificates is, in turn, dependent upon various factors which include the interest which can be earned by ownership of such certificates and the value of the land which is the subject of such certificates and which may be subject to sale at the demand of the certificate-holder. Therefore, the underlying market value of the property which is subject to unpaid taxes may affect the demand for such property and therefore the likelihood of successful collection of taxes thereon.

In the event of a delinquency in the payment of taxes on real property, the tax collector is required to attempt to sell tax certificates on such property to the person who pays the delinquent taxes and interest and certain costs and charges, and who accepts the lowest interest rate per annum to be borne by the certificates (which shall in no event be more than eighteen percent (18%)). Delinquent taxes may be paid by a taxpayer prior to the date of sale of a tax certificate by the payment of such taxes, together with interest and all costs and charges. Tax certificates are sold by public bid, and in case there are no bidders the certificate is issued to the county in which the assessed lands are located. Proceeds from the sale of tax certificates are required to be remitted by the tax collector to the various governmental entities levying taxes for the payment of such taxes, and to pay interest, costs and other charges, on the real property described in the certificate.

After an initial period ending two (2) years after April 1 of the year of issuance of a certificate, during which period actions against the land with respect to the delinquent taxes are held in abeyance (except with respect to county-held certificates) to allow for sales and redemptions of tax certificates, the holder of a certificate may apply for a tax deed to the subject real property. The applicant is required to pay to the tax collector all amounts required to redeem or purchase all outstanding tax certificates not held by the applicant covering the real property, any omitted taxes or delinquent taxes, current taxes, and interest, if due, covering the land. If a county holds a tax certificate and has not succeeded in selling it, the county must apply for a tax deed within two (2) years after April 1 of the year of issuance. The county pays costs and fees to the tax

collector but not any amount to redeem any other outstanding certificates covering the real property. In either event, the property is then advertised for public sale.

In any such public sale, the private holder of the tax certificate who is seeking a tax deed for property is deemed to submit a minimum bid established by statute. If there are no higher bidders, the holder receives title to the real property. If there are higher bidders, the holder may enter the bidding. The highest bidder is awarded title to the real property.

If there are no bidders at the public sale, the county may at any time within ninety (90) days from the date of offering for public sale purchase the real property for a statutorily prescribed minimum bid. After ninety (90) days have passed any person or governmental unit may purchase the land by paying the amount of the minimum bid. Seven (7) years from the date of offering for public sale, unsold real property escheats to the county in which the real property is situated.

Rate Covenant

The County has covenanted in the Bond Resolution to fix, establish, maintain and collect the Rates and revise the same effective at the beginning of each Fiscal Year, to the extent necessary, and, if the Assessments are Pledged to the payment of the Bonds pursuant to the Bond Resolution, to collect Assessments in the manner provided by law, so that the sum of the Rates and the Assessments, if any Assessments are levied and collected, always provide in each Fiscal Year Net Revenues (i) which at least equal one hundred ten percent (110%) of the Debt Service Requirement for the next succeeding Bond Year plus one hundred percent (100%) of any amounts required by the terms of the Bond Resolution to be deposited in the Renewal and Replacement Fund and in the Reserve Account (or to be paid to the issuer of any Reserve Account Letter of Credit or Insurance Policy) in such Fiscal Year and (ii) which, together with the sum on deposit in the Rate Stabilization Fund at the beginning of such Fiscal Year, will at least equal one hundred twenty-five percent (125%) of the Debt Service Requirement for the next succeeding Bond Year plus one hundred percent (100%) of any amounts required by the terms of the Bond Resolution to be deposited in the Renewal and Replacement Fund and in the Reserve Account (or to be paid to the issuer of any Reserve Account Letter of Credit or Insurance Policy) in such Fiscal Year.

Pursuant to the Bond Resolution, the County is only required to revise the Rates and/or Assessments if (i) prior to the beginning of a Fiscal Year, the Rates and Assessments projected by the Annual Budget to be received for such Fiscal Year, together with the moneys on deposit in the Rate Stabilization Fund (if applicable), shall be insufficient for the coverages described in

the preceding paragraph, or (ii) after receipt by the County of an Annual Audit, the Net Revenues, together with moneys on deposit in the Rate Stabilization Fund (if applicable), were insufficient in the Fiscal Year audited to produce the coverages required by the preceding paragraph. In either such event the Issuer shall, prior to the commencement of the next succeeding Fiscal Year, increase the Rates and/or Assessments (provided that Assessments shall never be levied in excess of the maximum assessment permitted by law) and, upon the occurrence of the event described in clause (ii) of the preceding sentence, obtain a written certificate from an independent firm of certified public accountants that (1) had such revised Rates and/or Assessments been in effect during the immediately preceding Fiscal Year, the coverages required by the preceding paragraph would have been met or exceeded and (2) had the same been in effect since the beginning of the then current Fiscal Year (a) based upon the current Annual Budget said coverages would be met or exceeded for the current Fiscal Year and (b) estimated Gross Revenues for the current Fiscal Year as reflected in the current Annual Budget would exceed the actual Gross Revenues received in such immediately preceding Fiscal Year by at least the amount that the estimated Operating Expenses for such current Fiscal Year exceed the actual Operating Expenses during such immediately preceding Fiscal Year.

If the County is required to increase the Rates and/or Assessments upon review of an Annual Audit as described in the preceding paragraph, the County is required to cause the Consulting Engineer to review the Rates, Assessments, if any, Gross Revenues, Operating Expenses and methods of operation of the System and to make written recommendations as to the means, including further increases in the Rates and/or Assessments, by which the County may best assure Net Revenues in the next succeeding Fiscal Year sufficient for compliance with all of the terms of the Bond Resolution. The County has covenanted to implement such recommendations by making any recommended revisions in the Rates and/or Assessments in the manner set forth above, effective at the beginning of the next succeeding Fiscal Year or as soon thereafter as is possible, and by taking any other recommended action as soon thereafter as is practicable.

Reserve Account

Upon issuance and delivery of the Series 1990 Bonds, the County will deposit a portion of the proceeds thereof in an amount equal to the Reserve Account Requirement into the Reserve Account of the Debt Service Fund. The Reserve Account Requirement is equal to the lesser of (i) the Maximum Debt Service Requirement (ii) one hundred twenty-five percent (125%) of the average annual Debt Service Requirement or (iii) ten percent (10%) of the initial proceeds of all Bonds. As further described herein under the caption "Flow of Funds," the County is required to use Gross Revenues to maintain the amount on deposit in the Reserve Account

at a level equal to the Reserve Account Requirement. Amounts on deposit in the Reserve Account may be used solely for the payment of the principal, Redemption Price, if applicable, and interest on the Bonds to the extent monies in the other accounts of the Debt Service Fund are insufficient for such purpose.

The Bond Resolution permits the County, at its sole option and discretion, to utilize a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit to fund the Reserve Account in an amount equal to the difference between the Reserve Account Requirement and the sum remaining on deposit in the Reserve Account, if any. For further information concerning the utilization of a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit, see "Appendix A - Summary of Certain Provisions of the Bond Resolution."

Flow of Funds

The Bond Resolution establishes the following funds and accounts:

- (A) the Construction Fund;
- (B) the Revenue Fund;
- (C) the Operation and Maintenance Fund;
- (D) the Debt Service Fund and therein four (4) accounts known as the "Interest Account," the "Principal Account," the "Bond Amortization Account," and the "Reserve Account";
- (E) the Renewal and Replacement Fund;
- (F) the Closure Fund;
- (G) the Rate Stabilization Fund; and
- (H) the Rebate Fund.

Gross Revenues will be deposited into the Revenue Fund promptly upon receipt by the County and will then be deposited or credited on or before the last day of each month in the following manner:

(1) First there shall be deposited into the Operation and Maintenance Fund an amount equal to the lesser of (i) an amount sufficient to pay the Operating Expenses for the next succeeding month, according to the Annual Budget or (ii) if the County shall have elected to levy the Assessments, the amount necessary to cause the monies therein, together with the moneys on deposit in the Rate Stabilization Fund, to be sufficient to pay Operating Expenses until the next succeeding November 1; provided, that the

County shall transfer monies from the Revenue Fund to the Operation and Maintenance Fund at any time to pay Operating Expenses to the extent that there is a deficiency in the Operation and Maintenance Fund and the Rate Stabilization Fund for such purpose. Monies in the Operation and Maintenance Fund may be used by the County to pay reasonable and necessary Operating Expenses as and when the same are incurred.

(2) Next there shall be deposited into the Debt Service Fund amounts sufficient to make the following deposits in the following order of priority:

(a) Into the Interest Account an amount which, together with the balance in such account, shall equal the interest on all Outstanding Bonds accrued and unpaid and to accrue through the end of the then current Bond Year. Monies in the Interest Account are to be applied by the County to pay interest on the Bonds as and when the same become due, whether by redemption or otherwise, and for no other purpose.

(b) (i) Into the Principal Account an amount which, together with the balance in such account, shall equal (1) the principal amount of all Outstanding Bonds, other than Term Bonds, due and unpaid and (2) the principal amount of the Bonds other than Term Bonds which shall thereafter mature during the then current Bond Year. Monies in the Principal Account are to be applied by the County to pay the principal of the Bonds other than Term Bonds as and when the same shall mature, and for no other purpose.

(ii) Commencing in the month which is one (1) year prior to the due date of each Amortization Installment on Term Bonds, into the Bond Amortization Account an amount which, together with the balance in said account, shall equal (1) the principal amount of all Outstanding Term Bonds due and unpaid and (2) the amount of such Amortization Installment. Monies in the Bond Amortization Account may only be used by the County to purchase or redeem Term Bonds in the manner provided in the Bond Resolution and for no other purpose.

(iii) Deposits to the Principal Account and Bond Amortization Account shall be of equal priority.

(c) Next there shall be deposited to the Reserve Account such amount, if any, as will restore the funds on deposit therein to the Reserve Account Requirement. Monies in the Reserve Account may only be applied by the County to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent monies in the Interest Account, the Principal Account, and the Bond Amortization Account shall be insufficient for such purpose. Whenever there is a surplus in the Reserve Account by reason of a decrease in the Reserve Account Requirement

or as a result of the deposit therein of a Reserve Account Insurance Policy and/or a Reserve Account Letter of Credit, such surplus monies will be deposited by the County into the Interest Account, or such other appropriate fund or account of the County, provided such deposit to such other fund or account shall not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. The County may satisfy all or part of the Reserve Account Requirement through the use of a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit, as further described in Appendix A.

(3) Next there shall be deposited into the Renewal and Replacement Fund such amount necessary to cause the monies in such fund to equal the Renewal and Replacement Fund Requirement, provided, that such deposit shall not be made unless there is on deposit in the Operation and Maintenance Fund and the Rate Stabilization Fund monies sufficient to pay Operating Expenses until the next November 1. Monies in the Renewal and Replacement Fund may only be applied by the County to the payment of the cost of extensions, improvements and additions to and renewals and replacements of the capital assets of the System and extraordinary repairs of the System. If at any time monies in the Debt Service Fund shall be insufficient to pay all or a part of the debt service on any of the Bonds, monies in the Renewal and Replacement Fund shall be used to supplement the Debt Service Fund to the extent necessary to prevent a default on the Bonds.

(4) Next there shall be deposited into the Closure Fund from amounts in the Revenue Fund (and to the extent such amounts shall be insufficient for such purpose, any other legally available funds of the County derived from sources other than ad valorem taxation or from budgeted ad valorem revenues in any current Fiscal Year) an amount equal to the aggregate fees or surcharges on fees or other revenues imposed, levied or collected by the County in compliance with Section 403.7125(3), Florida Statutes, to ensure the availability of financial resources for the proper closure of the landfills of the System, unless the County is not required to establish any such fee, surcharge or other appropriate revenue-producing mechanism by reason of having proof of financial responsibility in the manner permitted by Section 403.7125(4), Florida Statutes. Monies in the Closure Fund may be used by the County only for the purpose of landfill closure, for planning and construction of resource recovery or landfill facilities if such planning and construction expenditures do not deplete the Closure Fund to the detriment of the landfill closure, or for any other purpose or purposes authorized by Florida law. Bondholders will have no lien upon any amounts in the Closure Fund.

(5) Next, available moneys in the Revenue Fund will be applied to the payment of debt service on any Subordinated Indebtedness.

(6) At the option of the County, moneys in the Revenue Fund may next be deposited to the credit of the Rebate Fund to be used for payment to the United States of America of arbitrage rebate payments required by Section 148(f) of the Internal Revenue Code of 1986. (See "Appendix A - Summary of Certain Provisions of the Bond Resolution," for further information concerning arbitrage and rebate.) Bondholders will have no lien upon any amounts in the Rebate Fund.

(7) Thereafter, the balance of any moneys in the Revenue Fund will be deposited to the credit of the Rate Stabilization Fund. Monies in the Rate Stabilization Fund shall be applied by the County to pay Operating Expenses whenever monies in the Operation and Maintenance Fund are insufficient for such purpose. As long as no Event of Default shall have occurred and be continuing under the Bond Resolution, after setting aside in the Rate Stabilization Fund a sum which, together with the moneys on deposit in the Operation and Maintenance Fund shall be sufficient to pay Operating Expenses until the next November 1 according to the Annual Budget, the balance of any monies remaining in the Rate Stabilization Fund may be applied by the County to pay all or part of the cost of any Project or to the redemption of Bonds. The County also has the right, but not the obligation, to apply monies in the Rate Stabilization Fund to the payment of debt service on the Bonds or on any Subordinated Indebtedness. Additionally, the County may withdraw from the Rate Stabilization Fund at any time any amount less than or equal to the total amount of money which shall have been collected and received by the County from fees or surcharges on fees or other revenues imposed, levied or collected by the County in compliance with Section 403.7125(3), Florida Statutes, for deposit to the Closure Fund but which are otherwise applied pursuant to the Bond Resolution, equivalent sums having been previously deposited to the Closure Fund from other legally available funds of the Issuer, and the County may expend such amounts for any lawful purpose. Bondholders shall have no lien upon amounts on deposit in the Rate Stabilization Fund.

All income received by the County from the investment of monies in the Construction Fund, the Rebate Fund, the Interest Account, the Principal Account, the Bond Amortization Account, the Revenue Fund, the Operation and Maintenance Fund, the Rate Stabilization Fund (to the extent the amount therein is, together with the moneys in the Operation and Maintenance Fund, less than the sum required to pay Operating Expenses until the next November 1), the Renewal and Replacement Fund (to the extent the amount therein is less than the Renewal and Replacement Fund Requirement), the Closure Fund and the Reserve Account (to the extent the amount therein is less than the Reserve Account Requirement), shall be retained in the respective fund or account. Except as provided otherwise in the preceding sentence, income and earnings from the investment of monies in the Renewal and Replacement Fund, the Rate Stabilization Fund and the Reserve Account shall be deposited in the Revenue Fund.

Additional Bonds and Subordinate Debt

The County has covenanted in the Bond Resolution not to issue any other obligations, except under the conditions and in the manner provided in the Bond Resolution, payable from the Pledged Funds, or to voluntarily create or cause to be created a debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien on such Pledged Funds in favor of the Bonds. However, the County may at any time incur indebtedness that does not constitute Additional Bonds, and that is payable in whole or in part out of Pledged Funds, and which may be secured by a pledge of the Pledged Funds, provided that such pledge and right to payment shall be subordinate in all respects to the pledge on the Pledged Funds created by the Bond Resolution in favor of the Bonds.

The County has covenanted in the Bond Resolution to issue Additional Bonds, payable from the Pledged Funds on a parity with Bonds then Outstanding, only for one or more of the following purposes: (i) financing the Cost of an Additional Project or the completion thereof or of the Initial Project, or (ii) refunding any or all outstanding Bonds or Subordinate Indebtedness of the County. Such Additional Bonds may be issued only upon satisfaction of the following conditions:

(A) The County shall have certified that it is current in all deposits into the various funds and accounts established pursuant to the Bond Resolution and has complied with the covenants and agreements of the Bond Resolution;

(B) There shall have been obtained and filed with the County a certificate of an independent certified public accountant: (1) stating that such accountant has examined the books and records of the County relating to the collection and receipt of Pledged Revenues; (2) stating the amount of Net Revenues for the immediately preceding Fiscal Year or any twelve (12) consecutive months selected by the County of the twenty-four (24) months immediately preceding the issuance of such Additional Bonds and the amount then on deposit in the Rate Stabilization Fund; (3) stating that the Net Revenues, adjusted as described below, equal at least 1.10 times the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued plus 1.00 times the maximum annual subordinated debt service for all Subordinated Indebtedness then outstanding, and that the sum of such adjusted Net Revenues and the amount in the Rate Stabilization Fund equals at least 1.25 times the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued plus 1.00 times the maximum annual subordinated debt service for all Subordinated Indebtedness then outstanding; and (4) stating that no Event of Default was disclosed in the report of the most recent Annual Audit, or if such Event of Default was so disclosed, that it shall have been cured;

(C) In computing the Maximum Debt Service Requirement for purposes of paragraph (B), above, the interest rate on any outstanding Variable Rate Bonds, and on additional parity Variable Rate Bonds then proposed to be issued, shall be deemed to be the Maximum Interest Rate applicable thereto;

(D) For the purposes of paragraph (B), above, Net Revenues may be adjusted by the independent certified public accountant, at the option of the County, as follows:

(1) If the County, prior to the issuance of the proposed Additional Bonds but not prior to the beginning of such twelve consecutive months, shall have increased the Rates and/or the Assessments, and/or shall have begun to derive revenues from newly acquired facilities of the System, and/or shall have elected to levy the Assessments, the Net Revenues for the twelve consecutive months shall be adjusted to show the Net Revenues which would have been derived in such twelve consecutive months if such increased Rates and/or Assessments had been in effect, and/or such new facilities had produced revenues, and/or the Assessments had been pledged during all of such twelve consecutive months;

(2) In the event the County shall have completed additions, extensions or improvements to the System prior to the issuance of the proposed Additional Bonds but not prior to the beginning of such twelve consecutive months, such Net Revenues may be adjusted by adding thereto the net revenues estimated by the Consulting Engineers to be derived during the first twelve (12) months of operation of such additions, extensions or improvements;

(3) In the event the County shall be constructing the additions, extensions or improvements to the System to be financed wholly or in part from the proceeds of the proposed Additional Bonds or from any other source, the Net Revenues may be adjusted by adding thereto the net revenues estimated by the Consulting Engineers to be derived during the third twelve (12) months of operation of such Project after completion of the construction thereof.

(E) For the purposes of paragraphs (B) and (D), above, the phrase "immediately preceding Fiscal Year or any twelve (12) consecutive months selected by the Issuer of the twenty-four (24) months immediately preceding the issuance of such Additional Bonds" shall be sometimes referred to as "twelve consecutive months."

In general, Additional Bonds will be deemed to have been issued pursuant to the Bond Resolution the same as the Series 1990 Bonds and any other Additional Bonds, and all of the other covenants and other provisions of the Bond Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders

of all Bonds issued pursuant to the Bond Resolution. However, any Supplemental Resolution authorizing the issuance of Additional Bonds may provide that any of the covenants contained in the Bond Resolution will not be applicable to such Additional Bonds, but only if in the opinion of Bond Counsel such provision will not adversely affect the rights of any Bonds which shall then be Outstanding.

Except as provided below, all Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Funds and their sources and security for payment therefrom without preference of any Bonds over any other. The County is required to include a provision in any Supplemental Resolution authorizing the issuance of Additional Bonds that are Variable Rate Bonds that in the event the principal of such Additional Bonds is accelerated due to such Bonds being held by the issuer of a Credit Facility, the lien of such Bonds on the Pledged Funds shall be subordinate to the pledge of the Pledged Funds in favor of any other Bonds issued pursuant to the Bond Resolution. Any series of Bonds may be further secured by a Credit Facility or any insurance policy of an Insurer not applicable to any one or more other series of Bonds.

In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions to the issuance of Additional Bonds set forth above shall not apply if the issuance of such Additional Bonds shall not result in an increase in the aggregate amount of principal of and interest on the Outstanding Bonds becoming due in the current Fiscal Year and all subsequent Fiscal Years.

Simultaneously with the issuance of any series of Bonds, the Reserve Account is required to be funded in an amount equal to the Reserve Account Requirement.

In addition, the County may provide for the accession of Subordinated Indebtedness to the status of complete parity with the Bonds, if (a) the County shall meet all requirements imposed upon the issuance of Additional Bonds by the Bond Resolution, as described above, assuming for purposes of said requirements, that such Subordinated Indebtedness shall be Additional Bonds, and (b) the County shall provide for the funding of the Reserve Account, upon such accession, in an amount equal to the increase of the amount of the Reserve Account Requirement occasioned by such accession.

Bond Insurance

Concurrently with the issuance of the Series 1990 Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Series 1990 Bonds (the "Policy"). A specimen of the Policy is contained

herein as Appendix F. The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Series 1990 Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the County. Financial Guaranty will make such payments to Citibank, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of the Series 1990 Bonds or the Paying Agent of the nonpayment of such amount by the County. The Fiscal Agent will disburse such amount due on any Series 1990 Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Series 1990 Bond includes any payment of principal or interest made to an owner of a Series 1990 Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Series 1990 Bonds. The Policy covers failure to pay principal of the Series 1990 Bonds on their respective stated maturity dates, or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Series 1990 Bonds may have been accelerated, and covers the failure to pay an installment of interest on the stated date for its payment.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a wholly-owned subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is domiciled in the State of New York and is subject to regulation by the State of New York Insurance Department. As of June 30, 1990, the total capital and surplus of Financial Guaranty was approximately \$458,300,000. Copies of Financial Guaranty's financial statements, prepared on the basis of statutory accounting principles, and the Corporation's financial statements, prepared on the basis of generally accepted accounting principles, may be obtained by writing to Financial Guaranty at 175 Water Street, New York, New York 10038, Attention: Communications Department. Financial Guaranty's telephone number is (212) 607-3000.

LITIGATION

In the opinion of James G. Sisco, Esq., County Attorney, other than as disclosed herein, there is no litigation or other proceeding pending, or to the knowledge of said counsel, threatened, in any court or other tribunal, state or federal, restraining or enjoining or seeking to restrain or enjoin the issuance, sale, execution, or delivery of any of the Series 1990 Bonds or in any way questioning or affecting the validity of any provision of the Series 1990 Bonds, the Bond Resolution, the Bond Purchase Agreement between the County and the Underwriter, or in any way questioning or affecting the validity of any of the proceedings or authority for the issuance, authorization, sale, execution or delivery of the Series 1990 Bonds or of any provision, program or transaction made or authorized for their payment, or questioning or affecting the organization or existence of the County or the incumbency of any of its officers to their respective offices or questioning or affecting the validity of the pledge of or application of any of the monies provided for the payment of or security for the Series 1990 Bonds.

