

RESOLUTION NO. 91- 93

A RESOLUTION ACCEPTING FINANCIAL GUARANTY INSURANCE COMPANY'S COMMITMENT TO PROVIDE A RESERVE ACCOUNT INSURANCE POLICY WITH RESPECT TO ST. JOHNS COUNTY, FLORIDA, WATER AND SEWER REVENUE BONDS, SERIES 1989, SERIES 1990B-I AND SERIES 1990B-II; 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 this Section, unless the text hereof clearly otherwise requires:

"Bonds" shall mean the Issuer's Water and Sewer Revenue Bonds, Series 1989, dated as of August 1, 1989, and the Issuer's Water and Sewer Revenue Bonds, Series 1990B-I and Series 1990B-II, dated as of November 1, 1990.

"Commitment" shall mean FGIC's Commitment attached hereto as Exhibit A.

"Enabling Instrument" shall mean Resolution No. 89-84 adopted by the Issuer on April 25, 1989, as amended by Resolution No. 89-189 adopted by the Issuer on August 9, 1989, Resolution No. 90-61 adopted by the Issuer on March 27, 1990, and Resolution No. 90-208 adopted by the Issuer on November 14, 1990, authorizing the issuance of the Bonds.

"FGIC" shall mean Financial Guaranty Insurance Company, a New York stock insurance company.

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

SECTION 2. AUTHORITY FOR THIS RESOLUTION. This resolution is adopted in furtherance of the provisions of the Enabling Instrument and pursuant to the provisions of Chapter 125, Part I, Florida Statutes, as amended, and other applicable provisions of law.

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

(A) The Issuer issued the Bonds pursuant to the Enabling Instrument. Payment of the principal of and interest on the Bonds is insured by FGIC.

(B) The Issuer desires to fund the Reserve Account established under the Enabling Instrument with a Reserve Account Insurance Policy (as defined in the Enabling Instrument).

(C) The Issuer has received from FGIC the Commitment to provide a Reserve Account Insurance Policy with respect to the Bonds; and it is in the best financial interest of the Issuer that the Issuer accept FGIC's Commitment.

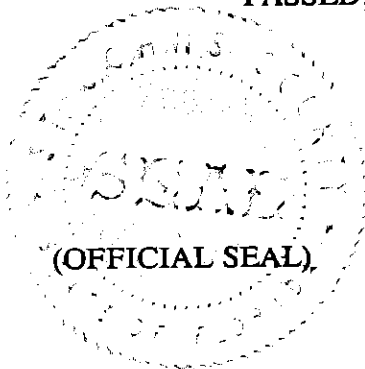
SECTION 4. ACCEPTANCE OF COMMITMENT. The Issuer hereby accepts FGIC's Commitment to provide a Reserve Account Insurance Policy with respect to the Bonds; and the Chairman, the Clerk and/or the Interim County Administrator of the Issuer are hereby authorized to execute and deliver on behalf of the Issuer appropriate evidence of such acceptance.

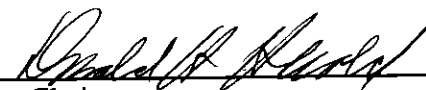
SECTION 5. REPEALING CLAUSE. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 6. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption.


PASSED, APPROVED AND ADOPTED this 11th day of June, 1991.

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA




Its Chairman

ATTEST: Carl "Bud" Markel, Its Clerk

By: 
Deputy Clerk

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



Commitment For Municipal Bond Insurance

Issuer: St. Johns County,
Florida

Date of Commitment:
June 3, 1991

Expiration Date:
August 2, 1991*

Bonds

Insured:
Bonds issued under Resolution
No. 89-84, as amended by
Resolution No. 89-189,
Resolution No. 90-61 and
Resolution No. 90-208

Premium: 3.75% of Maximum
Amount of Policy**

Maximum Amount: Equal to
the Reserve Account
Requirement

FINANCIAL GUARANTY INSURANCE COMPANY
("Financial Guaranty")

A Stock Insurance Company

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

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

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

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