The County is currently operating the Tillman Ridge Sanitary Landfill under a Consent Order with the Florida Department of Environmental Regulation. Pursuant to the terms of the Consent Order, as amended, Tillman Ridge Sanitary Landfill may continue in operation until April 16, 1991.

Under the Florida Constitution, in every county there is a County seat at which shall be located the principal offices and permanent records of all county officers. Florida law requires that official actions of the Board of County Commissioners of the County (the "Board") take place within the County seat. The historical County seat of the County has been the City of St. Augustine. However, prior to the commencement of proceedings relative to the issuance of the Series 1990 Bonds, the Board adopted a Resolution expanding the geographical area of the County seat beyond the corporate limits of the City of St. Augustine, as provided by Chapter 138, Florida Statutes. The current offices of the County Commissioners of the County and the place where official actions of the Board were taken with respect to the Series 1990 Bonds are not located within the corporate boundaries of City of St. Augustine, but are located within the expanded boundaries of the County seat. In connection with a matter not related to the Series 1990 Bonds, a suit was filed against the County alleging that the County is not in compliance with the constitutional provision regarding the location of the County seat inasmuch as the County's administrative facilities and Board offices are not located within the corporate boundaries of the City of St. Augustine. A Circuit Court judgment confirming the validity of the expansion of the County seat to include the location at which the Board of County Commissioners adopted the ordinances and resolutions pertaining to the Series 1990 Bonds has

been rendered. However, such judgment has been appealed to and is under consideration by the Fifth District Court of Appeals of the State of Florida. If it is ultimately determined that the expansion of the County seat was improper, such determination could have an adverse effect upon the validity of the proceedings relative to the issuance of the Series 1990 Bonds.

In the opinion of the County Attorney, the County will continue to prevail in the County seat litigation. The County Attorney is therefore of the opinion that other than with respect to the proceeding related to the Consent Order referred to above, there are no legal proceedings pending or threatened which could reasonably be expected to have a materially adverse effect upon the County's ability to perform its obligations pursuant to the Bond Resolution or upon the legality of the proceedings of the County relative to the issuance of the Series 1990 Bonds.

TAX MATTERS

The following information has been provided by Bond Counsel for inclusion in this Official Statement. No representation as to the accuracy or completeness thereof is made by the County or the Underwriter or their respective counsel:

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the Series 1990 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 Series 1990 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 Series 1990 Bonds to be included in gross income retroactive to the date of issuance of the Series 1990 Bonds.

Subject to the condition that the County comply with the pertinent requirements of the Code, under existing law, in the opinion of Foley & Lardner, Bond Counsel, interest on the Series 1990 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 E 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 Series 1990 Bonds and the application of the proceeds of the Series 1990 Bonds.

The Code contains numerous provisions which could affect the economic value of the Series 1990 Bonds to certain Bondholders. The following is a brief summary of some of the significant provisions which may be applicable to particular Bondholders. PROSPECTIVE BONDHOLDERS, HOWEVER, SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE IMPACT OF SUCH PROVISIONS ON THEIR OWN TAX SITUATIONS.

The Series 1990 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 Series 1990 Bonds or, in the case of banks and certain other financial institutions, interest expense allocable to interest on the Series 1990 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 Series 1990 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 Series 1990 Bonds.

Interest on the Series 1990 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 years beginning after 1989, the use of "adjusted net book income" is to be replaced with "adjusted current earnings." Interest on the Series 1990 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 without regard to this adjustment and prior to reduction for 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 1989, and before 1992. The amount of the environmental tax is equal to 0.12% of the excess of the alternative minimum taxable income (determined without 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 Series 1990 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 Series 1990 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 Series 1990 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 Series 1990 Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter 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 Subchapter S corporation consists of passive investment income.

Florida Tax Matters

In the opinion of Foley & Lardner, Bond Counsel, under existing law, the Series 1990 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.

LEGALITY

All legal matters incident to the authorization, issuance, and sale of the Series 1990 Bonds and the treatment of the interest thereon are the subject of the approving opinion of Foley & Lardner, Jacksonville, Florida, Bond Counsel, whose opinion will

be printed on all of the Series 1990 Bonds. The approving opinion of Bond Counsel will be substantially in the form included herein as Appendix E. Certain legal matters will be passed upon for the County by James G. Sisco, Esq., County Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Moyle, Flanigan, Katz, FitzGerald & Sheehan, P.A., West Palm Beach, Florida.

FLORIDA DISCLOSURE

Rule 3E-400.003, Florida Administrative Code, and Section 517.051(1), Florida Statutes, require the County to disclose each and every default as to the payment of principal and interest with respect to obligations issued or guaranteed by the County after December 31, 1975. Rule 3E-400.003 further provides, however, that if the County in good faith believes that such disclosures would not be considered material by reasonable investors, such disclosures may be omitted. Although the Series 1990 Bonds are an obligation of the County payable from Pledged Funds, certain other obligations issued by the County in which the County has acted merely as a conduit for payment are secured solely by payments to be made from certain users of bond-financed property. Because such other obligations are not supported by revenues of the County, but rather by payments from private users of bond-financed property, they do not affect or reflect the financial strength of the County. Accordingly, the County believes that any prior default with respect to such obligations issued by the County would not be considered material by reasonable investors in the Series 1990 Bonds. Accordingly, the County has not taken affirmative steps to contact the various trustees of conduit bond issues of the County to determine the existence of prior defaults.

Notwithstanding the foregoing, to the best knowledge of the current Finance Director of the County, the County has no actual notice of any default in the payment of principal or interest after December 31, 1975 with respect to any obligation issued or guaranteed by the County. Nevertheless, given the number of bond issues of the County since December 31, 1975 and the turnover in administrative personnel since that date, there is no assurance that no obligations issued by the County were ever in default with respect to the payment of principal and/or interest.

UNDERWRITING

Prudential-Bache Capital Funding is a name under which Prudential-Bache Securities Inc. (the "Underwriter") conducts corporate, governmental and institutional business. The Underwriter has agreed, subject to certain customary conditions precedent, to purchase the Series 1990 Bonds at a price of \$_____ plus accrued interest. If obligated to purchase

any of the Series 1990 Bonds, the Underwriter will be obligated to purchase all of the Series 1990 Bonds. The Series 1990 Bonds may be offered and sold to certain dealers, dealer banks, and banks acting as agent (including underwriters and other dealers depositing such Series 1990 Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover hereof. The initial public offering price stated on the cover hereof may be changed from time to time by the Underwriter.

RATINGS

Moody's Investors Service, Inc. and Standard and Poor's Corporation (the "Rating Agencies") have assigned their municipal bond ratings of _____ and _____, respectively, to the Series 1990 Bonds, with the understanding that upon delivery of the Series 1990 Bonds a policy insuring payment when due of principal of and interest on the Series 1990 Bonds will be issued by Financial Guaranty Insurance Company. The ratings reflect only the view of the Rating Agencies and an explanation of the significance of the ratings may be obtained only from said Rating Agencies. The ratings are not a recommendation to buy, sell or hold the Series 1990 Bonds and there is no assurance that such ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the Rating Agencies, or either of them, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 1990 Bonds. The Underwriter has undertaken no responsibility either to bring to the attention of the Bondholders any proposed revision or withdrawal of the ratings of the Series 1990 Bonds or to oppose any such proposed revision or withdrawal.

ACCOUNTANTS

The financial statements of the County included in Appendix D herein have been examined by Price Waterhouse, independent certified public accountants, to the extent and for the period indicated in their report attached thereto. Such financial statements have been included in this Official Statement in reliance upon the opinion of Price Waterhouse, given upon the authority of that firm as experts in accounting and auditing.

FINANCIAL ADVISOR

Public Financial Management, Inc., Orlando, Florida, is serving as financial advisor to the County with respect to the sale of the Series 1990 Bonds. The financial advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, and issuance of the Series

1990 Bonds and provided other advice. Public Financial Management, Inc. is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments. Public Financial Management, Inc. is a wholly-owned subsidiary of Marine Midland Bank, N.A.

MISCELLANEOUS

The references, excerpts, and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents. Reference is made to all such documents for full and complete statements of all matters of fact relating to the Series 1990 Bonds, the security for payment of the Series 1990 Bonds, and the rights and obligations of the Holders thereof. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as the best estimates of the County and no representations, whether or not expressly stated, are guaranteed to be realized. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or Holders of the Series 1990 Bonds.

CERTIFICATE CONCERNING THE OFFICIAL STATEMENT

This Official Statement has been authorized by the County. Concurrently with the delivery of the Series 1990 Bonds, the undersigned (or other authorized officials of the County) will furnish a certificate to the effect that (i) they have reviewed this Official Statement and to the best of their knowledge and belief the statements herein are true and correct; and (ii) nothing has come to their attention which would lead them to believe that the information in this Official Statement as of its date and as of the date of delivery of the Series 1990 Bonds contains or contained any untrue statements of material fact or omits or omitted to state a material fact which should be included herein for the purpose for which this Official Statement is intended to be used, or which is necessary to be stated herein in order to make the statements contained herein, in light of the circumstances under which they are made, not misleading.

The execution and delivery of this Official Statement has been duly authorized by the Board of County Commissioners of St. Johns County, Florida.

Chairman, Board of County
Commissioners

Clerk of the Circuit Court and
Ex-Officio Clerk of the Board of
County Commissioners

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APPENDIX A

Summary of Certain Provisions of the Bond Resolution

The following sets forth a summary of certain provisions of the Bond Resolution. This summary is qualified in its entirety by reference to the Bond Resolution. Terms previously defined in this Official Statement and portions of the Bond Resolution previously described in this Official Statement are not summarized.

Definitions.

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

"Additional Bonds" shall mean the obligations issued at any time under the provisions of the Bond Resolution on a parity with the Series 1990 Bonds.

"Additional Project" shall mean the acquisition, construction, erection, renovation or reconstruction of any capital improvements and additions to the System authorized by the Act or other lawful legislative authority, and shall include all property rights, appurtenances, easements, rights of way, franchises and equipment relating thereto and deemed necessary or convenient for the acquisition, construction, erection, renovation, reconstruction, or the operation thereof, and the closure of existing and new solid waste disposal sites as the need for closure arises, which shall be financed in whole or in part with the proceeds of Additional Bonds.

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

"Annual Audit" shall mean the annual audit of the financial statements of the County prepared pursuant to the requirements of the Bond Resolution.

"Annual Budget" shall mean the annual budget prepared pursuant to the requirements of the Bond Resolution.

"Assessments" shall mean the proceeds to be derived by the County from the non ad-valorem assessments which may be levied from time to time by the County on its own behalf or as the governing body of a municipal services benefit unit, against certain classifications of lands and properties to be specially benefited by the construction of any Project, including interest on such assessments and any penalties thereon and moneys received upon the foreclosure of the liens of any such assessments and, by reason of such assessments, upon the sale of tax certificates, and shall include, without limitation, any assessments levied pursuant to Ordinance 88-49 or 89-20 of the County.

"Authorized Depository" shall mean the State Board of Administration of Florida or a bank or trust company in the State which is eligible under the laws of the State to receive funds of the County.

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

(1) direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America ("Direct Obligations");

(2) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; debentures of the Federal Housing Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Corporations; guaranteed Title XI financing of the U.S. Maritime Administration; mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; and participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (collectively, "Agency Obligations");

(3) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured

general obligation debt is rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation;

(4) commercial paper rated "Prime-1" by Moody's Investors Service and "A-1" or better by Standard & Poor's Corporation;

(5) obligations rated "A-3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation;

(6) deposits, Federal funds or bankers acceptances of any domestic bank, including a branch office of a foreign bank which branch office is located in the United States, provided an opinion of counsel is received to the effect that full and timely payment of each such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which:

- a. has an unsecured, uninsured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's Investors Service and "A-1" or "A-" or better by Standard & Poor's Corporation, or
- b. is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting the rating requirements in (a.) above;

(7) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund administered by the Federal Deposit Insurance Corporation;

(8) investments in a money-market fund rated "Am" or "Am-G" or better by Standard & Poor's Corporation;

(9) repurchase agreements with a term of one year or less with any institution with debt rated "AA" or commercial paper rated "A-1" (in each case by Standard & Poor's Corporation);

(10) repurchase agreements collateralized by Direct Obligations or Agency Obligations with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's Investors Service, and "A-1" or "A-" or better by Standard & Poor's Corporation, provided:

- a. a master repurchase agreement or specific repurchase agreement in writing governs the transaction; and
- b. the securities are held free and clear of any lien by a trustee or an independent third party acting solely as agent for a trustee, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, or (iii) a bank approved in writing for such purpose by Financial Guaranty Insurance Company, and the trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the trustee; and
- c. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the trustee; and
- d. the repurchase agreement has a term of thirty days or less, or the trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and
- e. the repurchase agreement matures at least ten days (or other appropriate liquidation period) prior to a debt service payment date; and
- f. the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 100%; and

(11) investment agreements with a bank or insurance company which has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated "A3" or better by Moody's Investors Service and "A-" or better by Standard & Poor's Corporation or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, provided:

- a. interest is paid at least semi-annually at a fixed rate during the entire term of the agreement, consistent with bond payment dates, and

- b. moneys invested thereunder may be withdrawn without any penalty, premium, or charge upon not more than one day's notice (provided such notice may be amended or canceled at any time prior to the withdrawal date), and
- c. the agreement is not subordinated to any other obligations of such insurance company or bank, and
- d. the same guaranteed interest rate will be paid on any future deposits made to restore the reserve to its required amount, and
- e. an opinion of counsel is received to the effect that such agreement is an enforceable obligation of such insurance company or bank.

"Authorized County Officer" for the performance on the behalf of the County of any act of the County or the execution of any instrument on behalf of the County shall mean any person authorized by resolution of the County or appointed by certificate of the Chairman to perform such act or sign such document.

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

"Bond Insurance Policy" shall mean the municipal bond new issue insurance policy or policies issued by an Insurer guaranteeing the payment of the principal of and interest on any portion of the Bonds.

"Bond Year" pertaining to any Series shall mean the period commencing on November 2 of each year and continuing through the next succeeding November 1. Each Bond Year shall be designated with the number of the calendar year in which such Bond Year ends.

"Bondholder" or **"Holder"** or **"holder"** shall mean any Person who shall be the registered owner of any Outstanding Bond or Bonds according to the registration books of the County.

"Bonds" shall mean the Series 1990 Bonds, together with any Additional Bonds and any Subordinated Indebtedness which accedes to the status of Bonds pursuant to the Bond Resolution.

"Capital Appreciation Bonds" shall mean those Bonds so designated by Supplemental Resolution, which may be either Serial Bonds or Term Bonds and which shall bear interest payable at

maturity or redemption. In the case of Capital Appreciation Bonds that are convertible to Bonds with interest payable prior to maturity or prior to redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time prior to such conversion.

"Chairman" shall mean the Chairman of the Governing Body or such other person as may be duly authorized to act on his behalf.

"Clerk" shall mean the Clerk of the Circuit Court for St. Johns County and ex officio Clerk of the Governing Body or such other person as may be duly authorized by the Clerk to act on his or her behalf.

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

"Consulting Engineers" shall mean the firm of engineers licensed as professional engineers in the State of Florida and retained by the County to perform the duties of the Consulting Engineers under the provisions of the Bond Resolution.

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

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

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

"Debt Service Requirement" for any Bond Year shall mean the sum of:

(1) The aggregate amount required to pay the interest becoming due on the Bonds, other than Capital Appreciation Bonds, during such Bond Year, except to the extent that such interest shall have been provided by payments into the Interest Account out of Bond proceeds or other sources for a specified period of time. For purposes of this definition, the interest due on any Variable Rate Bonds shall be assumed to be the greater of (a) 110% of the daily average interest rate on such Variable Rate Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period that such Bonds shall have been outstanding, or (b) the actual rate of interest borne by such Variable Rate Bonds on the date of calculation;

(2) The aggregate amount required to pay the principal becoming due on the Bonds, other than Capital Appreciation Bonds, for such Bond Year. For purposes of this definition: (a) the stated maturity date of any Term Bonds shall be disregarded and the principal of such Term Bonds shall be deemed to be due in the Bond Years and in the amounts of the Amortization Installments applicable to such Term Bonds; and (b) the principal amount of any single maturity of Term Bonds for which the County shall have established no Amortization Installments shall be deemed to be due in the Bond Years and in such amounts as shall provide for the amortization of such principal amount over a term equal to the number of years such Term Bonds shall be Outstanding to such maturity and in equal annual installments of combined principal and interest; provided, however, that if the County has employed a Credit Facility in connection with any such Term Bonds having no Amortization Installments the amortization of such Term Bonds shall be deemed to correspond to the applicable terms of such Credit Facility; and

(3) The aggregate amount required to pay the Accreted Value due on any Capital Appreciation Bonds maturing in such Bond Year.

"Federal Securities" shall mean direct obligations of the United States of America and obligations the principal of and

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

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

"Governing Body" shall mean the Board of County Commissioners of the County or its successor in function.

"Gross Revenues" shall mean all income and moneys received by the County from the Rates, and all earnings and income derived from the investment of moneys under the provisions of the Bond Resolution which are transferred to the Revenue Fund or the Interest Account as therein provided. Gross Revenues shall also include the Assessments, but only to the extent and in the manner provided in the Bond Resolution.

"Initial Project" shall mean the acquisition of an existing and a new solid waste disposal site, including buffer and testing sites, and equipment useful in connection therewith, the construction of necessary appurtenant site facilities and the closing of the County's existing solid waste disposal site, all as shall be necessary for the disposition by the County of solid waste generated within the territorial area of the County, as more particularly described in and in accordance with certain plans on file or to be on file with the County, with such changes, deletions, additions or modifications to the enumerated improvements, equipment and facilities, or such other improvements as shall be designated and approved by resolution of the County.

"Insurer" shall mean such Person as shall be in the business of insuring or guaranteeing the payment of principal of and interest on municipal securities and whose credit is such that, at the time of any action or consent required or permitted by the Insurer pursuant to the terms of the Bond Resolution, all municipal securities insured or guaranteed by it are then rated, because of such insurance or guarantee, in one of the two most secure grades by either Moody's Investors Service or Standard and Poor's Corporation, and with respect to any Series of Bonds, the Insurer which shall have insured or guaranteed payment of the principal of or interest on such Bonds. In respect of the Series 1990 Bonds, "Insurer" shall mean Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto.

"Interest Date" shall mean, with respect to the Series 1990 Bonds, May 1 and November 1 of each year, and for any other Series of Bonds, shall be as provided by Supplemental Resolution.

"Maximum Debt Service Requirement" shall mean, as of any particular date of calculation, the greatest annual Debt Service Requirement for the Bonds for the then current or any future Bond Year.

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

"Net Revenues" shall mean Gross Revenues less Operating Expenses.

"Operating Expenses" shall mean the County's expenses (i) for operation, maintenance, repairs and replacements with respect to the System and (ii) incurred to administer, levy and collect the Rates and the Assessments, if levied and pledged (the "Collection"), and shall include, without limiting the generality of the foregoing, administration expenses, insurance and surety bond premiums, the fees to the provider of a Reserve Account Insurance Policy or Reserve Account Letter of Credit (but excluding any expenses or reimbursement obligations for draws made thereunder), the fees of any rebate compliance service or of Bond Counsel relating to compliance with the provisions of Section 148 of the Code, legal and engineering expenses, ordinary and current rentals of equipment or other property, refunds of moneys lawfully due to others, payments to pension, retirement, health and hospitalization funds, and any other expenses required to be paid for or with respect to proper operation or maintenance of the System or the Collection, all to the extent properly attributable to the System or the Collection in accordance with generally accepted accounting principles employed in respect of activities such as those involved in the Collection or in the operation of public solid waste disposal facilities similar to the System, as the case may be, and disbursements for the expenses, liabilities and compensation of any Paying Agent or Registrar under the Bond Resolution, but does not include any costs or expenses in respect of original construction or improvement other than expenditures necessary to prevent an interruption or continuance of an interruption of the Gross Revenues or minor capital expenditures necessary for the proper and economical operation or maintenance of the System, or any provision for interest, depreciation, amortization or similar charges.

"Outstanding" shall mean all Bonds theretofore and thereupon being authenticated and delivered except, (1) any Bond in lieu of which another Bond or other Bonds have been issued under an

agreement to replace lost, mutilated or destroyed Bonds, (2) any Bond surrendered by the Holder thereof in exchange for another Bond or other Bonds, (3) Bonds deemed to have been paid pursuant to the defeasance provisions of the Bond Resolution, and (4) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity.

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

"Pledged Funds" shall mean the Net Revenues and, until applied in accordance with the provisions of the Bond Resolution, the proceeds of the Bonds and all moneys, including investments thereof, in the Revenue Fund, the Debt Service Fund and the Renewal and Replacement Fund. Pledged Funds shall not include Net Revenues on deposit in the Closure Fund, the Rebate Fund or the Rate Stabilization Fund.

"Prerefunded Obligations" shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (1) which are (a) not callable prior to maturity or (b) as to which irrevocable instructions have been given to the fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, and as to which the obligor has reserved no right to call such bonds prior to such redemption date, (2) which are fully secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or Federal Securities, secured in the manner provided in the defeasance provisions of the Bond Resolution, which fund may be applied only to the payment of such principal of, redemption premium, if any, and interest on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as the case may be, (3) as to which the principal of and interest on the Federal Securities deposited in such fund with any cash on deposit in such fund, are sufficient, as verified by an independent certified public accountant, to pay principal of, redemption premium, if any, and interest on the bonds or other obligations on the maturity date or dates thereof or on the redemption date or dates specified in such irrevocable instructions, and (4) which are rated in the highest rating category of Standard & Poor's Corporation and of Moody's Investors Service.

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

"Rates" shall mean the tipping fees and other charges which may be made and collected by the County for the use of the services or facilities of the System, but shall not include Assessments.

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

"Renewal and Replacement Fund Requirement" shall mean, as of any date of calculation, an amount of money equal to five percent (5%) of the Gross Revenues received by the County in the immediately preceding Fiscal Year or such other greater or lesser sum as shall be recommended to the County by the Consulting Engineers and approved by the Governing Body as a sum appropriate for the Renewal and Replacement Fund considering the purposes therefor as prescribed by the Bond Resolution, the past performance and existing condition of the System and the probable future solid waste disposal requirements of the County, in keeping with sound waste management practices.

"Reserve Account Insurance Policy" shall mean the insurance policy deposited in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to the Bond Resolution.

"Reserve Account Letter of Credit" shall mean a Credit Facility (other than a Reserve Account Insurance Policy) issued by any bank or national banking association, insurance company or other financial institution and then on deposit in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to the Bond Resolution.

"Reserve Account Requirement" shall mean, as of any date of calculation, an amount of money equal to the lesser of (1) the Maximum Debt Service Requirement, (2) 125% of the average annual Debt Service Requirement, or (3) 10% of the initial proceeds of all Bonds. In computing the Reserve Account Requirement, the interest rate on Variable Rate Bonds shall be assumed to be the greater of (a) 110% of the daily average interest rate on such Variable Rate Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period of time that such Bonds shall have been Outstanding, or (b) the actual rate of interest borne by the Variable Rate Bonds on such date of calculation.

"Securities" shall mean Federal Securities and Prerefunded Obligations.

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

"Series" shall mean all the Bonds delivered on original issuance in a simultaneous transaction and identified as a separate Series.

"Subordinated Indebtedness" shall mean that indebtedness of the County, payable in whole or in part out of the Pledged Funds, subordinate and junior to the Bonds, issued in accordance with the provisions of the Bond Resolution.

"Supplemental Resolution" shall mean any resolution of the County amending or supplementing the Bond Resolution, adopted in accordance with the terms of the Bond Resolution.

"System" shall mean the Initial Project, every Additional Project and any and all other solid waste disposal sites and the facilities and equipment thereon, and any solid waste management facilities described in the definition of "Project" contained in County Ordinance No. 88-49, or described in the definition of "County Landfill" contained in County Ordinance No. 89-20, as either or both may be amended from time to time, now owned and operated or hereafter acquired and operated by the County, (unless the County shall obtain with respect to any such equipment, facilities and/or sites and file in the minutes of the Governing Body a certificate of the Consulting Engineers to the effect that (i) the net revenues to be derived by the County from such equipment, facilities and/or sites is not required for payment of the debt service of the Bonds and (ii) the operation by the County of such equipment, facilities and/or sites apart from the System shall not have a substantially adverse effect on the production of sufficient Net Revenues for payment of the debt service of the Bonds, and the County shall expressly declare by resolution of the Governing Body that such equipment, facilities and/or sites shall not be a part of the System), which System shall also include any and all improvements, extensions and additions to the foregoing which shall be hereafter constructed or acquired, whether the same shall be financed from the proceeds of Bonds or from any other funds or sources, together with all property, real or personal, tangible or intangible, now or hereafter owned or used in connection therewith; but excluding, however, all such sites which shall hereafter remain closed by resolution of the Governing Body in the manner provided in the provisions of the Bond Resolution relating to the mortgage, sale or closing of the facilities of the System.

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

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

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

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

Payment of Series 1990 Bonds

The principal of or Redemption Price, if applicable, on the Series 1990 Bonds are payable upon presentation and surrender of the Series 1990 Bonds at the office of the Paying Agent. Interest payable on any Series 1990 Bond on any Interest Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, at the option of the Paying Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. In the event the interest payable on any Series 1990 Bond is not punctually paid or duly provided for by the County on such Interest Date, such defaulted interest will be paid to the Holder in whose name such Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Holder, not less than ten (10) days preceding such special record date. All payments of principal of or Redemption Price, if applicable, and interest on the Series 1990 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Registration, Exchange and Transfer

The Registrar shall keep books for the registration of, and for the registration of transfers of, Bonds as provided in the Bond Resolution. Each Bond is transferable only upon the books of the County, at the office of the Registrar, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Bond, the County shall issue, and cause to be authenticated, in the name of a transferee a new Bond or Bonds of the same aggregate principal amount and maturity as the surrendered Bond. The Bonds may be exchanged upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, for an equal aggregate principal amount of Bonds of the same series and maturity of any other authorized denominations. For every such exchange or transfer of Bonds, the County or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The County and the Registrar shall not be required to make any exchange or transfer of any Bonds during the fifteen (15) days next preceding an Interest Date on such Bonds,

or, in the case of any proposed redemption of Bonds, during the fifteen (15) days next preceding the date of selection of Bonds to be redeemed, or to make any exchange or transfer of any Bonds which shall have been selected for redemption.

The County, the Registrar and any Paying Agent or fiduciary of the County may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the County as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the County nor the Registrar nor any Paying Agent or other fiduciary of the County shall be affected by any notice to the contrary.

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

Partial Redemption. Upon surrender of any Bond for redemption in part only, the County shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without a service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Construction Fund. The County covenants and agrees in the Bond Resolution to establish a separate fund with an Authorized Depository to be known as the "St. Johns County Solid Waste Disposal System Construction Fund," which shall be used only for payment of the Cost of the Project. Moneys in the Construction

Fund, until applied in payment of any item of the Cost of a Project in the manner hereinafter provided, shall be held in trust by the County and shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Bond Resolution or Supplemental Resolution, and there may be paid into the Construction Fund, at the option of the County, any moneys received for or in connection with a Project by the County from any other source.

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

The proceeds of insurance maintained pursuant to the Bond Resolution against physical loss of or damage to a Project, or of contractors' performance bonds with respect thereto pertaining to the period of construction thereof, shall be deposited into the appropriate account of the Construction Fund.

The County covenants that the acquisition and construction of each Project will be completed without delay and in accordance with sound engineering practices. The County shall make disbursements or payments from the Construction Fund to pay the Cost of a Project upon the filing with the Clerk of documents and/or certificates signed by an Authorized County Officer stating with respect to each disbursement or payment to be made: (1) the item number of the payment, (2) the name and address of the Person to whom payment is due, (3) the amount to be paid, (4) the Construction Fund account from which payment is to be made, (5) the purpose, by general classification, for which payment is to be made, and (6) that (A) each obligation, item of cost or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of a Project and is a proper charge against the account of the Construction Fund from which payment is to be made and has not been the basis of any previous disbursement or payment, or (B) each obligation, item of cost or expense mentioned therein has been paid by the County, is a reimbursement of a part of the Cost of a Project, is a proper charge against the account of the Construction Fund from which payment is to be made, has not been theretofore reimbursed to the County or otherwise been the basis of any previous disbursement or payment and the County is entitled to reimbursement thereof. The Clerk shall retain all such documents and/or certificates of the Authorized County Officers for seven (7) years from the dates of such documents and/or certificates. The Clerk shall make available the documents and/or certificates at all reasonable times for inspection by any Holder of any of the Bonds or the agent or representative of any Holder of any of the Bonds.

The date of completion of a Project shall be determined by the Authorized County Officer who shall certify such fact in writing to the Governing Body. Promptly after the date of the completion of a Project, and after paying or making provisions for the payment of all unpaid items of the Cost of such Project, the County shall deposit in the following order of priority any balance of moneys remaining in the Construction Fund in (1) another account of the Construction Fund for which the Authorized County Officer has stated that there are insufficient moneys present to pay the Cost of the related Project, (2) the Reserve Account, to the extent of a deficiency therein, (3) the Debt Service Fund, and (4) such other fund or account of the County, including those established under the Bond Resolution, as shall be determined by the Governing Body, provided the County has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion, if any, of interest on the Bonds from gross income for federal income tax purposes.

Levy and Pledge of Assessments. Under the Bond Resolution, the County has the right, in its sole discretion, to levy Assessments from time to time and, once levied, discontinue such levy or cause the amounts of the Assessments to be increased or decreased. During such times as the Assessments are levied and collected by the County the Assessments are pledged under the Bond Resolution to the payment of the principal of and premium, if any, and interest on the Bonds. Provided, however, anything in the Bond Resolution to the contrary notwithstanding, no provision of the Bond Resolution shall be construed to obligate the County to levy or, once levied, to continue to levy Assessments; but at any time and while Assessments shall be levied and collected by the County, the same shall be pledged under the Bond Resolution to the extent provided in the Bond Resolution.

Reserve Account Letter of Credit or Insurance Policy. In lieu of any required deposits into the Reserve Account, the County may, at its sole option and discretion, cause to be deposited a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums, if any, remaining, on deposit in the Reserve Account, after the deposit of such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit. Such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be payable to the Paying Agent for such Series (upon the giving of notice as required thereunder) on any interest payment or redemption date on which a deficiency exists which cannot be cured by funds in any other fund or account held pursuant to the Bond Resolution and available for such purpose. The issuer providing such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be either (a) an insurer (i) whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on

municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories) by either Standard & Poor's Corporation or Moody's Investors Service, or (ii) who holds one of the two highest policyholder ratings accorded insurers by A. M. Best & Company, or any comparable service, or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have, or whose obligation to pay is guaranteed by a commercial bank, insurance company or other financial institution which has, been assigned a rating by either Moody's Investors Service or Standard & Poor's Corporation in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories).

If fifteen (15) days prior to an interest payment or mandatory redemption date, the County shall determine that a deficiency exists in the amount of moneys available to pay in accordance with the terms of the Bond Resolution interest and/or principal due on Bonds on such date, the County shall immediately notify (a) the issuer of the applicable Reserve Account Insurance Policy and/or the issuer of the Reserve Account Letter of Credit, and (b) the Insurer, if any, of the amount of such deficiency and the date on which such payment is due, and shall take all action to cause such issuer or Insurer to provide moneys sufficient to pay all amounts due on such interest payment or redemption date.

Anything in the Bond Resolution to the contrary notwithstanding, any Reserve Account Insurance Policy or Reserve Account Letter of Credit provided in lieu of a cash deposit into the Reserve Account shall conform to the requirements set forth in Exhibit E to the Commitment dated October 18, 1990 issued by Financial Guaranty Insurance Company in favor of the County.

Arbitrage Rebate. The Bond Resolution establishes the Rebate Fund. Amounts on deposit in the Rebate Fund are held in trust by the County and used solely to make required rebates to the United States Treasury, and Bondholders have no right to have the same applied to pay debt service on the Bonds. The County agrees to undertake all actions required of it in its arbitrage certificate delivered in connection with the closing of the Bonds. Public Financial Management, Inc. is appointed to serve as rebate administrator with respect to every Series of the Bonds until the County shall by resolution appoint as successor rebate administrator any Bond Counsel, certified public accountant, bank or trust company, or other agent of the County who shall be qualified to assure compliance by the County with the requirements of the Bond Resolution. The rebate administrator is authorized to hire counsel, accountants, and other experts which the rebate administrator may, in its sole discretion, determine advisable for the purpose of obtaining the required calculations of the rebate amounts and determinations as to the due dates for the rebate thereof and other matters necessary for compliance with Section

148(f) of the Code as the same relates to the Bonds. The rebate administrator will not be liable for any loss occasioned by its reliance upon the instructions of such experts or upon the County's certification of the amounts earned on nonpurpose investments, as such term is defined in Section 148(b)(2) of the Code, in which gross proceeds of the Bonds shall be invested. The duties and responsibilities of the rebate administrator may be performed by more than one Person.

Investments. The Construction Fund, the Revenue Fund, the Debt Service Fund, the Renewal and Replacement Fund, the Closure Fund and the Rate Stabilization Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the Revenue Fund, the Operation and Maintenance Fund, the Rebate Fund, the Renewal and Replacement Fund and the Debt Service Fund, other than the Reserve Account, may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed. Moneys on deposit in the Reserve Account and in the Rate Stabilization Fund may be invested or reinvested in Authorized Investments which shall mature no later than five (5) years from the date of acquisition thereof. Moneys on deposit in the Closure Fund may be invested or reinvested in the manner authorized by applicable law.

All investments (except investment agreements) shall be valued as frequently as deemed necessary by the Insurer, but not less often than annually, at the lower of cost or market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date. Nothing contained in the Bond Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under the Bond Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

Operation and Maintenance. The County will maintain or cause to be maintained the System and all portions thereof in good condition and will operate or cause to be operated the same in an efficient and economical manner, making or causing to be made such expenditures for equipment and for renewals, repairs and replacements as may be proper for the economical operation and maintenance thereof. The County will obtain and renew to the full extent required by applicable law all permits for acquisition, construction, operation and closure of the System and all landfills thereof and comply with all of the closure and subsequent monitoring of the landfills of the System.

Annual Budget. The County shall annually prepare and adopt, prior to the beginning of each Fiscal Year, an Annual Budget in accordance with applicable law. No expenditure for Operating

Expenses shall be made in any Fiscal Year in excess of the amount provided therefor in the Annual Budget, (A) without a written finding and recommendation by an Authorized County Officer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures, and (B) until the Governing Body shall have approved such finding and recommendation by resolution.

If for any reason the County shall not have adopted the Annual Budget before the first day of any Fiscal Year, other than the first Fiscal Year, the preliminary budget for such Fiscal Year, if it be approved by the Consulting Engineers, shall be deemed to be in effect for such Fiscal Year until the Annual Budget for such Fiscal Year shall be adopted; and if the preliminary budget shall not have been approved by the Consulting Engineers, the Annual Budget for the preceding Fiscal Year shall be deemed to continue in effect.

The County may at any time adopt an amended Annual Budget for the then current Fiscal Year, but no such amended Annual Budget shall supersede any prior budget until it shall be approved by the Consulting Engineers as being, in their opinion, reasonable and necessary.

The County shall mail copies of such Annual Budgets and amended Annual Budgets and all resolutions authorizing increased expenditures for Operating Expenses to any Holder who shall file an address with the Clerk and request in writing that copies of all such Annual Budgets and resolutions be furnished to such Holder and shall make available all such Annual Budgets and resolutions authorizing increased expenditures for Operating Expenses at all reasonable times to any Holder or to anyone acting for or on behalf of any Holder. The County shall be permitted to make a reasonable charge for furnishing to any Holder such Annual Budgets and resolutions.

Collection of Assessments. At all times during which the Assessments are pledged to the payment of the Bonds, in accordance with the Bond Resolution, the County covenants that it will forthwith, whenever it shall first be timely, adopt all resolutions, hold all hearings and perform all acts which are conditions precedent to and are necessary for the lawful levy and collection of the Assessments against that classification of lands and properties specially benefited by the construction of any Project that the County has determined shall be assessed for the benefit provided by such Project. If any Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the County shall be satisfied that any Assessment is so irregular or defective that the same cannot be enforced or collected, or if the County shall have failed to assess any particular parcel of property so classified by the County and specially benefited by any Project determined to be

financed by Assessments when the County might have done so, the County covenants that it will take all necessary steps to cause a new and valid assessment to be made for the whole or any part of any classified improvement or against any classified property that the County has determined shall be assessed for the benefit provided by such Project; and in any case any such second assessment, or an initial assessment for one that shall have been omitted, shall be either in whole or in part annulled, vacated or or set aside or be unenforceable or uncollectible by reason of defect or irregularity the County shall obtain and make other assessments until a valid assessment shall be made. Provided, however, subject always to the covenant to maintain rates set forth in the Bond Resolution, the County reserves the right to eliminate any classification of lands and properties as either not being benefited by any Project or not to be assessed for any benefit received and the further right to reduce the amount of or eliminate any assessment which shall have been levied against any classification of lands or properties specially benefited by the construction of any Project.

Books and Records. The County will keep books, records and accounts of the receipt of the Pledged Funds in accordance with generally accepted accounting principles, and any Credit Bank, Insurer, or Holder of any Bonds Outstanding or the duly authorized representatives thereof shall have the right at all reasonable times to inspect all books, records and accounts of the County relating thereto.

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

Annual Audit. The County shall, immediately after the close of each Fiscal Year, cause the financial statements of the County to be properly audited by a recognized independent firm of certified public accountants, and shall require such accountants to complete their report of such Annual Audit in accordance with applicable law. Such Annual Audits shall contain, but not be limited to, a balance sheet, an income statement, a statement of changes in financial position, a statement of change in retained earnings, a statement of insurance coverage, and any other statements as required by law or accounting convention, and a certificate by such accountants disclosing any material default on

the part of the County of any covenant or agreement in the Bond Resolution. Each Annual Audit shall be in conformity with generally accepted accounting principles. A copy of each Annual Audit shall regularly be furnished to any Credit Bank, to any Insurer and to any Holder who shall have furnished an address to the Clerk and requested in writing that the same be furnished to such Holder. The County shall be permitted to make a reasonable charge for furnishing to any Holder such Annual Audit.

Mortgage, Sale or Closing of Facilities. Under the Bond Resolution, the County irrevocably covenants, binds and obligates itself not to sell, lease, encumber or in any manner dispose of any facilities of the System except as provided below, until all of the Bonds and all interest thereon shall have been paid in full or provision for payment has been made in accordance with the defeasance provisions of the Bond Resolution.

The County shall have and reserves the right to close any solid waste disposal site or part thereof and/or sell, lease or otherwise dispose of any site, facilities or property comprising a part of the System in the manner provided below, if in the judgment of the County such closing or disposition will not adversely affect the security for the Bondholders and any one of the following conditions exist: (A) such site, facilities or property is not necessary for the operation of the System, (B) such site, facilities or property is not useful in the operation of the System, (C) such site, facilities or property is not profitable in the operation of the System, or (D) in the case of a lease of such site, facilities or property, such lease will be advantageous to the System.

Prior to the County's closing of any solid waste disposal site or part thereof, an Authorized County Officer shall first make a finding in writing and the Consulting Engineers shall first make an engineering finding in writing determining that one or more of the conditions for the closing, sale, lease or other disposition of property provided for in the preceding paragraph have been met, and the Governing Body shall, by resolution, duly adopt, approve and concur in such finding. Prior to any such sale, lease or other disposition of said property (1) if the value thereof at original cost is not in excess of one-half (1/2) of one percent (1%) of the value of the gross plant of the System at original cost, an Authorized County Officer shall make a finding in writing determining that one or more of the conditions for the closing, sale, lease or disposition of property provided for in the preceding paragraph have been met; or (2) if the value of said property at original cost shall be in excess of one-half (1/2) of one percent (1%) of the value of the gross plant of the System at original cost, an Authorized County Officer shall first make a finding in writing and the Consulting Engineers shall first make an engineering finding in writing determining that one or more of the conditions for the closing, sale, lease or other disposition

of property provided for in the preceding paragraph have been met, and the Governing Body shall, by resolution, duly adopt, approve and concur in such finding.

The proceeds from any such sale, lease or other disposition shall be deposited into the Revenue Fund.

The transfer of the System as a whole from the control of the Governing Body to some other board or authority which may hereafter be created for such purpose and which constitutes a governmental entity, the interest on obligations issued by which is excluded from gross income of the holders thereof for federal income tax purposes under Section 103 of the Code, shall not be deemed prohibited and such successor board or authority shall fall within the definition of "County" for purposes hereof.

Notwithstanding the foregoing provisions, the County shall have the authority to sell for fair and reasonable consideration any land comprising a part of the System which is no longer necessary or useful in the operation of the System and the proceeds derived from the sale of such land shall be deposited into the Revenue Fund.

The County may make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the System if such contract, license, easement or right does not, in the opinion of the Consulting Engineers, as evidenced by a certificate to that effect filed with the County, impede or restrict the operation by the County of the System, but any payments to the County under or in connection with any such contract, license, easement or right in respect of the System or any part thereof shall constitute Gross Revenues.

Insurance. So long as the Net Revenues are pledged pursuant to the Bond Resolution, the County will carry, with a reputable insurance carrier or carriers, such insurance as is ordinarily carried by private or public corporations owning and operating solid waste disposal facilities similar to the System, including public liability insurance, in such amounts as the County shall determine to be sufficient. The property loss or damage insurance shall at all times be in an amount or amounts equal to the fair appraisal value of the buildings, furniture, fixtures and equipment of the System.

The County may establish certain minimum levels of insurance for which the County may self-insure. Such minimum levels of insurance shall be in amounts as recommended in writing by an insurance consultant who has a favorable reputation and experience and is qualified to survey risks and to recommend insurance coverage for Persons engaged in operations similar to the System.

No Impairment. The pledging of the Pledged Funds in the manner provided herein shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceedings of the Governing Body. This provision shall not, however, be deemed to prohibit the reduction or elimination of the Rates and/or of the Assessments in the manner provided in the Bond Resolution.

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

Federal Income Tax Covenants; Taxable Bonds.

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

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

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

(D) The County may, if it so elects, issue one or more Series of Taxable Bonds the interest on which is (or may be) includible in the gross income of the Holder thereof for federal income taxation purposes, so long as each Bond of such Series states in

the body thereof that interest payable thereon is (or may be) subject to federal income taxation and provided that the issuance thereof will not cause the interest on any other Bonds theretofore issued under the Bond Resolution to be or become includable in the gross income of the Holder thereof for federal income tax purposes. The covenants set forth in subsections (A), (B) and (C) of this section shall not apply to any Taxable Bonds.

Events of Default. The following events shall each constitute an "Event of Default" under the Bond Resolution:

(A) Default shall be made in the payment of the principal of, Amortization Installment, redemption premium or interest on any Bond when due. In determining whether any default shall have occurred in respect of any such payment, no effect shall be given to any payment or payments under the Bond Insurance Policy.

(B) There shall occur the dissolution or liquidation of the County, or the filing by the County of a voluntary petition in bankruptcy, or the commission by the County of any act of bankruptcy, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of its creditors, or appointment of a receiver for the County, or the entry by the County into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

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

Remedies. Any Holder of Bonds issued under the provisions of the Bond Resolution or any trustee or receiver acting for such Bondholders may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State, or granted and contained in the Bond Resolution, and may enforce and compel the performance of all duties required by the Bond Resolution or by any applicable

statutes to be performed by the County or by any officer thereof. This paragraph shall not be deemed to be a waiver by the County of its venue rights.

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

Directions to Trustee as to Remedial Proceedings. The Holders of a majority in principal amount of the Bonds then Outstanding (or any Insurer insuring, or any Credit Bank providing a Credit Facility for, any then Outstanding Bonds) have the right, by an instrument or concurrent instruments in writing executed and delivered to the trustee, to direct the method and place of conducting all remedial proceedings to be taken by the trustee under the Bond Resolution, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Bond Resolution, and that the trustee shall have the right to decline to follow any such direction which in the opinion of the trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

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

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

(B) To the payment of the amounts required for reasonable and necessary Operation Expenses, and for the reasonable renewals, repairs and replacements of the System necessary to prevent loss of Gross Revenues, as certified by the Consulting Engineers; and

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

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

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;

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

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

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

Control by Insurer or Credit Bank. Upon the occurrence and continuance of an Event of Default, each Insurer or Credit Bank, if such Insurer or Credit Bank shall have honored all of its commitments under its Bond Insurance Policy or its Credit Facility, as the case may be, shall be entitled to direct and control the enforcement of all rights and remedies with respect to the Bonds it shall insure or for which such Credit Facility is provided.

Supplemental Resolution Without Bondholders' Consent. The County, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolution shall thereafter form a part of the Bond Resolution) 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 or to clarify any matters or questions arising under the Bond Resolution.

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

(C) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of 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 therein reserved to or conferred upon the County.

(E) To specify and determine at any time prior to the first delivery of any Series of Bonds the matters and things referred to in the provisions of the Bond Resolution relating to the authorization and description of the Bonds, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination.

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

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

(H) To authorize Additional Bonds or Subordinated Indebtedness.

(I) To make any other change that, in the opinion of Bond Counsel, would not materially adversely affect the security for the Bonds. In making such determination, Bond Counsel shall not take into consideration any Bond Insurance Policy.

Except Supplemental Resolutions described in subsections (E), (F) and (H) of this section and Supplemental Resolutions adopted for the purpose of authorizing Additional Bonds in compliance with all applicable provisions of the Bond Resolution, no Supplemental

Resolution shall become effective unless approved by every Insurer; and the County covenants and agrees to furnish to each Insurer an executed original transcript of the County's proceedings with respect to the adoption of each Supplemental Resolution.

Supplemental Resolution With Bondholders, Insurer's and Credit Bank's Consent. The Holder or Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the adoption of such Supplemental Resolution or Resolutions as shall be deemed necessary or desirable by the County for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required. Any Supplemental Resolution which is adopted in accordance with the provisions of the Bond Resolution herein described shall also require the written consent of the Insurer of, or any Credit Bank providing a Credit Facility for, any Bonds which are Outstanding at the time such Supplemental Resolution shall take effect. No Supplemental Resolution may be approved or adopted which shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued under the Bond Resolution, (B) reduction in the principal amount of any Bond or the Redemption Price or the rate of interest thereon, (C) the creation of a lien upon or a pledge of the Pledged Funds which adversely affects the rights granted by the Bonds or the Bond Resolution in favor of any Bondholders, (D) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (E) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing contained in the Bond Resolution, however, shall be construed as making necessary the approval by Bondholders, the Insurer, or the Credit Bank of the adoption of any Supplemental Resolution as authorized in the provisions of the Bond Resolution relating to the adoption of Supplemental Resolutions without Bondholders' consent described in the preceding Section.

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

Amendment with Consent of Insurer and/or Credit Bank Only.

If all of a Series of Bonds Outstanding pursuant to the Bond Resolution are insured or secured as to payment of principal and interest by an Insurer or Insurers and/or by a Credit Facility provided by a Credit Bank or Credit Banks, and the Insurer or Insurers and/or the Credit Bank or Credit Banks, as applicable, are not in default, and such Bonds, at the time of the hereinafter described amendment, shall be rated by the rating agencies which shall have rated the Bonds at the time such Bonds were insured or such Credit Facility was provided no lower than the ratings assigned thereto by such rating agencies on the date such Bonds were insured or such Credit Facility was provided, the County may enact one or more Supplemental Resolutions amending all or any part of the Bond Resolution except those provisions relating to the authorization, terms, execution, registration and redemption of Bonds and the adoption of Supplemental Resolutions with the written consent of said Insurer or Insurers and/or said Credit Bank or Credit Banks, as applicable, and the acknowledgment by said Insurer or Insurers and/or said Credit Bank or Credit Banks that its Bond Insurance Policy or its Credit Facility, as the case may be, will remain in full force and effect. The consent of the Holders of any Bonds shall not be necessary. The foregoing right of amendment, however, does not apply to any amendment of the provisions of the Bond Resolution with respect to the exclusion, if applicable, of interest on said Bonds from the gross income of the Holders thereof for federal income tax purposes nor may any such amendment deprive the Holders of any Bond of right to payment of the Bonds from, and their lien on, the Pledged Funds and any additional security pledged thereunder. The County agrees that the rating agencies shall receive notice of each proposed amendment, including a copy thereof, at least 15 days in advance of its adoption by the Governing Body. Upon filing with the Clerk of evidence of such consent of the Insurer or Insurers and/or the Credit Bank or Credit Banks as aforesaid, the County may adopt such Supplemental Resolution and notices of such adoption shall be given in the manner provided in the Bond Resolution.

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

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Bonds, shall be deemed to have been paid within the meaning of the defeasance provisions of the Bond Resolution if (A) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice; and (B) there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the County either moneys in an amount which shall be sufficient, or Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such bank or trust company at the same time shall be sufficient, to pay the principal of or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Neither the Securities nor any moneys so deposited with such bank or trust company nor any moneys received by such bank or trust company on account of principal of or Redemption Price, if applicable, or interest on said Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Redemption Price, if applicable, of the Bonds for the payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption thereof; provided, however, the County may substitute new Securities and moneys for the deposited Securities and moneys if the new Securities and moneys are sufficient to pay the principal of or Redemption Price, if applicable, and interest on such Bonds, and any trust agreement governing the deposit of such Securities and moneys may provide for the investment of moneys unclaimed by Bondholders and for the payment to the County of such unclaimed moneys and the investment earnings thereon.

Paying Agent. No resignation or removal of the Paying Agent shall become effective until a successor paying agent has been appointed and has accepted the duties of Paying Agent. The Insurer shall be furnished with written notice of the resignation or removal of the Paying Agent, and the appointment of any successor Paying Agent. The Paying Agent shall not take the Bond Insurance Policy into account in determining whether the rights of bondholders are adversely affected by actions taken pursuant to the terms and provisions of the Bond Resolution.

Insurer. Upon the occurrence of an event of default which would require the Insurer to make payments under the Bond Insurance Policy, the Insurer and its designated agent shall be provided with access to the registration books of the County. No Variable Rate Bonds shall be issued without the prior written consent of the Insurer. The Insurer shall be provided with the following information:

(i) The County's budget for each year and annual audited financial statements, promptly upon preparation of the same in accordance with applicable law;

(ii) Each official statement, if any, prepared by the County or for the County in connection with the issuance of either Additional Bonds or Subordinated Indebtedness, within thirty days of the issuance of such debt;

(iii) Prompt notice of any draw upon or deficiency due to market fluctuation in the amount of moneys and investments, if any, on deposit in the Reserve Account;

(iv) Prompt notice of the redemption, other than mandatory redemption by operation of the Redemption Account, of any of the Bonds, identified by principal amount, maturities and CUSIP numbers thereof;

(v) Simultaneously with the delivery of the audited financial statements; (1) annual waste flow for prior year (tons); (2) tipping fees currently in effect (\$/ton) and (3) notification of any significant expansions (planned or in process); and

(vi) Such additional information as the Insurer may reasonably request from time to time.

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

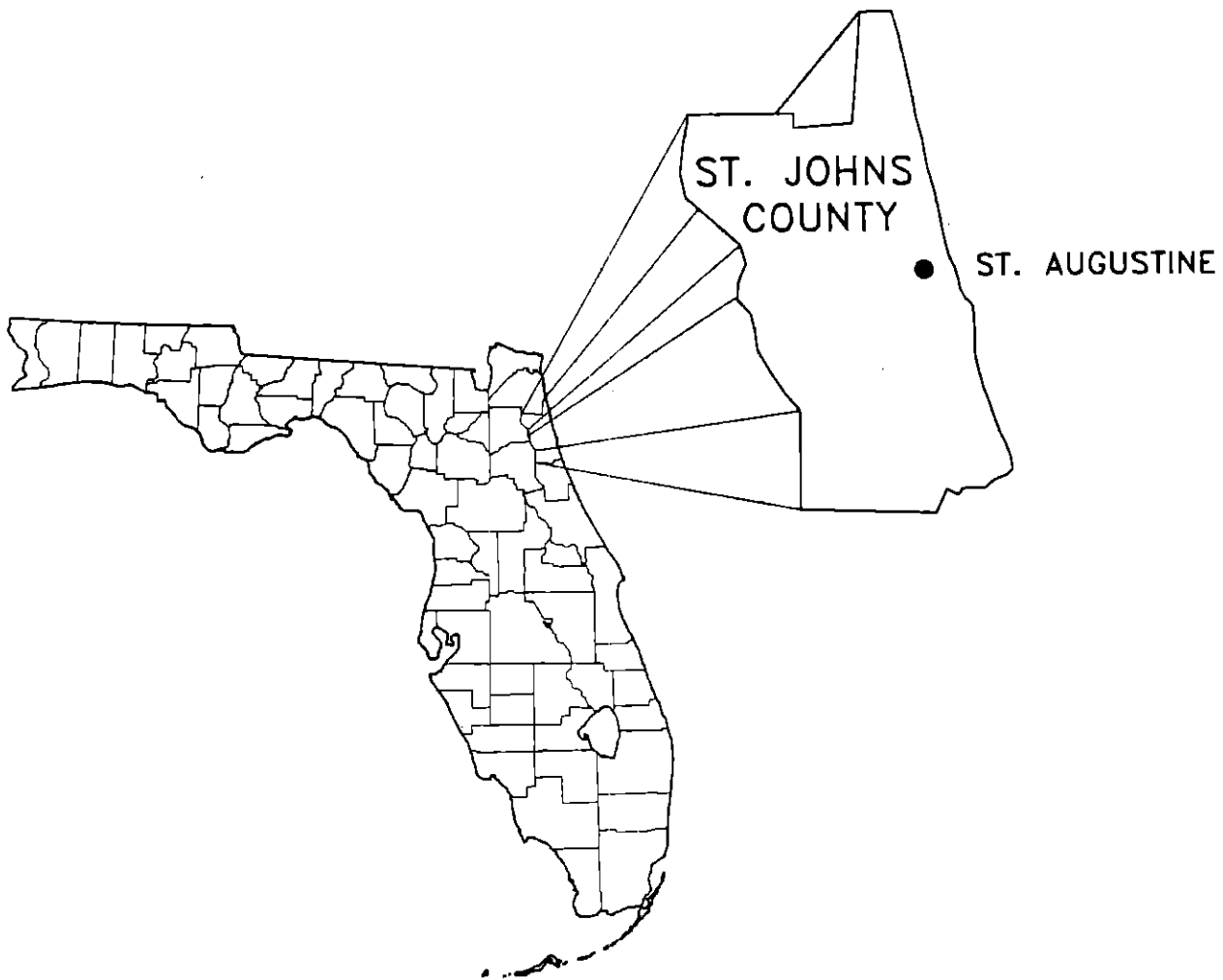
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APPENDIX B

Consulting Engineer's Feasibility Report

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**ST. JOHNS COUNTY, FLORIDA
TILLMAN RIDGE LANDFILL, PHASE I AND II
SOLID WASTE SYSTEM
REVENUE BONDS, SERIES 1990**



HDR Engineering, Inc.

**CONSULTING
ENGINEERS'
FEASIBILITY
REPORT**

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October 19, 1990

Board of County Commissioners
St. Johns County
Route 10, Box 85, State Road 16-A
P.O. Drawer 349
St. Augustine, Florida 32085-0349

Prudential-Bache Capital Funding
100 Gold Street
6th Floor-Public Finance
New York, NY 10292

RE: Consulting Engineer's Report on
the Solid Waste Disposal Revenue
Bonds, Series 1990

Ladies and Gentlemen:

HDR Engineering, Inc. ("HDR") is pleased to submit this Consulting Engineer's Feasibility Report (the "Report") concerning the development of certain planned improvements (the "Project") to St. Johns County's solid waste disposal system (the "System") and the proposed bond issue to finance the improvements.

This Report summarizes our review, investigation, analysis, and conclusions with respect to the Project to be financed by St. Johns County (the "County") through the issuance of its Solid Waste Disposal Revenue Bonds, Series 1990 (the "Series 1990 Bonds"). Proceeds of the Series 1990 Bonds will be used to: (i) pay for the cost of land acquisition for the Project; (ii) fund closure expenses for the Tillman Ridge Landfill (the "Phase I Project"); (iii) provide for the development and construction expenses of a replacement landfill for the County (the "Phase II Project"); (iv) fund the necessary technical, legal, financial, and administrative expenses related to the project; and (v) fund the Debt Service Reserve Account at the level specified in the draft Bond Resolution dated October 2, 1990 (the "Resolution").

During the preparation of this Report, we have incorporated the applicable information previously developed by HDR as part of the Closure Permit Application for the Phase I Project and the Construction Permit Application for the Phase II Project and we have relied upon: (i) recent solid waste weigh scale records and current System expenses and revenues provided to us by the County; (ii) Project and System financing information prepared by Public Financial Management, Inc., (the "Financial Advisor"); and (iii) other information made available to us which we deemed necessary to prepare this Report. We are knowledgeable about the siting, permitting, design, construction, operation, and closure of sanitary landfills, similar to the Project, in the State of Florida.

The references, excerpts, and summaries contained herein of the Resolution, Chapter 88-130, Laws of Florida, the Consent Order, the Closure Permit, and the Construction Permit do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact where any detailed information is required. Various pertinent documents are also summarized in the Official Statement to which this Report is attached. Capitalized terms not defined herein have the meanings as set forth in such documents. Any statements made in this Report involving opinions or estimates, whether or not expressly stated, are set forth as such and not of facts or representations that such estimates are accurate.

Based on our experience and the information made available to us, and subject to the assumptions made throughout this Report, we are of the opinion that:

1. Sanitary landfilling is a proven method of solid waste disposal;
2. The County has the capabilities, or has access to those possessing the capabilities, to implement the Phase I Project and the Phase II Project; in compliance with current regulatory requirements;
3. The County has received all permits required for the Phase I Project and the Phase II Project;
4. The cost estimates for the Phase I Project and the Phase II Project include the costs of work required to comply with specific permit conditions;
5. The cost estimates for the Phase I Project and the Phase II Project are based on reasonable assumptions and are consistent with cost estimates for similar projects;
6. The projected System revenues anticipated, under normal operating procedures and subject to various assumptions identified herein, are anticipated to be adequate to (i) develop, operate, and maintain the System; (ii) make Series 1990 Bonds debt service payments; and (iii) maintain the Debt Service Reserve Account and all other accounts and funds created pursuant to the Resolution, at the required levels.

INTRODUCTION

The purpose of this Report is to provide pertinent engineering and financial information regarding the System. In preparation of this report, we have relied on independent hydrogeological site investigations performed for the County by GWL, Inc., conversations with County and regulatory staff and the Financial Advisor, and official County financial and budget documents. The results of HDR's analysis are based on

assumptions about various future conditions, including permit and regulatory requirements. Our findings are considered to be in accordance with standard engineering and economic practice to the degree that the assumptions made are realized.

The System currently consists of three County-owned and operated solid waste transfer stations, the County-owned and operated Tillman Ridge Landfill, and certain other equipment and buildings used in the handling and disposal of solid waste and recycled materials. The Phase I Project will provide for the closure and post-closure monitoring of the Tillman Ridge Landfill. The Phase II Project will provide for replacement disposal capacity in a new landfill to be incorporated as part of the System.

Pursuant to the Resolution, the System consists of the Phase I and Phase II Projects, Additional Projects, and any and all solid waste disposal sites, and the facilities and equipment thereon, now owned and operated, or hereafter acquired and operated, by St. Johns County which shall be expressly declared by resolution of the County to be part of the System.

The Tillman Ridge Landfill, the System's only operating sanitary landfill, was established in April 1976. It is located approximately eight miles southwest of the City of St. Augustine. This landfill operated under a Florida Department of Environmental Regulation (the "FDER") permit which expired in April 1986. In December 1985, FDER issued more stringent landfill regulations requiring all landfilling of Class I waste to take place in lined landfills. Because the Tillman Ridge Landfill could not meet this requirement, its continued use violated State Solid Waste Management Regulation Standards. The County entered into a Consent Order with the FDER to continue operating the existing landfill until a new landfill was developed and then to close the existing landfill under current FDER regulations. A Closure Permit for the Phase I Project, was approved by FDER on January 10, 1990, and a Construction Permit for the Phase II Project was approved by FDER on May 15, 1990. Pursuant to the terms of the most recent Consent Order dated June 4, 1990, the County can continue to operate the existing landfill until April 16, 1991 (48 weeks from the date of issuance for the Phase II Project permit).

The proceeds of the Series 1990 Bonds will be used by the County to fund the Initial Project costs. The Initial Project consists of the Phase I Project, land acquisition and site development for the Phase II Project, and construction of the first cell for the Phase II Project. Revenues derived from tipping fees, and assessments levied by the County for use of the System will be pledged, pursuant to the Resolution, to pay the Series 1990 Bonds and all costs associated with operating System facilities. In addition, the County intends to use a portion of System revenues to pay for future Additional Project costs, relating to the opening of additional cells and closure of completed cells.

SOLID WASTE GENERATION AND DISPOSAL

Service Area Description

St. Johns County, the oldest county in the State of Florida (established in 1821), is located along the northeast coast, approximately 50 miles south of the City of Jacksonville, and approximately 210 miles east of the City of Tallahassee. St. Johns County is bounded on the north by Duval County, on the west by Putnam and Clay Counties, on the south by Flagler County, and on the east by the Atlantic Ocean. The total area of the County is 617 square miles. Within its borders, there are three incorporated cities: the City of St. Augustine, St. Augustine Beach, and Hastings. The City of St. Augustine is the County seat and the largest city in the County with an estimated 1989 population of 11,902 persons.

Agriculture, forestry, and tourism are the County's main industries. Some light manufacturing industries are also located in the County, but the County is not highly industrialized. The manufacturing of shrimp boats and other small marine vessels is an important industry in St. Augustine and companies that specialize in overhauling and refurbishing small commercial aircraft and military aircraft are growing businesses.

Within recent years, the County has developed into a major retirement area. St. Johns semitropical climate and proximity to many miles of Atlantic Ocean beaches are some of the primary attributes that attract its tourists and retirees. The percentage of persons 65 years or greater has increased by nearly two-thirds over the last six years. Table 1 presents the County's historic population growth.

Annual population growth rates for the County and for the entire State through the year 2020 are projected to be higher than the national average. The University of Florida's Bureau of Economics and Business Research ("BEBR") has prepared projections of the County's population using high, medium and low growth assumptions. The high growth projections are similar to the large migration levels of the first half of the 1970s. The low projections reflect levels that existed between 1975 and 1977 when Florida population growth rates were among the lowest since World War II. The medium growth projections imply annual net migration levels similar to the average in the 1970s and 1980s. Table 2 presents the BEBR population projections for St. Johns County under these different population growth assumptions.

TABLE 1
Population of
St. Johns County
1930 - 1980

Year	Total Population	Percent Increase
1930 ⁽¹⁾	18,676	----
1940 ⁽¹⁾	20,012	7.2
1950 ⁽¹⁾	24,998	24.9
1960 ⁽¹⁾	30,034	20.1
1970 ⁽¹⁾	31,035	3.3
1980 ⁽¹⁾	51,303	65.3
1988 ⁽²⁾	80,278	56.5
1989 ⁽³⁾	84,389	5.1

SOURCES: (1) U.S. Bureau of the Census
 (2) University of Florida, Bureau of Economics and Business Research, 1989
 (3) University of Florida, Bureau of Economics and Business, Bulletin No. 92, 1990

TABLE 2
Population Projections
St. Johns County
1990 - 2020

Year	Population Growth Assumptions		
	Low	Medium	High
1990	84,600	88,200	91,700
1995	98,000	105,900	113,900
2000	102,300	120,300	138,400
2005	103,700	133,800	163,900
2010	102,900	147,100	191,200
2020	89,600	162,900	236,300

SOURCE: University of Florida, Bureau of Economics and Business Research, 1989

Solid Waste Quantities

The Tillman Ridge Landfill is the primary solid waste disposal site in St. Johns County. Historically, the County estimated the amount of solid waste delivered to the landfill from the capacity of the delivery vehicles. This method of data collection resulted in an unreliable assessment of the amount of solid waste generated within the County. In October 1987, the County installed scales at the landfill, which all disposal vehicles are now required to use. The St. Johns County Solid Waste Department and County Administrator's Office reports that in 1988, 84,317 tons of solid waste were generated in the County; in 1989, 85,980 tons of solid waste were generated.

Based on the BEBR's estimated 1988 and 1989 population data and the County's solid waste generation for those two years, the solid waste generation rate in the County is calculated to be approximately 5.7 pounds per person per day ("lb/cap/day"). This solid waste generation rate includes the commercial and residential solid waste generated by businesses and individuals in St. Johns County. Based on the results of other HDR solid waste feasibility studies in Florida, HDR is of the opinion that the estimated per capita solid waste generation rate for St. Johns County is in the same range as that of other similarly-sized Florida communities. Revenue projections that are presented in Exhibit I of this Report are based on BEBR's medium population growth projections and a solid waste generation rate of 5.7 lb/cap/day. Variations in either the population growth rate or the solid waste generation rate may cause changes in the amount of solid waste delivered and, therefore, the amount of revenues. Revenue projections based on alternate population growth projections are presented in Exhibit II.

In 1988, the Florida Legislature adopted legislation (Chapter 88-130, Laws of Florida, 1988, herein referred to as the "Act") which addressed a wide variety of solid waste issues. The Act established many new policies which will have to be carried out by counties throughout the State over the next few years. In general, the Act is designed to reduce the amount of solid waste being disposed of by the public and to encourage recycling, composting, waste incineration and other methods of conserving resources. The basic goal is to reduce the amount of solid waste by at least 30 percent before the waste is incinerated or landfilled. This goal must be achieved before the end of 1994. No more than 50 percent of this goal may be met with reductions in yard trash, white goods, construction and demolition debris, and tires. Counties were directed to initiate a recycling program by July 1, 1989 in order to meet this recycling goal. The recycling program must, at a minimum, include the separation of a majority of the newspaper, aluminum cans, glass and plastic bottles from the solid waste stream prior to final disposal.

Full scale implementation of curbside collection on a County wide basis began in late August, 1990. Recyclables are collected by the County's two franchise solid waste collectors, Seaboard Sanitation, Inc. and Browning-Ferris Industries, Inc. In addition, the City of St. Augustine has five recycling drop off centers located in various parts of the City. It is estimated that materials collected in 1989 through the County's pilot program, the City's drop off program, and private recycling efforts constituted

approximately 1.6% of the total solid waste stream. In preparing the economic projections used in this Report, HDR has assumed that the County will achieve a 6% recycling rate in FY 1991, increasing it by 8% per year until the State goal of 30% recycling is achieved in FY 1995.

If the County is unable to achieve the recycling rates assumed in this Report, the Project will receive increased tonnages of solid waste, resulting in increased revenues from tipping fees. However, in that case, the Project capacity will be reached earlier than currently anticipated, requiring construction of a replacement landfill earlier. There are several sites available, both in and out-of-County, that are suitable for landfill development. For the purposes of the Report, it has been assumed that an in-County replacement landfill will be developed, and that the County will proceed expeditiously with the procurement and development of any additional landfill sites.

Existing Solid Waste Collection and Disposal System

The Tillman Ridge Landfill is the only sanitary landfill operating in the County. This 136-acre landfill, which is owned and operated by the County, accepts solid waste generated within the incorporated and unincorporated areas of the County. The Tillman Ridge Landfill is located in an unincorporated area eight miles southwest of the City of St. Augustine (see Figure 1).

Collection of solid waste in unincorporated areas of the County is controlled by the County through exclusive franchises granted to private haulers. The unincorporated areas accounted for 81% of the County's population in 1989; this percentage has steadily risen from 73% in 1980 to the current figure. The incorporated portions of the County account for 19% of the waste generated, according to population. There are currently two franchisees (Browning-Ferris Industries, Inc. and Seaboard Sanitation, Inc.) whose agreements extend to January 22, 1997. These agreements require each hauler to provide twice weekly residential garbage collection to each domestic subscriber and to deliver all collections to the Project for disposal. For this service, each hauler is permitted to charge fees not to exceed those approved by the County. Residents are not required to subscribe to solid waste collection service, and may dispose of their wastes for a fee at County-operated transfer stations or the Tillman Ridge Landfill.

The franchise agreements also regulate the haulers collecting waste from commercial and industrial generators and special trash from residences within the County at rates based upon contracts with the individual generators. Solid waste collection in the three incorporated cities in the County is conducted through city-operated collection programs, except for collection of construction and demolition debris which is collected by unlicensed individual private haulers.

The County operates three transfer stations for residents in the unincorporated areas: Armstrong, Beach, and Ravenswood (see Figure 1). The County charges fees to accept bagged or unbagged waste from individual citizens at the transfer stations. This waste is subsequently delivered to the Tillman Ridge Landfill by County vehicles.

for final disposal. Commercial refuse trucks and city-operated collection vehicles are not allowed to deposit solid waste at these transfer stations.

The County has operated the Tillman Ridge Landfill since April 1976 under a FDER permit which expired April 1, 1986. At that time, the County continued to operate the landfill and provided FDER with quarterly groundwater data from approved monitoring wells. These data indicated that the landfill leachate contained several contaminants, including concentrations of vinyl chloride and benzene, that exceeded the State's drinking water standards. However, the leachate plume has not migrated off site. The County is currently discussing possible measures for further contamination assessment with the County.

In December 1985, the FDER promulgated new landfill regulations which required that all new landfill cells be lined to prevent groundwater contamination. In order to allow continued operation of the Tillman Ridge Landfill until another landfill could be constructed, the County entered into a Consent Order with FDER (OGC Case No. 86-1366) on March 18, 1987, allowing operation of the existing landfill until March 18, 1989.

A second Consent Order was entered into with FDER (OGC Case No. 89-1486) on June 4, 1990. The second Consent Order required the County to complete Phase I and Initial Phase II Project construction by April 16, 1991. Failure to meet this deadline will result in monetary fines to the County. The County is currently adhering to a schedule that will allow the April 16 deadline to be met. The second Consent Order also requires the County to submit the following plans or reports by August 4, 1990: a progress report, a household hazardous waste collection and disposal plan, a waste oil collection and recycling plan, a lead acid battery collection and recycling plan, a white good recycling plan, a schedule for the Phase I Project, and a Quality Assurance Project Plan. The above noted reports and plans were all submitted by the County within the required time frame.

Waste Supply and Control

The County operates the only permitted sanitary landfill in the County for the disposal of solid waste. On October 11, 1990, the County enacted an Emergency Ordinance amending County Ordinance 89-20, which makes it unlawful for any municipality, person, franchisee, or authorized collector to dispose of solid waste accumulated or collected within the county or within any municipality located within the County at any place other than a County landfill or authorized disposal site. The intention of this Emergency Ordinance is to give the County control of 100% of the County's waste stream.

In addition a County Ordinance imposes an Assessment on residents of the unincorporated areas of the County. All owners of Non-exempt residential property will be required to pay for solid waste disposal through a \$65 annual Assessment, commencing November 1, 1990, in lieu of tipping fees. Non-exempt residential

property consists of the following: single family residences, real property improved to accommodate mobile homes, mobile homes, duplex homes, triplex homes, quadriplex homes, and quintex homes. The estimated number of non-exempt residential properties in 1991 is 22,412. Condominium units and apartment buildings are exempt from the Assessment if they are serviced by one of the franchise haulers. The Assessment Ordinance does not require Non-exempt residents to deliver their waste to the landfill. However, collection of the Assessments by the County will result in revenues equivalent to those that would be collected for tipping fees for the same quantity of waste. The Non-exempt residents will account for 33.7% of the solid waste tonnage delivered to the Project, based on existing County landfill weighing records.

Discussions with the landfill operators of neighboring counties indicate that nearly all of the solid waste generated within St. Johns County is currently delivered to the Tillman Ridge Landfill, with nominal diversion to other permitted landfills. Primary reasons for this are the franchise agreements and the significant distance to alternative disposal sites for solid waste generators within the three incorporated municipalities. Landfill fees in neighboring counties are higher than the current disposal charges at the Tillman Ridge Landfill. Considering the cost to haul solid waste in this region of the State, it is not likely that such a haul would be cost effective. Furthermore, landfill fees in neighboring counties are anticipated by HDR to increase in future years to fund the cost of anticipated landfill improvements required under new FDER landfill regulations. Table 3 presents a comparison of current solid waste disposal fees of several neighboring counties, and the one way hauling distances to the three municipalities.

HDR is of the opinion that it is reasonable to expect that, even in the absence of the Emergency Ordinance, the majority of solid waste generated within the County will be delivered to the Phase II Project, although there is a possibility that solid waste may be diverted by some solid waste generators to landfills outside the County. The City of Hastings would be the only municipality with a potential to take waste outside of the County. The one-way hauling distance from Hastings to the Putnam County Landfill is approximately the same as the hauling distance from Hastings to the Project. If Putnam County's tipping fees remain at \$29 and the Project tipping fees increase to \$42, as expected in FY 1991, the diversion of Hastings solid waste is a possibility. However, the 1989 population of Hastings, according to BEBR, was only 610, or less than 1% of the County's population. Also, it is anticipated that in time FDER will require Putnam County to construct a lined landfill, which will cause its tipping fees to increase to rates similar to those in St. John's County. In addition to the landfills listed in Table 3, several sites in adjacent counties have been proposed, but have not been permitted. It is anticipated that any new landfills in the area will be required by FDER to comply with conditions similar to the Phase II Project and to incur similar costs. Therefore, because of the existing franchise agreements, the recently enacted Emergency and Assessment Ordinances, and the distances of out of county landfills, it is likely that an insignificant portion of the County's waste stream, if any, will be diverted from the Project.

TABLE 3**Comparative Solid Waste Disposal Charges**

Disposal Sites	1990 Residential/ Commercial Tipping Fee (\$/ton)	One-Way Haul Distance from St. Augustine (miles)	One-Way Haul Distance from St. Augustine Beach (miles)	One-Way Haul Distance from Hastings (miles)
Clay County	45.00	45	50	35
Duval County	37.00	55	60	70
Flagler County	40.00	35	35	30
Putnam County	29.00 ⁽¹⁾	45	45	10
St. John's County	28.00 ⁽²⁾	5	10	10

NOTES: (1) Costs of disposal of residential waste in Putnam County are included in property tax assessments. The tipping fee listed above is for commercial waste.

(2) Residential/Commercial Tipping Fee in FY 1991 is expected to be \$42.

DESCRIPTION OF THE PROJECT

The Project is comprised of two phases. Phase I Project activities consist of the closure of the existing Tillman Ridge Landfill. Phase II Project activities consist of landfill design and construction of the initial landfill cell of a new landfill located adjacent to the Tillman Ridge Landfill. Additional landfill cells will be constructed, as required, during the life of the Phase II Project. The following discussion presents the technical aspects of the two Project phases, based on HDR bid packages and recommendations and FDER permit requirements.

Phase I Project Activities

The Tillman Ridge Landfill (see Figure 1) was established by St. Johns County in April 1976 on property leased from the Robinson Improvement Company. The County recently purchased the Phase I Project site, the Phase II Project site, and a 300 foot buffer along the western edge of both sites.

The Tillman Ridge Landfill consists of approximately 136 acres of which about 110 acres are being used for landfilling purposes. Solid waste received at the landfill is disposed of using normal sanitary landfill methods. The landfill was constructed in six

cells. The first three cells were closed by July 1985. The County has continued to landfill in the remaining cells. The current Consent Order requires closure of the landfill by April 16, 1991.

The Closure Permit provides guidance for operating the Tillman Ridge Landfill until the Phase II Project is opened. During the remaining life of the existing landfill, solid waste and cover material will be placed such that upon completion stormwater will be directed into the stormwater collection system and not allowed to collect on top of waste-filled areas. After solid waste is no longer accepted in the existing landfill, a low permeability final cap will be installed over approximately the southern half of the existing landfill. The final cap will consist of 40 mil synthetic membrane overlain by 12 inches of earthen cover, the top 6 inches of which will be topsoil. The cap will be seeded to promote vegetative growth. On the side slopes a synthetic drainage net overlain by a geotextile will be placed between the 40 mil membrane and the vegetative earth cover layer. The perimeter stormwater ditch system will be completed and upgraded, and surface water detention areas will be constructed to contain the runoff from a 25-year, 24-hour design storm.

Landfill gas will be released from beneath the cap through a series of penetrating vents. Based on testing performed for the Closure Permit Application, significant landfill gas production is not anticipated, therefore, the vents will allow the gas to escape to the atmosphere naturally without mechanical assistance. In addition to the vents, a series of gas monitoring wells will be installed around the perimeter of the landfill and sampled periodically. If increases in gas levels are detected in the gas monitoring wells, then the County may begin using mechanical methods to evacuate the gas from beneath the cap.

In accordance with the Consent Order, the County has begun a groundwater monitoring program to determine the extent of a leachate plume, if any, emanating from the landfill. Monitoring wells have been installed both up-gradient and down-gradient from the site and a quarterly sampling program has been started. Data collected from these wells will also provide some background data for the Phase II Project.

The post-closure maintenance period is anticipated to last twenty years, as required by FDER. Post-closure maintenance activities include continued gas and groundwater monitoring, repair and maintenance of the landfill cap, and general grounds maintenance.

Phase II Project Activities

The Phase II Project is a new landfill which is to be located on County-owned land adjacent to and immediately south of the existing Tillman Ridge Landfill.

The Phase II Project consists of approximately 154 acres of low elongated sandy ridges and associated swamps. The eastern boundary of the site is defined by Allen Nease Road. As part of the development of the Phase II Project the County will

relocate a portion of this unpaved road to the east. Pine flatwoods with stands of hardwood/conifer exist on this site. A large wetland area in the west central area will be preserved and expanded to provide mitigation for areas that will be disturbed by the construction of the landfill. Of the total site, approximately 25 acres will be either preserved or restored as a mitigation area.

The property surrounding the Phase II Project site is owned by the Robinson Improvement Company. The majority of the lands within a one mile radius of the site are zoned Open Rural (OR) and are used for tree plantations or are undeveloped. At the northern edge of the one mile radius, there are scattered residences and mobile home parks. The County issued the special exemption required to operate a landfill within the "OR" zoning class.

The Phase II Project is expected to be built above grade from an elevation of approximately 40 feet, which is the existing grade, to an approximate elevation of 165 feet. The Construction Permit Application specifies that the landfill will be constructed with a composite bottom liner consisting of a twelve inch thick compacted layer of clay overlain by a 60 mil geomembrane, a geonet and a geotextile with a two-foot thick drainage and protective layer above. A leachate collection and removal system will be integrated in the drainage and protective layer, with any leachate collected piped to a holding tank and then trucked to a County wastewater treatment plant for disposal.

The fill area is projected to be constructed in four cells of between 8.5 acres and 13 acres each, for a total fill area of 45 acres. The Phase II Project consists of construction of the first cell only. Construction of the first cell will include construction of the mitigation areas, the stormwater control pond, the leachate collection pipes and liner, the leachate collection headers and manholes, the lift station and holding tank, and the relocation of Allen Nease Road. Construction of remaining cells will include the leachate collection system and liner required for each cell, as well as certain remaining leachate collection header pipes and manholes. Each cell will be closed upon completion with a final cap being constructed over the entire site upon completion of all four cells.

Phase II Project and future cells at the site are to be constructed in 20 foot lifts with waste deposited in two foot thick layers and compacted. At the end of each day, or as required by the regulation, the waste will be covered with six-inches of compacted dirt. As areas within each cell reach completion, they will be closed by the application of a two foot layer of final cover. Included within this final cover will be a soil layer for gas venting, a 40 mil geomembrane with a geonet and geotextile for drainage, a soil protective layer, and finally a vegetative layer. All the soil material used for daily, intermediate and final cover will be obtained from off-site. The soil in the top vegetative layer will be improved by the addition of dewatered sewage sludge to provide a better growing medium.

The existing Phase I Project scale facility will remain in place and will be used for Phase II Project operation. Existing County landfill equipment will be used on the

Phase II Project, with replacement according to normal equipment specifications. Construction of the site improvements is anticipated to be carried out by a private contractor. Operation of the Phase II Project will be by County employees.

Landfill gas management will initially be carried out with vents similar to those in the Phase I Project activities. Rises in gas levels detected in the perimeter gas monitoring wells may be controlled by the installation of blowers or other mechanical methods, to evacuate the gas to the atmosphere. Where odors or persistent elevated gas levels occur, the County may install flares to burn off the excess gas.

Based on existing per capita waste generation rates, projections of medium population growth per BEBR, and institution of a successful recycling program, the life of the Phase II Project is expected to be 17 years. Since this is less than the term of the Series 1990 Bonds, the economic projections presented in Exhibits I and II include projected capital and operating costs for a replacement landfill with a configuration and design similar to the Phase II Project. It has been assumed that the County will proceed expeditiously with the procurement and development of any additional landfill sites.

Permit Requirements

Permit requirements for Phase I and Phase II Projects have been reviewed. The listing of applicable permits and their status is as follows:

<u>Agency</u>	<u>Permit</u>	<u>Status</u>
1. Florida Department of Environmental Regulation	Closure Permit (Phase I) Construction Permit (Phase II) Dredge and Fill Permit (Phase II) Management of Surface and Stormwater (Phase I) Management of Surface and Stormwater (Phase II)	Issued January 10, 1990 Issued May 15, 1990 Issued September 26, 1990 Issued January 10, 1990 Issued April 6, 1990
2. St. Johns River Water Management District	Dredge and Fill Permit (Phase II)	Issued October 9, 1989
3. U.S. Army Corps of Engineers	Dredge and Fill Permit (Phase II)	Issued February 13, 1990
4. St. Johns County	Zoning/Land Use Approval	Special exemption approved

The Phase I Project Closure Permit and the Phase II Project Construction and Operations Permit are both valid for 5 years. The Phase II Construction Permit allows construction of the initial cell and the other three cells within the 5 year time frame. However, it is anticipated that only two of the other three cells will be under construction during this time period. Future cells constructed after that time period will require another construction permit. In developing the financing projections presented herein, we have assumed, and believe it to be likely, that all necessary future permits and approvals will be obtained in a timely manner, and that they will not require changes in the designs developed as part of this permit application process which could result in either delays of the Project or costs significantly greater than currently anticipated. The anticipated future permits are for operating the landfill and

constructing future cells after expiration of the existing permit. Barring significant regulatory changes, either State or Federal, which are not anticipated at this time, it is reasonable to assume that these permits will be obtained.

Construction Cost

Construction cost estimates and contingencies for the planned Phase I and II Project activities have been prepared by HDR. The estimated cost of these activities was developed in accordance with generally accepted engineering estimating practices and methods. The cost is comparable to the costs incurred in the construction and closure of similar landfills in Florida utilizing similar technology, with which we are familiar, and includes requirements contained in the permits for the Project. The total estimated Phase I Project cost is \$5,054,800; the total estimated Phase II Project cost is \$5,961,600, including construction of the first cell only construction of mitigation measures, and engineering; for a total construction cost, not including land acquisition, of \$11,016,400.

The Phase II Project will be constructed in four landfill cells. As each cell is completed, it will be necessary to construct the next landfill cell. In addition, the County will be required to close each of these cells, pursuant to FDER regulations. The Series 1990 Bonds provide funding for constructing of only the initial cell. Future cells may be financed through either additional bond issues or through annual payments to a sinking fund. For purposes of the economic projections presented in Exhibit I, HDR has assumed that future cells will be financed through payments to a sinking fund. HDR has developed preliminary long-term estimates of the costs of these cell expansions and closures to reflect the anticipated replacement of each of these landfill facilities. Exhibit I shows the schedule of expenditures for cell expansion and the estimated sinking fund contributions for these Phase II Project activities, through the year 2011. The estimated costs are based on the design incorporated in the Construction and Closure Permit conditions, with provision for escalation at an assumed annual average inflation rate of five percent per year from 1990 dollars.

FINANCIAL PROJECTIONS

Disposition of Series 1990 Bond Proceeds

The proceeds of the sale of the Series 1990 Bonds will be used to: (i) pay for the cost of land acquisition for the Project; (ii) fund the Phase I Project; (iii) provide for the development and construction expenses of the Phase II Project; (iv) fund the costs associated with recycling in the unincorporated portions of the County; (v) fund the necessary technical, legal, financial, and administrative expenses related to the Project; and (vi) fund the Debt Service Reserve Account. The County anticipates that the sources and uses of funds and proceeds of the Series 1990 Bonds will be applied approximately as shown in Table 4.

Pursuant to the Resolution, Gross Revenues shall be deposited into the Revenue Fund each month. Monies from the Revenue Fund shall then be deposited into the following funds, listed in order of priority:

1. Operation and Maintenance Fund - This fund is used to pay for operation and maintenance for the System.
2. Debt Service Fund - This fund has four separate accounts used to pay the Series 1990 Bond interest, principal, amortization, and reserve requirements.
3. Renewal and Replacement Fund - Five (5) percent of the previous fiscal year's disposal fee and assessment revenues will be deposited into the this account, to be used to pay for extensions, improvements, additions, renewals, replacements, or extraordinary repairs to the capital assets of the System. A cap of \$1,000,000 has been recommended by HDR for this fund, and has been assumed for the economic projections presented in Exhibits I and II.
4. Closure Fund - This fund is used to pay for the interim closure of the four Phase II Project landfill cells, as well a final closure of the Phase II Project.
5. Rate Stabilization Fund - Excess revenues, after payment of Subordinated Indebtedness and deposits to the Rebate Fund, are deposited into this fund. This fund may be used to pay requirements of the above funds any time monies in the Revenue Fund are not adequate. In addition, this fund will contain the reserve to pay for future cell construction.

TABLE 4

Sources and Uses of Funds⁽¹⁾

<u>Sources of Funds</u>	
Bonds Proceeds	\$ <u>13,270,000</u>
Total Sources of Funds	\$13,270,000
<u>Uses of Funds</u>	
Total Construction Costs	\$1,016,400
Debt Service Reserve	1,274,950
Cost of Issuance	388,650
Land Acquisition	<u>590,000</u>
Total Uses of Funds	\$13,270,000

NOTE: (1) Estimate by the Financial Advisor

Pursuant to the Resolution, the County is required to set System fees at a level such that Net Revenues in each fiscal year will be at least equal to 110 % of the Debt Service Requirement for the next succeeding bond year plus 100% of amounts

required for deposit into the Debt Service Reserve Account and Renewal and Replacement Fund or any other specified accounts in such fiscal year. Furthermore, the Net Revenues, plus monies on deposit in the Rate Stabilization Fund at the beginning of such fiscal year shall be equal to 125% of the Debt Service Requirement for the next succeeding bond year plus 100% of amounts required for deposit in the Renewal and Replacement Fund and in the Debt Service Reserve Account or any other specified accounts. Net Revenues are defined to include all System revenues, which includes disposal fee revenues from Tipping Fees and Assessments, less operating and maintenance expenses for the year. Net Revenues are pledged to pay the Debt Service Requirement as are the proceeds of the Bonds, including investments thereof in the Revenue Fund. The Debt Service Fund, and the Renewal and Replacement Fund, in accordance with the provisions of the Resolution. The pledged revenues do not include Funds on deposit in the Closure Fund, the Rebate Fund, or the Rate Stabilization Fund.

System Revenues

Revenues received by the System will primarily come from two sources: (i) disposal fees which include Assessments and Tipping Fees, for the disposal of solid waste at System facilities; and (ii) interest earned on various reserve accounts created under the Resolution including the Debt Service Reserve Account, the Renewal and Replacement Fund, the Closure Fund, and the Rate Stabilization Fund.

For purposes of modeling the Projected Operating Results presented in Exhibit I, disposal fees represent the sum of annual Assessment revenues and annual tipping fee revenues. The level of disposal fees has been set to generate sufficient revenues to achieve the following: (i) satisfy operation and maintenance, Renewal and Replacement Fund, and debt service coverage requirements outlined in the Resolution, (ii) provide sufficient funds for deposit into the Closure Fund, according to the fund balance schedule in Exhibit I; and (iii) provide sufficient funds for deposit into the Rate Stabilization Fund, as cell expansion reserves, according to the fund balance schedule in Exhibit I. Disposal fees are set at the discretion of the County. The County has set Assessments at \$65/year for FY 1991-1993, and landfill tipping fees at \$42/ton for FY 1991. Assessments will be collected by the County tax assessor from Non-exempt residents of the unincorporated areas of the County. These Non-exempt residents are estimated to generate 33.7% of the solid waste tonnage that will be delivered to the Project. Franchise vehicles hauling Non-exempt residential waste will not pay a tipping fee at the Project. Non-exempt residents, who elect not to use the services of a franchise hauler, may take their waste to either the Project or a transfer station, and, upon presenting a receipt for payment of the Assessment, may dispose of their waste without paying a tipping fee. All other waste haulers delivering waste to either the Project or a transfer station will be required to pay the tipping fee. Investments of each of the funds listed previously, are estimated to earn 7.5%, as recommended by the Financial Advisor. Interest earnings on the Closure Fund are restricted by the Resolution to remain in the Closure Fund. Therefore, in Exhibit I, interest earnings on the Closure Fund are not included with Gross Revenues.

As outlined in the Resolution, the Rate Stabilization Fund serves as a source of revenue to make up any shortfalls in the Operating and Maintenance Fund. The Rate Stabilization Fund beginning balance in FY 1989, was \$839,914. The County's Fiscal Year runs from October 1 through September 30. This amount represents \$246,697 in excess operating revenues carried forward from FY 1988 plus \$593,217 for repayment of land acquisition costs incurred by the County prior to issuance of the Series 1990 Bonds. The FY 1989 balance was used as the starting point to arrive at the figures presented in Exhibit I.

System Expenses

Estimates for System operating costs have been prepared for the County's Tillman Ridge Landfill and transfer station operations based on historical data and financial information supplied by the County and our engineering estimates of the Phase II Project operating costs. For the purposes of projecting the operating results presented in Exhibit I, the operating expenses have been assumed to escalate at five percent per year for inflation.

According to the County, the estimated operating expenses for FY 1990 are \$1,032,880 for the existing landfill, and \$643,630 for the transfer stations. Other operating expenses include postclosure maintenance of the existing landfill and the direct costs of implementing the County's recycling program. The postclosure care costs for the existing landfill are estimated to be \$80,000 (1990 \$) for each of the first five years, \$74,000 for each of the next five years and \$67,000 for years 11-20. Recycling costs are estimated by the County to be \$1.75 per household per month, based on the existing franchise agreements. These costs are escalated at a five percent annual inflation factor.

Projected Operating Results

Estimates of the Projected Operating Results of the System for FY 1991 through FY 2011 are shown in Exhibit I, which represents the base case. These projections are based on various assumptions discussed throughout this Report, including BEBR's medium population growth projections and a recycling rate of 6% in FY 1991, increasing by 6% per year to 30% in FY 1995. This base case scenario will require that a replacement landfill be on line in FY 2008. The costs of this replacement landfill have been included in the economic projections.

In order to analyze the sensitivity of the economic feasibility of the Project to, changes in population growth and capital and O & M costs, the following additional scenarios were evaluated against the base case set forth in the economic model of Exhibit I:

1. Low population growth with the same recycling and per capita waste generation rates as the base case of Exhibit I. This scenario requires that a replacement landfill be on line in FY 2010.

2. High population growth with the same recycling and per capita waste generation rates as the base case of Exhibit I. This scenario requires that a replacement landfill be on line in FY 2006.
3. The same conditions used in the base case in Exhibit I, but with a 15% increase in capital costs for the Project.
4. The same conditions used in the base case in Exhibit I, but with a 15% increase in operating costs for the Project.

The projected System tipping fees and Assessments under these scenarios for FY 1991 through FY 2011 are summarized in Exhibit II.

PRINCIPAL CONSIDERATIONS, ASSUMPTIONS, AND CONCLUSIONS

In the preparation of this Report and the opinions that follow, we have made certain assumptions with respect to conditions which may occur in the future. While we believe these assumptions are reasonable for the purpose of this Report, actual results are dependent upon future events and actual conditions that may differ from those assumed. The conclusions presented herein and the projected operating results shown in Exhibits I and II are based on the following considerations and assumptions listed below, as well as others included in the Report.

1. We have made no determination as to the validity and enforceability of any resolution, ordinance, interlocal agreement, rule, or regulation applicable to the Project and its operations. However, for purposes of this Report, we have assumed that all such contracts, agreements, rules and regulations will be fully enforceable in accordance with their terms.
2. The population in the County will increase in accordance with the medium growth population projections as developed by the BEBR. The quantity of solid waste received by the System will increase relative to the population increases in St. Johns County and subject to the recycling assumptions as outlined in this Report.
3. The County will commence, on November 1, 1990, and continue to charge residential solid waste disposal assessments within the unincorporated portions of, the County, throughout the term of the Bond Issue.
4. The County's waste will continue to be delivered to the Project or its replacement for the term of the Series 1990 Bonds.
5. No unforeseen groundwater contamination, subsurface, regulatory, or other conditions will arise during development and operation of the Project.

6. The County will operate the Project and other System components in accordance with approved methods of operation, and any applicable permit conditions.
7. The financial assumptions related to Debt Service Requirements and interest rates in Exhibit I, reasonably reflect the actual Debt Service Requirements, and interest rates, and prevailing conditions in the economy. No assurances can be made by us regarding the impact of economic conditions on the receipts and expenses projected, or on future interest rates.
8. The County will set its tipping fees, and Assessments at necessary levels to generate sufficient revenues to pay for System operation and maintenance, Debt Service on the Series 1990 Bonds, and all other payments required under the Resolution.
9. The County will employ a sufficient number of competent and qualified personnel to operate the System in accordance with generally accepted engineering practices and will operate the System in a businesslike and environmentally-sound manner.
10. The County will be successful in achieving the State-mandated recycling level of 30% by the end of 1994. Recycling costs will increase by the annual inflation rate through the term of the Bond Issue.
11. The County will proceed expeditiously with the procurement and development of any additional landfill sites in order to have solid waste disposal capacity for 20 years. For the purpose of this report, it has been assumed that an in-county replacement landfill will be developed when the capacity of the Project is used up.

CONCLUSIONS

Based on our experience and the information made available to us, and subject to the assumptions made throughout this Report, we are of the opinion that:

1. Sanitary landfilling is a proven method of solid waste disposal;
2. The County has the capabilities or has access to those possessing the capabilities, to implement the Phase I Project and the Phase II Project, in compliance with current regulatory requirements;
3. The County has received all permits required to close the Phase I Project and construct and operate the Phase II Project;

4. The cost estimates made for Phase I Project closure and for development, design, and construction of the Phase II Project are based on specific permit conditions, mitigation measures, and reasonable assumptions;
5. The cost estimates for the Phase I Project and the Phase II Project are based on reasonable assumptions and are consistent with cost estimates for similar projects.
6. The projected receipts resulting from the operation of the Project, under normal operating procedures and subject to various assumptions identified herein, are anticipated to be adequate to (i) close, develop, operate, and maintain the System, (ii) make the Series 1990 Bonds debt service payments, and (iii) maintain the Debt Reserve Account and all other accounts created pursuant to the Resolution, at the required levels.

Respectfully Submitted,

HDR ENGINEERING, INC.

EXHIBIT I
ST. JOHNS COUNTY
PROJECTED OPERATING RESULTS

	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997
SOLID WASTE QUANTITIES							
Annual Tonnage (1).....	91,750	95,433	99,115	102,798	106,480	110,162	113,158
Recycling Rate (2).....	6%	12%	18%	24%	30%	30%	30%
Tonnage to Project (3).....	86,245	83,981	81,274	78,126	74,536	77,114	79,211
RATE STABILIZATION FUND BALANCE (B.O.Y.) (4)	2,308,813	906,784	17,849	32,013	263,324	337,855	871,874
GROSS REVENUES							
Disposal Fees (5).....	3,712,682	4,518,903	5,583,186	5,979,112	5,866,217	6,051,825	6,213,940
Earnings, Debt Service Reserve Fund (6).....	87,989	93,994	93,994	93,994	93,994	93,994	93,994
Earnings, Renewal & Replacement Fund (7).....	8,091	22,014	38,960	59,897	75,000	75,000	75,000
Earnings on Rate Stabilization Fund (8).....	173,161	68,009	1,339	2,401	19,749	25,339	65,391
TOTAL GROSS REVENUE	3,981,922	4,702,919	5,717,478	6,135,404	6,054,960	6,246,158	6,448,324
OPERATING EXPENSE							
Phase II Project O&M (9).....	1,084,524	1,138,750	1,195,688	1,255,472	1,318,246	1,384,158	1,453,366
Phase I Project Maintenance (10).....	84,000	88,200	92,610	97,241	102,103	99,167	104,125
Transfer Stations O&M (11).....	675,812	709,602	745,082	782,336	821,453	862,526	905,652
Recycling Costs (12).....	494,185	532,385	573,538	617,873	665,635	717,088	772,519
TOTAL OPERATING EXPENSE	2,338,520	2,468,937	2,606,918	2,752,922	2,907,436	3,062,939	3,235,662
NET REVENUE (13)	1,643,402	2,233,982	3,110,559	3,382,482	3,147,524	3,183,219	3,212,662
AVAILABLE FUNDS (14).....	3,952,216	3,140,766	3,128,409	3,414,495	3,410,847	3,521,074	4,084,536
DEBT SERVICE (15).....	1,272,550	1,272,283	1,270,450	1,272,013	1,271,613	1,274,200	1,274,398
NET AVAILABLE FUNDS (16).....	2,679,666	1,868,483	1,857,959	2,142,483	2,139,235	2,246,874	2,810,139
DEPOSIT TO RENEWAL AND REPLACEMENT FUND (17)	107,882	185,634	225,945	279,159	201,380	0	0
AVAILABLE REVENUES (18).....	2,571,784	1,682,849	1,632,013	1,863,324	1,937,855	2,246,874	2,810,139
Deposit to Closure Fund (19).....	350,000	350,000	350,000	350,000	350,000	350,000	550,000
REVENUES AVAILABLE FOR RATE STAB. FUND (20)	2,221,784	1,332,849	1,282,013	1,513,324	1,587,855	1,896,874	2,260,139
Deposit to Cell Expansion Reserves (21).....	1,315,000	1,315,000	1,250,000	1,250,000	1,250,000	1,025,000	1,025,000
UNENCUMBERED REVENUES (22).....	906,784	17,849	32,013	263,324	337,855	871,874	1,235,139
FUND BALANCES :							
CLOSURE FUND							
Previous Year's Balance	0	350,000	726,250	14,537	365,627	743,049	42,127
Closure Fund Deposits	350,000	350,000	350,000	350,000	350,000	350,000	550,000
Interest Earnings	0	26,250	54,469	1,090	27,422	55,729	3,160
Capital Expend. for Cell Closure (23).....	0	0	(1,116,182)	0	0	(1,106,651)	0
Closure Fund Balance	350,000	726,250	14,537	365,627	743,049	42,127	595,286
RENEWAL AND REPLACEMENT FUND							
Previous Year's Balance	0	107,882	293,516	519,461	798,620	1,000,000	1,000,000
R&R Fund Deposits	107,882	185,634	225,945	279,159	201,380	0	0
Renewal and Replacement Fund Balance ..	107,882	293,516	519,461	798,620	1,000,000	1,000,000	1,000,000
RATE STABILIZATION FUND							
CELL EXPANSION RESERVES							
Previous Year's Balance	0	1,315,000	8,978	1,259,651	2,604,125	13,577	1,039,595
Cell Expansion Deposits	1,315,000	1,315,000	1,250,000	1,250,000	1,250,000	1,025,000	1,025,000
Interest Earnings (24).....	0	98,625	673	94,474	195,309	1,018	77,970
Capital Expend. for Cell Expansion (25).....	0	(2,719,647)	0	0	(4,035,858)	0	0
Balance reserved for Cell Expansions ..	1,315,000	8,978	1,259,651	2,604,125	13,577	1,039,595	2,142,564
DEBT SERVICE COVERAGE #1:							
Funds Available (26)	1,643,402	2,233,982	3,110,559	3,382,482	3,147,524	3,183,219	3,212,662
Debt Service Coverage (27)	1.29	1.76	2.45	2.66	2.47	2.50	2.53
DEBT SERVICE COVERAGE #2:							
Funds Available (28)	3,952,216	3,140,766	3,128,409	3,414,495	3,410,847	3,521,074	4,084,536
Debt Service Coverage (29)	3.11	2.47	2.46	2.69	2.68	2.76	3.21
TIPPING FEE (30)	42.00	57.00	78.00	78.00	78.00	78.00	78.00
Projected Units paying assessment @ 90% (31)	20,171	20,695	21,233	21,785	22,352	22,933	23,529
Annual Assessment (\$/unit/year).....	65.00	65.00	65.00	89.00	90.00	90.00	90.00

EXHIBIT I
ST. JOHNS COUNTY
PROJECTED OPERATING RESULTS

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
SOLID WASTE QUANTITIES						
Annual Tonnage (1).....	116,154	119,150	122,146	125,142	127,930	130,718
Recycling Rate (2).....	30%	30%	30%	30%	30%	30%
Tonnage to Project (3).....	81,308	83,405	85,502	87,599	89,551	91,502
RATE STABILIZATION FUND BALANCE (B.O.Y.) (4)....	1,235,139	1,608,538	1,980,999	2,930,394	3,909,310	4,893,144
GROSS REVENUES						
Disposal Fees (5).....	6,377,450	6,542,391	6,708,802	6,876,719	7,038,651	7,202,169
Earnings, Debt Service Reserve Fund (6).....	93,994	93,994	93,994	93,994	93,994	93,994
Earnings, Renewal & Replacement Fund (7).....	75,000	75,000	75,000	75,000	75,000	75,000
Earnings on Rate Stabilization Fund (8).....	92,635	120,640	148,575	219,780	293,198	366,986
TOTAL GROSS REVENUE	6,639,079	6,832,026	7,026,371	7,265,492	7,500,843	7,738,149
OPERATING EXPENSE						
Phase II Project O&M (9)	1,526,034	1,602,336	1,682,453	1,766,575	1,854,904	1,947,649
Phase I Project Maintenance (10)	109,332	114,798	120,538	114,593	120,322	126,338
Transfer Stations O&M (11).....	950,935	998,481	1,048,405	1,100,826	1,155,867	1,213,660
Recycling Costs (12).....	832,235	896,566	965,871	1,040,533	1,120,966	1,207,617
TOTAL OPERATING EXPENSE	3,418,535	3,612,182	3,817,267	4,022,527	4,252,060	4,495,265
NET REVENUE (13)	3,220,544	3,219,844	3,209,103	3,242,966	3,248,784	3,242,884
AVAILABLE FUNDS (14).....	4,455,683	4,828,381	5,190,102	6,173,360	7,158,094	8,136,028
DEBT SERVICE (15)	1,272,145	1,272,383	1,269,708	1,274,050	1,274,950	1,270,675
NET AVAILABLE FUNDS (16).....	3,183,538	3,555,999	3,920,394	4,899,310	5,883,144	6,865,353
DEPOSIT TO RENEWAL AND REPLACEMENT FUND (17)	0	0	0	0	0	0
AVAILABLE REVENUES (18)	3,183,538	3,555,999	3,920,394	4,899,310	5,883,144	6,865,353
Deposit to Closure Fund (19)	550,000	550,000	550,000	550,000	550,000	550,000
REVENUES AVAILABLE FOR RATE STAB. FUND (20)	2,633,538	3,005,999	3,370,394	4,349,310	5,333,144	6,315,353
Deposit to Cell Expansion Reserves (21)	1,025,000	1,025,000	440,000	440,000	440,000	440,000
UNENCUMBERED REVENUES (22).....	1,608,538	1,980,999	2,930,394	3,909,310	4,893,144	5,875,353
FUND BALANCES :						
CLOSURE FUND						
Previous Year's Balance	595,286	1,189,933	1,829,178	76,282	632,003	1,229,403
Closure Fund Deposits	550,000	550,000	550,000	550,000	550,000	550,000
Interest Earnings	44,646	89,245	137,188	5,721	47,400	92,205
Capital Expend. for Cell Closure (23).....	0	0	(2,440,084)	0	0	0
Closure Fund Balance	1,189,933	1,829,178	76,282	632,003	1,229,403	1,871,609
RENEWAL AND REPLACEMENT FUND						
Previous Year's Balance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
R&R Fund Deposits	0	0	0	0	0	0
Renewal and Replacement Fund Balance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
RATE STABILIZATION FUND						
CELL EXPANSION RESERVES						
Previous Year's Balance	2,142,564	3,328,257	20,252	461,771	936,404	1,446,634
Cell Expansion Deposits	1,025,000	1,025,000	440,000	440,000	440,000	440,000
Interest Earnings (24).....	160,692	249,619	1,519	34,633	70,230	108,498
Capital Expend. for Cell Expansion (25).....	0	(4,582,624)	0	0	0	0
Balance reserved for Cell Expansions	3,328,257	20,252	461,771	936,404	1,446,634	1,995,132
DEBT SERVICE COVERAGE #1:						
Funds Available (26)	3,220,544	3,219,844	3,209,103	3,242,966	3,248,784	3,242,884
Debt Service Coverage (27)	2.53	2.54	2.52	2.54	2.56	2.55
DEBT SERVICE COVERAGE #2:						
Funds Available (28)	4,455,683	4,828,381	5,190,102	6,173,360	7,158,094	8,136,028
Debt Service Coverage (29)	3.50	3.80	4.07	4.84	5.63	6.39
TIPPING FEE (30)	78.00	78.00	78.00	78.00	78.00	78.00
Projected Units paying assessment @ 90% (31).....	24,141	24,769	25,413	26,073	26,751	27,447
Annual Assessment (\$/unit/year).....	90.00	90.00	90.00	90.00	90.00	90.00

EXHIBIT I
ST. JOHNS COUNTY
PROJECTED OPERATING RESULTS

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
SOLID WASTE QUANTITIES					
Annual Tonnage (1).....	133,506	136,294	139,081	141,869	144,657
Recycling Rate (2).....	30%	30%	30%	30%	30%
Tonnage to Project (3).....	93,454	95,405	97,357	99,309	101,260
RATE STABILIZATION FUND BALANCE (B.O.Y.) (4)....	5,875,353	6,836,202	7,764,340	8,641,637	11,312,274
GROSS REVENUES					
Disposal Fees (5).....	7,367,315	7,534,131	7,702,660	9,737,239	9,949,440
Earnings, Debt Service Reserve Fund (6).....	93,994	93,994	93,994	93,994	320,201
Earnings, Renewal & Replacement Fund (7).....	75,000	75,000	75,000	75,000	75,000
Earnings on Rate Stabilization Fund (8).....	440,651	512,715	582,325	648,123	848,421
TOTAL GROSS REVENUE	7,976,960	8,215,840	8,453,979	10,554,355	11,193,062
OPERATING EXPENSE					
Phase II Project O&M (9)	2,045,032	2,147,283	2,254,648	2,367,380	2,485,749
Phase I Project Maintenance (10)	132,655	139,288	146,253	153,565	353,773
Transfer Stations O&M (11).....	1,274,343	1,338,061	1,404,964	1,475,212	1,548,972
Recycling Costs (12).....	1,300,966	1,401,530	1,509,868	1,626,581	1,752,316
TOTAL OPERATING EXPENSE	4,752,996	5,026,162	5,315,732	5,622,738	6,140,810
NET REVENUE (13)	3,223,964	3,189,678	3,138,247	4,931,617	5,052,251
AVAILABLE FUNDS (14).....	9,099,317	10,025,880	10,902,587	13,573,254	16,364,525
DEBT SERVICE (15)	1,273,115	1,271,540	1,270,950	1,270,980	4,332,853
NET AVAILABLE FUNDS (16).....	7,826,202	8,754,340	9,631,637	12,302,274	12,031,672
DEPOSIT TO RENEWAL AND REPLACEMENT FUND (17)	0	0	0	0	0
AVAILABLE REVENUES (18)	7,826,202	8,754,340	9,631,637	12,302,274	12,031,672
Deposit to Closure Fund (19)	550,000	550,000	550,000	550,000	550,000
REVENUES AVAILABLE FOR RATE STAB. FUND (20)	7,276,202	8,204,340	9,081,637	11,752,274	11,481,672
Deposit to Cell Expansion Reserves (21)	440,000	440,000	440,000	440,000	440,000
UNENCUMBERED REVENUES (22).....	6,836,202	7,764,340	8,641,637	11,312,274	11,041,672
FUND BALANCES :					
CLOSURE FUND					
Previous Year's Balance	1,871,609	2,561,979	3,304,128	4,101,937	4,959,583
Closure Fund Deposits	550,000	550,000	550,000	550,000	550,000
Interest Earnings	140,371	192,148	247,810	307,645	371,969
Capital Expend. for Cell Closure (23).....	0	0	0	0	(5,254,372)
Closure Fund Balance	2,561,979	3,304,128	4,101,937	4,959,583	627,179
RENEWAL AND REPLACEMENT FUND					
Previous Year's Balance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
R&R Fund Deposits	0	0	0	0	0
Renewal and Replacement Fund Balance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
RATE STABILIZATION FUND					
CELL EXPANSION RESERVES					
Previous Year's Balance	1,995,132	2,584,766	3,218,624	3,900,021	4,632,522
Cell Expansion Deposits	440,000	440,000	440,000	440,000	440,000
Interest Earnings (24).....	149,635	193,857	241,397	292,502	347,439
Capital Expend. for Cell Expansion (25).....	0	0	0	0	0
Balance reserved for Cell Expansions	2,584,766	3,218,624	3,900,021	4,632,522	5,419,961
DEBT SERVICE COVERAGE #1:					
Funds Available (26)	3,223,964	3,189,678	3,138,247	4,931,617	5,052,251
Debt Service Coverage (27)	2.54	2.51	2.47	1.14	1.17
DEBT SERVICE COVERAGE #2:					
Funds Available (28)	9,099,317	10,025,880	10,902,587	13,573,254	16,364,525
Debt Service Coverage (29)	7.16	7.89	8.58	3.13	3.77
TIPPING FEE (30)	78.00	78.00	78.00	98.00	98.00
Projected Units paying assessment @ 90% (31).....	28,160	28,893	29,644	30,415	31,205
Annual Assessment (\$/unit/year).....	90.00	90.00	90.00	108.00	108.00

EXHIBIT I
ST. JOHNS COUNTY
PROJECTED OPERATING RESULTS

SOLID WASTE QUANTITIES	FY 2009	FY 2010
Annual Tonnage (1).....	147,445	150,233
Recycling Rate (2).....	30%	30%
Tonnage to Project (3).....	103,212	105,163
RATE STABILIZATION FUND BALANCE (B.O.Y.) (4)....	11,041,672	10,340,241
GROSS REVENUES		
Disposal Fees (5).....	10,232,291	10,450,285
Earnings, Debt Service Reserve Fund (6).....	320,201	1,595,151
Earnings, Renewal & Replacement Fund (7).....	75,000	75,000
Earnings on Rate Stabilization Fund (8).....	828,125	775,518
TOTAL GROSS REVENUE	11,455,618	12,895,954
OPERATING EXPENSE		
Phase II Project O&M (9)	2,610,036	2,740,538
Phase I Project Maintenance (10)	371,462	390,035
Transfer Stations O&M (11).....	1,626,421	1,707,742
Recycling Costs (12).....	1,887,770	2,033,695
TOTAL OPERATING EXPENSE	6,495,689	6,872,010
NET REVENUE (13)	4,959,929	6,023,945
AVAILABLE FUNDS (14).....	16,001,600	16,364,185
DEBT SERVICE (15)	4,336,360	4,330,179
NET AVAILABLE FUNDS (16).....	11,665,241	12,034,006
DEPOSIT TO RENEWAL AND REPLACEMENT FUND (17)	0	0
AVAILABLE REVENUES (18)	11,665,241	12,034,006
Deposit to Closure Fund (19)	885,000	885,000
REVENUES AVAILABLE FOR RATE STAB. FUND (20)	10,780,241	11,149,006
Deposit to Cell Expansion Reserves (21)	440,000	440,000
UNENCUMBERED REVENUES (22).....	10,340,241	10,709,006
FUND BALANCES :		
CLOSURE FUND		
Previous Year's Balance	627,179	1,559,218
Closure Fund Deposits	885,000	885,000
Interest Earnings	47,038	116,941
Capital Expend. for Cell Closure (23).....	0	(2,558,310)
Closure Fund Balance	1,559,218	2,849
RENEWAL AND REPLACEMENT FUND		
Previous Year's Balance	1,000,000	1,000,000
R&R Fund Deposits	0	0
Renewal and Replacement Fund Balance	1,000,000	1,000,000
RATE STABILIZATION FUND		
CELL EXPANSION RESERVES		
Previous Year's Balance	5,419,961	32,978
Cell Expansion Deposits	440,000	440,000
Interest Earnings (24).....	406,497	2,473
Capital Expend. for Cell Expansion (25).....	(6,233,481)	0
Balance reserved for Cell Expansions	32,978	475,451
DEBT SERVICE COVERAGE #1:		
Funds Available (26)	4,959,929	6,023,945
Debt Service Coverage (27)	1.15	1.97
DEBT SERVICE COVERAGE #2:		
Funds Available (28)	16,001,600	16,364,185
Debt Service Coverage (29)	3.70	5.35
TIPPING FEE (30)	99.00	99.00
Projected Units paying assessment @ 90% (31).....	32,017	32,849
Annual Assessment (\$/unit/year).....	108.00	108.00

FOOTNOTES TO EXHIBIT I

- (1) Solid Waste projections are based on 5.7 lbs/person/day. Population projections are based on BEBR 1989 medium growth estimates.
- (2) Recycling estimated to reach 30% by FY 1995.
- (3) Tonnage to Project is reduced on a weight basis by the recycling rate.
- (4) Based on information provided by the County on FY 89 and FY 90 budgets, which was used to calculate FY 91 Rate Stabilization Fund (RSF) balance at beginning of year (B.O.Y.). RSF balance at B.O.Y. equals previous year's unencumbered revenues. Unencumbered revenues equal Net Revenues minus Debt Service payment minus deposits to various funds (including cell expansion reserves) plus RSF balance at B.O.Y.
- (5) Disposal Fee revenues equal sum of annual assessments collected plus tipping fees collected at System facilities. Tipping fee revenues equal the tipping fee multiplied by the percentage of the waste tonnage (66.3%) that is not accounted for by assessments.
- (6) Investment earnings on Debt Service Reserve fund estimated at 7.5%, as provided by the Financial Advisor.
- (7) Investment earnings on Renewal and Replacement fund estimated at 7.5%, as provided by the Financial Advisor.
- (8) Investment earnings on Rate Stabilization fund estimated at 7.5%, as provided by the Financial Advisor.
- (9) Operating expenses based on estimated landfill operating expenses, escalated by assumed annual inflation rate of 5%.
- (10) Phase I Project maintenance costs for post-closure care and monitoring escalated by assumed annual inflation rate of 5%.
- (11) Operating expenses based on estimated FY 90 transfer station operating expenses escalated by assumed annual inflation rate of 5%.
- (12) Recycling costs estimated to be \$1.75 per unincorporated household per month escalated by assumed annual inflation rate of 5%.
- (13) Net Revenue equals Total Gross Revenues minus Total Operating Expense.
- (14) Available Funds equal RSF balance plus Net Revenues.
- (15) As provided by the Financial Advisor.
- (16) Net Available Funds equal Available Funds minus Debt Service.
- (17) Deposit to Renewal & Replacement (R&R) Fund equal to 5.00% of preceding year's Disposal Fees, with an assumed balance cap of \$1,000,000.
- (18) Available Revenues equal Net Available Funds minus Deposit to R&R Fund.
- (19) Based on capital funding requirements estimated by HDR.
- (20) Revenues Available for Rate Stab. Fund equal Available Revenues minus Deposit to Closure Fund.
- (21) Based on capital funding requirements estimated by HDR.
- (22) Unencumbered Revenues equal Revenues Available for Rate Stab. Fund minus Deposit to Cell Expansion Reserves.
- (23) Based on capital funding requirements estimated by HDR.
- (24) These earnings are not included in Earnings on Rate Stabilization Fund, which are part of Gross Revenues.
- (25) Based on capital funding requirements estimated by HDR.
- (26) Funds Available under Debt Service (DS) Coverage #1 equal Net Revenue.
- (27) Funds Available under DS Coverage #1 must be greater than or equal to 1.10 multiplied by the following year's DS payment.
- (28) Funds Available under Debt Service Coverage #2 equal Net Revenue plus RSF balance at B.O.Y.
- (29) Funds Available under DS Coverage #2 must be greater than or equal to 1.25 multiplied by the following year's DS payment.
- (30) Tipping Fee is charged for all waste coming from vehicles other than those hauling non-exempt residents' waste. The Tipping Fees are charged to 66.3% of the Annual Tonnage.
- (31) An assumption has been made by HDR that the collection rate from Non-exempt residents for the Assessment will not be less than 90%.

Exhibit II

Protected System Tipping Fees Under Alternative Scenarios

Population Growth	FY 1991 Assessment (\$/year)	FY 2010 Assessment (\$/year)	FY 1991 Tipping Fee (\$/ton)	FY 2010 Tipping Fee (\$/ton)
Low	65	151	42	141
Medium ⁽¹⁾	65	108	42	99
Medium (15% increase in capital costs)	65	110	42	100
Medium (15% increase in operating costs)	65	120	42	111
High	65	91	42	81

(1) Assumed actual scenario.

APPENDIX C

Information Regarding St. Johns County

THE FOLLOWING INFORMATION CONCERNING ST. JOHNS COUNTY, FLORIDA, IS INCLUDED ONLY FOR THE PURPOSE OF PROVIDING GENERAL BACKGROUND INFORMATION. THIS INFORMATION HAS BEEN SUPPLIED BY ST. JOHNS COUNTY FOR INCLUSION HEREIN.

Location

St. Johns County encompasses approximately 608 square miles and is located in the Northeast region of the State of Florida. The County is located directly south of Duval County, Florida (Jacksonville), and it is bordered on the West by the St. Johns River, on the South by Flagler County, and on the East by the Atlantic Ocean.

There are three incorporated municipalities located in the County: St. Augustine, Hastings, 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:

<u>Year</u>	<u>Population</u>
1940 U.S. Census	20,012
1950 U.S. Census	24,998
1960 U.S. Census	30,034
1970 U.S. Census	31,035
1980 U.S. Census	51,303
1989 Estimate (1)	84,389

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

Commerce and Industry

While tourism ranks high in the economy with more than one million visitors annually, manufacturing and commercial activities, including food processing, airplane modification and repair, 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, multi-family 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 service employment.

Agriculture

Agribusiness remains a key sector of the State and Northeast region of the State's economy. Agriculture is a major industry in St. Johns County and in 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 the State in value of those 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	<u>1,000,000</u>
	<u>\$35,900,000</u>

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

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

Employment

The following table shows employment by category for March, 1990:

<u>Distribution</u>	<u>Number of Employees</u>	<u>Percentage of Total</u>
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 Domestic, Self Employed, Unpaid Family Workers and Seasonal Workers....	619	2.49
	24,901	100.0%

Source: St. Johns County Chamber of Commerce

Major Employers

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

<u>Establishment</u>	<u>Product</u>	<u>Approximate Employment</u>
St. Johns County School District	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	Health Food Distributor	300
Luhrs Corporation	Boat Manufacturing	230

<u>Establishment</u>	<u>Product</u>	<u>Approximate Employment</u>
Parker Hannifan	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 and express	150

Source: St. Johns County Chamber of Commerce.

Tourism and Recreation

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

Transportation Facilities

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

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

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

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

Health Care Facilities

Medical facilities are provided by Flagler Hospital, which has 131 beds, and the St. Augustine General Hospital, which has 115 beds. There are approximately 102 physicians in the area, including specialists in most fields. The County has 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 Board of Public Instruction. There are nine elementary schools, three middle schools, one junior high school, one high school, an exceptional child center, two elementary parochial schools, a parochial high school, a tri-county Vocational and Technical Center, and Flagler College, which is a four-year liberal arts institution in which more than 1,000 students are enrolled. The State operates the Florida School for the Deaf and Blind in St. Augustine, with primary school through senior high school levels.

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

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

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>	<u>State Unemployment Rate</u>
1980	21,272	19,662	1,609	7.6	5.9
1981	22,716	20,936	1,780	7.8	6.8
1982	23,924	21,709	2,215	9.3	8.2
1983	24,752	22,073	2,670	10.8	8.6
1984	29,212	26,953	2,259	7.7	6.3
1985	30,613	28,264	2,348	7.6	6.0
1986	35,097	32,815	2,282	6.5	5.7
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

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

ST. JOHNS COUNTY, FLORIDA
TAXABLE ASSESSED PROPERTY VALUATIONS

<u>Year</u>	<u>Non-Exempt Real Property Valuations</u>	<u>Non-Exempt Personal Valuations</u>	<u>Non-Exempt Utilities Railroads</u>	<u>Total Taxable Assessed Property Valuations</u>
1979	667,457,915	72,027,005	7,784,257	757,269,177
1980	732,710,802	89,720,340	9,631,143	832,062,285
1981	815,236,870	104,378,309	7,857,790	927,472,969
1982	1,126,962,798	102,451,844	10,138,271	1,259,552,913
1983	1,223,400,247	144,639,034	12,030,202	1,380,069,483
1984	1,385,119,864	164,540,508	12,110,455	1,561,770,827
1985	1,672,143,342	185,401,615	8,022,393	1,895,567,350
1986	1,968,339,974	207,796,386	10,647,913	2,186,784,273
1987	2,184,537,016	233,803,639	9,286,723	2,427,627,378
1988	2,462,124,391	244,414,748	13,395,647	2,719,934,786
1989	2,913,060,062	271,870,308	11,858,243	3,196,788,613

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

ST. JOHNS COUNTY, FLORIDA
1990 TAXPAYERS HAVING LARGEST ASSESSED VALUATIONS

<u>Name of Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of County Total Assessed Valuation</u>
Arvida Corporation	\$ 25,466,640	1.44
Resort Holdings I Ltd.	23,065,360	1.30
Ponte Vedra Corporation	20,687,332	1.29
General Development Corporation (1)	20,181,120	1.20
Jacksonville Ventures, Inc.	13,837,450	.78
Lifecare Pastoral Services, Inc.	10,359,090	.58
Hutton/Con Am Rty Invtrs	9,661,040	.54
The Plantation Developers	9,387,770	.53
Ponce de Leon Partnership	8,841,360	.49
Hidden Lakes Village, Ltd.	8,589,250	.48

Source: St. Johns County Tax Collector.

(1) General Development Corporation is currently a debtor-in-possession under Chapter 11 of the United States Bankruptcy Code.

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

<u>Year</u>	<u>Property Taxes Levied</u>	<u>Total Current Tax Collections(1)</u>	<u>% of Levy Collected(2)</u>
1980	\$12,923,730	\$12,708,385	98.33%
1981	16,539,045	16,208,819	98.00
1982	19,836,859	19,635,820	98.99
1983	23,677,638	23,320,383	98.49
1984	25,229,244	24,805,582	98.32
1985	31,295,519	31,042,190	99.19
1986	35,941,927	35,594,355	99.03
1987	40,160,327	39,785,685	99.07
1988	46,313,747	45,855,152	99.01
1989	59,828,202	58,709,509	98.13

(1) Aggregate amount of current tax collections as of close-out of tax year June 30, which includes the aggregate amount of discounts actually taken by taxpayers as allowed by Florida law. A 4% discount is allowed if the taxes are paid in November with the discount declining by 1% each month thereafter. Current tax collections includes only current taxes paid.

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

Source: Tax Collector, St. Johns County

1989 Millage Levy

St. Johns County	7.135 mills
St. Johns County School Board	9.503 mills
St. Johns County Special Districts	.849 mills
Town of Hastings	8.000 mills
City of St. Augustine	6.890 mills
City of St. Augustine Beach	1.855 mills

Source: Tax Collector, St. Johns County

Police and Fire Protection

St. Johns County is served by the Sheriff's Department, which has over 350 full and part-time employees including deputies, the detective division, communications, jail and administrative personnel. There are sixteen fire stations operating within the County, serviced by volunteers. The Fire Department operates a special rescue unit manned by trained emergency medical technicians.

Government

St. Johns County has a five-member Board of Commissioners elected for staggered terms of four years. The Board will be increased to seven members in November, 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, with supplements from State and federal sources for county roads, welfare and health. The Board operates a county road system and has power to establish, build, maintain, repair, protect and preserve these public facilities. The Board may issue bonds for all lawful purposes. The Board correlates and is responsible for various types of elections in the County. Other elected officials serving county-wide are a five-member Board of Public Instruction, a Superintendent of Public Instruction, a Property Appraiser, a Tax Collector, a Supervisor of Elections, a Sheriff, and a Clerk of the Circuit Court who is also Ex-Officio Clerk of the Board of County Commissioners. The Board appoints a County Administrator who serves at the will of the Board.

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APPENDIX D

Financial Statements of St. Johns County

ST. JOHNS COUNTY, FLORIDA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1989

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ST. JOHNS COUNTY, FLORIDA
GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 1989

Price Waterhouse



REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

December 18, 1989

Board of County Commissioners
St. Johns County, Florida

In our opinion, the accompanying general purpose financial statements listed in the table of contents present fairly, in all material respects, the financial position of St. Johns County, Florida at September 30, 1989 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. These general purpose 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 which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by County officials, and evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Price Waterhouse

ST. JOHNS COUNTY, FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1989

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
Revenues:					
Taxes	\$15,809,320	\$ 5,319,606	\$1,751,690	\$ 212	\$22,880,828
Special assessments levied		1,515,476			1,515,476
Licenses and permits	681,443				681,443
Federal revenues	151				151
State revenues:					
Shared revenues	3,587,930	1,677,227	1,273,065		6,538,222
Grants	254,235	246,791			501,026
Local grants and shared revenues	32,856	68,931			101,787
Charges for services	1,127,969	2,932,610			4,060,579
Fines and forfeitures	1,402,858				1,402,858
Interest income	596,650	862,799	184,412	1,182,688	2,826,549
Miscellaneous revenue	188,100	254,203		113,040	555,343
Total revenues	<u>23,681,512</u>	<u>12,877,643</u>	<u>3,209,167</u>	<u>1,295,940</u>	<u>41,064,262</u>
Expenditures:					
Current:					
General government	4,580,155	10,816,426			15,396,581
Public safety	6,023,764	1,117,136			7,140,900
Physical environment	285,768				285,768
Transportation		3,649,352			3,649,352
Economic environment	39,661				39,661
Human services	1,838,619	4,111			1,842,730
Culture and recreation	1,133,776	543,738			1,677,514
Capital outlay	561,476	1,791,915		5,386,205	7,739,596
Debt service:					
Principal retirement			1,620,000		1,620,000
Interest and fiscal charges			1,591,404		1,591,404
Total expenditures	<u>14,463,219</u>	<u>17,922,678</u>	<u>3,211,404</u>	<u>5,386,205</u>	<u>40,983,506</u>
Excess (deficit) of revenues over expenditures	9,218,293	(5,045,035)	(2,237)	(4,090,265)	80,756
Other financing sources (uses):					
Operating transfers in	1,194,153	9,592,810	72,555	43,000	10,902,518
Operating transfers out	(9,152,880)	(1,194,429)	(283,245)	(555,209)	(11,185,763)
Bond proceeds and other	(38,137)	(25,729)		8,187,817	8,123,951
Excess (deficit) of revenues and other sources over expend- itures and other uses	1,221,429	3,327,617	(212,927)	3,585,343	7,921,462
Fund balance, beginning of year	<u>1,975,140</u>	<u>6,281,217</u>	<u>713,964</u>	<u>14,646,550</u>	<u>23,616,871</u>
Fund balance, end of year	<u>\$ 3,196,569</u>	<u>\$ 9,608,834</u>	<u>\$ 501,037</u>	<u>\$18,231,893</u>	<u>\$31,538,333</u>

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 1989

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$16,294,514	\$15,809,320	\$ (485,194)	\$ 5,120,876	\$ 5,319,606	\$ 198,730
Special assessments levied				538,710	1,515,476	976,766
Licenses and permits	824,900	681,443	(143,457)			
Federal revenues	150	151	1			
State revenues:						
Shared revenues	3,366,828	3,587,930	221,102	1,615,000	1,677,227	62,227
Grants	409,449	254,235	(155,214)	33,925	246,791	212,866
Local grants and shared revenues	360	32,856	32,496	46,083	68,931	22,848
Charges for services	1,142,900	1,127,969	(14,931)	3,007,693	2,932,610	(75,083)
Fines and forfeitures	984,660	1,402,858	418,198			
Interest income	315,000	596,650	281,650	272,277	862,799	590,522
Miscellaneous revenue	64,000	188,100	124,100	6,150	254,203	248,053
Total revenues	<u>23,402,761</u>	<u>23,681,512</u>	<u>278,751</u>	<u>10,640,714</u>	<u>12,877,643</u>	<u>2,236,929</u>
Expenditures:						
Current:						
General government	4,787,731	4,580,155	207,576	11,310,782	10,816,426	494,356
Public safety	5,974,365	6,023,764	(49,399)	1,285,125	1,117,136	167,989
Physical environment	364,642	285,768	78,874			
Transportation				7,709,711	3,649,352	4,060,359
Economic environment	41,077	39,661	1,416			
Human services	1,907,600	1,838,619	68,981		4,111	(4,111)
Culture and recreation	1,155,834	1,133,776	22,058	1,247,380	543,738	703,642
Capital outlay	595,127	561,476	33,651	2,080,760	1,791,915	288,845
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total expenditures	<u>14,826,376</u>	<u>14,463,219</u>	<u>363,157</u>	<u>23,633,758</u>	<u>17,922,678</u>	<u>5,711,080</u>
Excess (deficit) of revenues over expenditures	8,576,385	9,218,293	641,908	(12,993,044)	(5,045,035)	7,948,009
Other financing sources (uses):						
Operating transfers in	694,508	1,194,153	499,645	9,258,217	9,592,810	334,593
Operating transfers out	(9,261,208)	(9,152,880)	108,328	(471,303)	(1,194,429)	(723,126)
Bond proceeds and other	(38,137)	(38,137)		(4,056)	(25,729)	(21,673)
Excess (deficit) of revenues and other sources over expenditures and other uses	(28,452)	1,221,429	1,249,881	(4,210,186)	3,327,617	7,537,803
Fund balance, beginning of year	<u>1,975,140</u>	<u>1,975,140</u>		<u>6,281,217</u>	<u>6,281,217</u>	
Fund balance, end of year	<u>\$ 1,946,688</u>	<u>\$ 3,196,569</u>	<u>\$ 1,249,881</u>	<u>\$ 2,071,031</u>	<u>\$ 9,608,834</u>	<u>\$ 7,537,803</u>

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1989

	<u>Debt Service Funds</u>			<u>Capital Projects Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:						
Taxes	\$1,774,172	\$1,751,690	\$ (22,482)		\$ 212	\$ 212
Special assessments levied						
Licenses and permits						
Federal revenues						
State revenues:						
Shared revenues	1,273,065	1,273,065		\$ 120,000		(120,000)
Grants						
Local grants and shared costs						
Charges for services						
Fines and forfeiture						
Interest income	116,370	184,412	68,042	427,350	1,182,688	755,338
Miscellaneous revenue					113,040	113,040
Total revenues	<u>3,163,607</u>	<u>3,209,167</u>	<u>45,560</u>	<u>547,350</u>	<u>1,295,940</u>	<u>748,590</u>
Expenditures:						
Current:						
General government						
Public safety						
Physical environment						
Transportation						
Economic environment						
Human services						
Culture and recreation				12,815,836	5,386,205	7,429,631
Capital outlay						
Debt service:						
Principal retirement	1,620,000	1,620,000				
Interest and fiscal charges	<u>1,511,700</u>	<u>1,591,404</u>	<u>(79,704)</u>			
Total expenditures	<u>3,131,700</u>	<u>3,211,404</u>	<u>(79,704)</u>	<u>12,815,836</u>	<u>5,386,205</u>	<u>7,429,631</u>
Excess (deficit) of revenues over expenditures	31,907	(2,237)	(34,144)	(12,268,486)	(4,090,265)	8,178,221
Other financing sources (uses):						
Operating transfers in		72,555	72,555	43,000	43,000	
Operating transfers out	(283,245)	(283,245)		(40,009)	(555,209)	(515,200)
Bond proceeds and other					8,187,817	8,187,817
Excess (deficit) of revenues and other sources over expenditures and other uses	(251,338)	(212,927)	38,411	(12,265,495)	3,585,343	15,850,838
Fund balance, beginning of year	<u>713,964</u>	<u>713,964</u>		<u>14,646,550</u>	<u>14,646,550</u>	
Fund balance, end of year	<u>\$ 462,626</u>	<u>\$ 501,037</u>	<u>\$ 38,411</u>	<u>\$ 2,381,055</u>	<u>\$18,231,893</u>	<u>\$15,850,838</u>

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1989

	<u>Combined Totals (Memorandum Only)</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 23,189,562	\$22,880,828	\$ (308,734)
Special assessments levied	538,710	1,515,476	976,766
Licenses and permits	824,900	681,443	(143,457)
Federal revenues	150	151	1
State revenues:			
Shared revenues	6,254,893	6,538,222	283,329
Grants	563,374	501,026	(62,348)
Local grants and shared costs	46,443	101,787	55,344
Charges for services	4,150,593	4,060,579	(90,014)
Fines and forfeiture	984,660	1,402,858	418,198
Interest income	1,130,997	2,826,549	1,695,552
Miscellaneous revenue	70,150	555,343	485,193
Total revenues	<u>37,754,432</u>	<u>41,064,262</u>	<u>3,309,830</u>
Expenditures:			
Current:			
General government	16,098,513	15,396,581	701,932
Public safety	7,259,490	7,140,900	118,590
Physical environment	364,642	285,768	78,874
Transportation	7,709,711	3,649,352	4,060,359
Economic environment	41,077	39,661	1,416
Human services	1,907,600	1,842,730	64,870
Culture and recreation	2,403,214	1,677,514	725,700
Capital outlay	15,491,723	7,739,596	7,752,127
Debt service:			
Principal retirement	1,620,000	1,620,000	
Interest and fiscal charges	1,511,700	1,591,404	(79,704)
Total expenditures	<u>54,407,670</u>	<u>40,983,506</u>	<u>13,424,164</u>
Excess (deficit) of revenues over expenditures	(16,653,238)	80,756	16,733,994
Other financing sources (uses):			
Operating transfers in	9,995,725	10,902,518	906,793
Operating transfers out	(10,055,765)	(11,185,763)	(1,129,998)
Bond proceeds and other	(42,193)	8,123,951	8,166,144
Excess (deficit) of revenues and other sources over expenditures and other uses	(16,755,471)	7,921,462	24,676,933
Fund balance, beginning of year	<u>23,616,871</u>	<u>23,616,871</u>	
Fund balance, end of year	<u>\$ 6,861,400</u>	<u>\$ 31,538,333</u>	<u>\$24,676,933</u>

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1989

ENTERPRISE

Operating revenues:	
Water sales	\$1,978,223
Sewage treatment charges	1,015,747
Service fees	2,593,447
Merchandise sales	<u>88,135</u>
Total operating revenues	5,675,552
Operating expenses:	
Contractual services	253,548
Salaries and employee benefits	1,831,084
Other operating expenses	1,149,885
Maintenance	548,154
Depreciation	<u>609,363</u>
Total operating expenses	4,392,034
Operating income	<u>1,283,518</u>
Nonoperating revenues (expenses):	
Interest income	544,779
Interest expense	(800,891)
Other revenues	72,593
Other expenses	<u>(33,871)</u>
Total nonoperating revenues (expenses)	(217,390)
Income before transfers and extraordinary item	1,066,128
Other financing sources:	
Operating transfers in	<u>283,245</u>
Income before extraordinary item	1,349,373
Extraordinary gain	<u>467,200</u>
Net income	1,816,573
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction that reduces contributed capital	<u>143,258</u>
Increase in retained earnings	1,959,831
Retained earnings, beginning of year	<u>4,323,223</u>
Retained earnings, end of year	<u>\$6,283,054</u>

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, 1989

ENTERPRISE

Cash was provided by (used for) operations:	
Net income before extraordinary item	\$ 1,349,373
Add (deduct) items not affecting cash:	
Depreciation	609,363
Amortization of bond discount	13,845
Increase in accounts payable and accrued liabilities	144,261
Increase in accounts receivable	(101,011)
Change in due to/from accounts	(684)
Decrease in inventory	1,896
Increase in interest payable	341,552
Change in other assets and liabilities	(463,783)
Cash provided by operations	1,894,812
Extraordinary gain	467,200
Extraordinary gain not providing cash	(467,200)
Capital contributions	4,970,718
Increase in customer deposits	31,945
Increase in compensated absences payable	17,294
Issuance of long-term debt	14,598,346
Total cash provided	21,513,115
Cash was used for:	
Net additions to fixed assets	5,627,984
Repayment of long-term debt	1,899,800
Total cash used	7,527,784
Net change in cash and investments	13,985,331
Cash and investments, beginning of year	4,779,174
Cash and investments, end of year	\$18,764,505

ST. JOHNS COUNTY, FLORIDA
COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TRUST AND AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1989

	Balance September 30, 1988	Additions	Deductions	Balance September 30, 1989
<u>ASSETS</u>				
Cash and investments	\$879,489	\$59,186,757	\$59,080,280	\$985,966
Juror and witness payrolls	7,714	7,587	7,714	7,587
Accounts receivable	4,425	3,752	5,187	2,990
Documentary stamps	<u>(44,939)</u>	<u>3,419,172</u>	<u>3,373,841</u>	<u>392</u>
Total assets	<u>\$846,689</u>	<u>\$62,617,268</u>	<u>\$62,467,022</u>	<u>\$996,935</u>
<u>LIABILITIES</u>				
Due to individuals	\$543,883	\$ 2,685,791	\$ 2,632,867	\$ 596,807
Due to other county funds	133,138	21,806,198	21,738,734	200,602
Due to other govern- mental units	<u>169,668</u>	<u>31,481,848</u>	<u>31,451,990</u>	<u>199,526</u>
Total liabilities	<u>\$846,689</u>	<u>\$55,973,837</u>	<u>\$55,823,591</u>	<u>\$996,935</u>

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

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

Governmental Fund Types

- o The General Fund is used to account for the general operations of the County which are not accounted for in another fund. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.
- o Special Revenue Funds are operating funds used to account for revenues which are restricted or designated as to use by outside sources. The general operating funds of the Clerk of the Circuit and County Courts, Property Appraiser, Supervisor of Elections, Tax Collector and Sheriff are included as special revenue funds.

- o Special Revenue Funds are operating funds used to account for revenues which are restricted or designated as to use by outside sources.
- o Debt Service Funds are used to account for the payment of principal, interest and related costs of general long-term debt. Debt service revenues are primarily from property taxes or state shared revenues.
- o Capital Project Funds are used to account for resources designated to construct or acquire general fixed assets and major improvements other than those financed by special assessments or enterprise funds.

Proprietary Fund Types

- o Enterprise Funds are used to account for water and sewer services, landfill services and the County golf course that are financed and operated in a manner similar to profit-oriented business enterprises. The costs of providing these services to the general public are financed or recovered primarily through user charges.

Account Groups

- o The General Fixed Assets Account Group is used to account for fixed assets owned by the Board of County Commissioners except those accounted for in the Enterprise Funds.
- o The General Long-Term Debt Account Group is used to account for the outstanding principal balances of general long-term debt and for accrued compensated absences payable.

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.

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 deposits at year end are covered by federal depository insurance or by collateral held by the County's custodial bank in the County's name. 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, and various other qualified investments. Funds can be transferred directly between the County's insured banking institution and the state investment pool. 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.

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

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

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits:		
Cash and certificates of deposit	\$ 2,240,984	\$ 4,290,932
		<u>Market Value</u>
Investments:		
Repurchase agreements with banking institutions	1,356,000	\$ 1,356,000
Investment in state investment pool	42,816,288	42,816,288
Small Business Administration participation certificates	20,207	17,806
Federal Home Loan Mortgage Corporation pool	174,955	181,431
U.S. Treasury Securities	<u>6,124,551</u>	<u>6,269,700</u>
	<u>50,492,001</u>	<u>\$50,641,225</u>
Total cash and investments	<u>\$52,732,985</u>	

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 Assets 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 Assets Account Group for the fiscal year ended September 30, 1989:

	<u>September 30, 1988</u>	<u>Additions</u>	<u>Dispositions</u>	<u>September 30, 1989</u>
Land	\$ 1,643,745			\$ 1,643,745
Buildings and improve- ments	15,631,057	858,852	49,260	16,440,649
Furniture and equipment	12,088,768	1,805,820	968,749	12,925,839
Construction in progress	<u>3,310,840</u>	<u>942,512</u>	<u>3,246,770</u>	<u>1,006,582</u>
	<u>\$32,674,410</u>	<u>\$3,607,184</u>	<u>\$4,264,779</u>	<u>\$32,016,815</u>

Fixed Assets (Enterprise Funds) - Acquisitions by the enterprise funds are capitalized at cost. Those acquired prior to 1972 are recorded at the 1971 appraised market values. Assets are depreciated using the straight-line method over the estimated lives of the assets, which range from 3 to 50 years. Major expenditures for additions and improvements are capitalized. Expenditures for maintenance and repairs are charged to operations.

During the year the Board transferred golf course land improvements and equipment totaling \$2,293,026 from the General Fixed Assets Account Group to the Golf Course Fund. This transfer, and golf course land donated by a developer with a fair market value of \$752,475 were recorded as contributions of capital in the Golf Course Fund during the fiscal year ended September 30, 1989. The remaining golf course construction costs were funded by the Board and recorded as contributed capital in the Golf Course Fund.

The following is a schedule of changes in fixed assets of the enterprise funds for the fiscal year ended September 30, 1989:

	<u>September 30, 1988</u>	<u>Additions</u>	<u>Dispositions</u>	<u>September 30, 1989</u>
Land	\$ 801,848	\$ 833,806		\$1,635,654
Buildings and improve- ments	398,507	268,465		666,972
Golf course land improve- ments		2,298,945		2,298,945
Water and sewer systems	13,095,332			13,095,332
Equipment	1,181,445	949,189	36,744	2,093,890
Construction in progress	<u>414,835</u>	<u>1,285,776</u>		<u>1,700,611</u>
	15,981,967	5,636,181	36,744	21,491,404
Less:				
Accumulated depreciation	<u>2,140,831</u>	<u>609,363</u>	<u>28,547</u>	<u>2,721,647</u>
	<u>\$13,751,136</u>	<u>\$5,026,818</u>	<u>\$ 8,197</u>	<u>\$18,769,757</u>

NOTE 4 - INTERFUND BALANCES

The summary of individual interfund balances at September 30, 1989 follows:

	<u>Due from other county funds</u>	<u>Due to other county funds</u>
<u>General Fund</u>		
Board of County Commissioners	<u>\$1,523,816</u>	<u>\$ 126,764</u>
<u>Capital Projects</u>		
Golf Course Construction	<u> </u>	<u>1,313</u>
<u>Special Revenue</u>		
Beach Patrol		42,121
County Transportation	24,636	6,519
Tourist Development	97,941	
Clerk of the Courts		72,954
Sheriff	149,588	803,807
Tax Collector		545,302
Elkton Drainage District	22	
Vilano Street Lighting	86	
St. Augustine South Street Lighting	<u>168</u>	<u> </u>
	<u>272,441</u>	<u>1,470,703</u>
<u>Enterprise</u>		
Anastasia Sanitary District	27,656	934
Mainland Water System	<u> </u>	<u>23,597</u>
	<u>27,656</u>	<u>24,531</u>
<u>Trust and Agency</u>		
Tax Collector		98,625
Clerk of the Courts		94,440
Sheriff	<u> </u>	<u>7,537</u>
	<u> </u>	<u>200,602</u>
	<u>\$1,823,913</u>	<u>\$1,823,913</u>

NOTE 5 Long-Term Debt

Long-term debt transactions of the County for the year ended September 30, 1989 are summarized below:

	<u>General Government</u>	<u>Enterprise</u>	<u>Total</u>
Long-term debt payable at September 30, 1988	\$23,557,486	\$ 7,443,454	\$31,000,940
Issuance of long-term debt	8,190,000	14,598,346	22,788,346
Amortization of debt issuance discount		13,845	13,845
Sinking fund payments and maturities	(1,620,000)	(2,367,000)	(3,987,000)
Increase in arbitrage liability	203,000		203,000
Increase in liability for compensated absences payable	<u>352,083</u>	<u>17,294</u>	<u>369,377</u>
Long-term debt payable at September 30, 1989	<u>\$30,682,569</u>	<u>\$19,705,939</u>	<u>\$50,388,508</u>

Long-term debt at September 30, 1989 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 \$12,135,000

\$3,140,000 1987 Capital Improvement Revenue Bonds secured by state guaranteed entitlement revenues and parimutuel taxes, due in annual installments of \$170,000 to \$350,000 through July 1, 2000; interest at 5.0% to 7.875% payable semi-annually 2,775,000

\$4,060,000 1986 Refunding Revenue Bonds
secured by half-cent sales tax revenues,
due in annual installments of \$740,000 to
\$895,000 through October 1, 1991;
interest at 4.25% to 5.50% payable
semi-annually

1,745,000

16,655,000

General obligation bonds:

\$8,190,000 General Obligation Bonds
due in annual installments of \$210,000
to \$705,000 through September 1, 2009;
interest at 6.2% to 6.75% payable
semi-annually

8,190,000

\$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 5.0%
to 7.3% payable semi-annually

4,475,000

\$1,300,000 1966 General Obligation
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

165,000

12,830,000

Arbitrage liability

203,000

General long-term compensated absences
payable

994,569

Total General Government

\$30,682,569

Enterprise: -

Revenue bonds:

\$10,430,000 Water and Sewer Revenue
Bonds secured by County water and sewer
revenues; due in annual installments of
\$50,000 to \$865,000 through June 1, 2009;
interest at 5.0% to 6.65% payable
semi-annually (less unamortized discount
of \$1,184,926)

9,245,074

\$5,365,000 Water and Sewer Revenues
Bonds secured by County water and sewer
revenues; due in annual installments of
\$115,000 to \$455,000 through June 1, 2009;
interest at 5.8% to 7.0% payable
semi-annually (less unamortized discount
of \$1,771)

5,363,229

\$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 \$85,535)

\$ 5,034,465
19,642,768

Enterprise long-term compensated absences payable

63,171

\$19,705,939

Total Enterprise

The annual requirements to amortize all debt outstanding as of September 30, 1989, including interest payments of \$20,836,198 and \$17,161,732 for general government and enterprise fund debt, respectively, are as follows:

<u>Year ending, September 30</u>	<u>General Government</u>	<u>Enterprise</u>	<u>Total</u>
1990	\$ 3,887,979	\$ 1,422,789	\$ 5,310,768
1991	3,894,366	1,629,296	5,523,662
1992	2,851,166	1,894,991	4,746,157
1993	2,855,996	1,893,090	4,749,086
1994	2,864,264	1,888,608	4,752,872
1995-Thereafter	<u>33,967,427</u>	<u>29,347,958</u>	<u>63,315,385</u>
	<u>\$50,321,198</u>	<u>\$38,076,732</u>	<u>\$88,397,930</u>

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

In August 1989 the County issued \$10,430,000 of Water and Sewer Revenue Bonds with an average interest rate of 5.8%, a portion of which was used to advance refund \$2,239,000 of outstanding 1981 series revenue bonds with an interest rate of 5%. Of the \$9,235,117 net proceeds from the issue, \$1,771,800 was 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 1981 series revenue bonds. As a result the 1981 revenue bonds are considered to be defeased and the liability for those bonds has been removed from the accounts of the County.

Although the advance refunding resulted in the recognition of an accounting extraordinary gain of \$467,200 for the year ended September 30, 1989, the County in effect reduced its aggregate debt service payments by approximately \$1.1 million over the next 31 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$72,000.

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. As of September 30, 1989, \$6.41 million of bonds outstanding are considered defeased.

NOTE 6 - DEFINED CONTRIBUTION RETIREMENT 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 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 contributions for each employee are based on employment status (regular members - 14.38%, special risk members - 16.38%, and elected county officers - 18.92%). Members are vested after ten years continuous service and unvested 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 \$14,532,734. The retirement contributions were calculated using the gross compensation for the employees and contributions of \$2,192,013 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.

NOTE 8 - SUBSEQUENT EVENT

In November 1989 the County issued \$21,095,000 of Sales Tax Revenue Bonds with interest rates from 6.2% to 7.0% due through 2019. The net proceeds of \$18,692,945 (after original issue discount, underwriting discount and issuance costs) will be used to finance a portion of the cost of acquiring and constructing new county courthouse and parking facilities and new county administration facilities and/or to remodel, enlarge, repair and improve existing county courthouse and administration facilities.

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APPENDIX E

Form of Bond Counsel Opinion

1. The following is a copy of the opinion of the Bond Counsel of the State of New York, dated and captioned as above.

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[FORM OF BOND COUNSEL OPINION]

November __, 1990

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

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
SOLID WASTE DISPOSAL REVENUE BONDS
SERIES 1990
Dated as of October 1, 1990

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. 88-49 and a resolution duly adopted by the Board on October __, 1990 (the "Resolution"), to finance the cost of acquiring disposal sites and related equipment and constructing appurtenant site facilities for the disposition of solid waste and closing an existing solid waste disposal site in and for the Issuer. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. All terms used herein in capitalized form and not otherwise defined herein shall have the respective meanings assigned to such terms in the Resolution.

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 Gross Revenues of the Initial Project and the System (which Gross Revenues shall include the Assessments but only to the extent and in the manner that such Assessments are pledged in the Resolution), after paying first therefrom the Operating Expenses, and, until applied in accordance with the provisions of the Resolution, the proceeds of the Bonds and all moneys, including investments thereof, in certain of the funds

The Honorable Chairman and
Members of the Board of County
Commissioners of St. Johns County
November __, 1990
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and accounts established pursuant to the Resolution, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds").

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, 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.

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Members of the Board of County
Commissioners of St. Johns County
_____, 1990
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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 if it shall be ultimately determined in the pending litigation styled City of St. Augustine v. Harry Waldron et al. and H. L. "Herbie" Wiles and William R. Adams v. Harry Waldron et al. currently on appeal in the Fifth District Court of Appeal of the State of Florida as consolidated case numbers 90-1251 and 90-1252, that the expansion of the County Seat of the Issuer therein complained of was improper, such determination could have an adverse effect upon the validity of the proceedings of the Board relative to the issuance of the Bonds. In rendering the opinions herein expressed, we have relied upon the opinion of County Attorney James G. Sisco to the effect that the Issuer will continue to prevail in such litigation.

It is further 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'

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Members of the Board of County
Commissioners of St. Johns County
 , 1990
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rights heretofore or hereafter enacted to the extent constitu-
tionally applicable and that their enforcement may also be sub-
ject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

FOLEY & LARDNER

APPENDIX F

Specimen Municipal Bond Insurance Policy

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



A GE Capital Company

Municipal Bond New Issue Insurance Policy

Issuer:

Policy Number:

Control Number:

Bonds:

Premium:

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

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

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

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

SM: Service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation

Form 9000 8/00

Page 1 of 2

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



A GE Capital Company

Municipal Bond New Issue Insurance Policy

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

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

A handwritten signature in black ink, appearing to be "A. B. ...", written over the large diagonal "STIPROCHIBAN" watermark.

President

A handwritten signature in black ink, appearing to be "K. J. ...", written over the large diagonal "STIPROCHIBAN" watermark.

Senior Vice President

Effective Date:

Authorized Representative

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

A handwritten signature in black ink, appearing to be "A. ...", written over the large diagonal "STIPROCHIBAN" watermark.

Authorized Officer

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



A GE Capital Company

Endorsement To Financial Guaranty Insurance Company Insurance Policy

Policy Number:

Control Number:

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

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

President

Senior Vice President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

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

SM: Service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation

Form E-0002-8/90

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ENDORSEMENT

To Financial Guaranty Insurance Company Insurance Policy
Policy Number:
Control Number:

The insurance provided by this Policy is not covered by
the Florida Insurance Guaranty Association (Florida Insurance
Code, Sec. 631.50 et seq.)

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE,
OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND
CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT
SUPERSEDE THE POLICY LANGUAGE.

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

President

Executive Vice President

Effective Date: , 19

Authorized Representative

Acknowledged as of the Effective
Date written above:

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

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EXHIBIT III

[Certificate of HDR Engineering, Inc.,]

[Closing Date]

Prudential-Bache Securities Inc.
New York, New York

Board of County Commissioners
St. Johns County, Florida

Dear Sirs:

At your request, this letter is being delivered to you pursuant to the Bond Purchase Contract dated October 30, 1990 between St. Johns County, Florida (the "County") and yourselves with respect to the County's Solid Waste Disposal Revenue Bonds, Series 1990 (the "Bonds").

We consent to the inclusion in the Official Statement, dated _____, 1990 relating to the Bonds (the "Official Statement"), as Appendix B, our report on the County's Solid Waste Disposal System (the "System"), dated _____, 1990 (the "Engineer's Feasibility Report") and references to us in the Official Statement. The Engineer's Feasibility Report was prepared substantially in accordance with generally accepted engineering practices in effect as of the date of our report. As of the date of this letter, except as disclosed in the Official Statement, we know of no material change in matters described in our report or matters contained in the Official Statement attributed to us, and we believe as of the date hereof, that the assumptions used in compiling our report are reasonable.

Further, the description of the System contained under the heading "The Solid Waste System" in the Official Statement, including the description of our report, and our Engineers' Feasibility Report, to the best of our knowledge and belief do not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Very truly yours,

HDR ENGINEERING, INC.

Marc J. Rogoff, Ph.D.
Vice President

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EXHIBIT IV
Disclosure Letter

Disclosure Statement

October 30, 1990

St. Johns County, Florida

In connection with the proposed issuance by St. Johns County, Florida (the "Issuer") of \$13,215,000 principal amount of its Solid Waste Disposal Revenue Bonds, Series 1990 (the "Bonds"), Prudential-Bache Capital Funding (the "Underwriter") has offered to underwrite a public offering of the Bonds. Arrangements for underwriting the Bonds will include a Bond Purchase Agreement between the Issuer and the Underwriter, which will embody the negotiations in respect thereof.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(4), Florida Statutes, certain information in respect of the arrangements contemplated for the underwriting of the Bonds.

(a) The nature and estimated amounts of expenses to be incurred by the Underwriter in connection with the purchase and reoffering of the Bonds are as follows:

Underwriter's Counsel	\$33,325.00
Travel and Disbursements	9,330.00
Clearance	0.00
Closing	3,000.00
Communication and Research	7,500.00
Computer	0.00
Interest on Good Faith	0.00
Fed Funds	0.00
Day Loan	3,205.00
Syndicate	0.00
Public Securities Association	521.00
Municipal Securities Rulemaking Board	260.00
CUSIP	80.00
Total Expenses	\$57,221.00

(b) No person has entered into an understanding with the Underwriter for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer and the Underwriter or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Bonds.

(c) The amount of underwriting spread expected to be realized is as follows:

	<u>Per \$1,000 Bond</u>
Risk	\$ 0.50
Management Fee	2.00
Takedown	6.92
Underwriter's Expenses	4.33
 Total Underwriting Spread	 \$ 13.75

(d) The underwriting spread set forth in paragraph (c) above, includes a management fee of \$2.00.

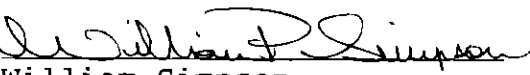
(e) No other fee, bonus or other compensation is estimated to be paid by the Underwriter in connection with the issuance of the Bonds to any person not regularly employed or retained by the Underwriter (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes, as amended), except as specifically enumerated as expenses to be incurred by the Underwriter as set forth in paragraph (a) above.

(f) No other dealer firms were associated for the purposes of underwriting the Bonds.

We understand that you do not require any further disclosure from the Underwriter pursuant to Section 218.385(4), Florida Statutes.

Very truly yours,

PRUDENTIAL-BACHE CAPITAL FUNDING

By: 
William Simpson
Vice-President

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EXHIBIT V

[Certificate of HDR Engineering, Inc.,]

[Closing Date]

Board of County Commissioners
St. Johns County, Florida

County Attorney
St. Johns County, Florida

RE: Solid Waste Disposal Revenue Bonds, Series 1990

At your request, this letter is being delivered to you to comment upon the County's ability to comply with the conditions of the Consent Order dated June 4, 1990.

As noted in our report on the County's Solid Waste Disposal System (the "System"), dated October 19, 1990 (the "Engineer's Feasibility Report") for the Solid Waste Disposal Revenue Bonds, Series 1990, the County has the capabilities or has access to those possessing the capabilities to implement the Phase I and II Projects, in compliance with current regulatory requirements. The estimates of bond proceeds needed by the County to implement the Phase I and II Projects were based on specific permit conditions, mitigation measures, and reasonable assumptions at the time of our Report.

If the Bond proceeds are received by the County on the Closing Date described in the Bond Purchase Contract, dated _____, 1990, between the County and Prudential-Bache Securities Inc., HDR is of the opinion that the County has sufficient Solid Waste Disposal Revenue Bond proceeds at this time to fulfill the requirements of the Consent Order and other regulatory requirements for the Phase I and II Projects under currently anticipated construction conditions.

Very truly yours,

HDR ENGINEERING, INC.

Marc J. Rogoff, Ph.D.
Vice President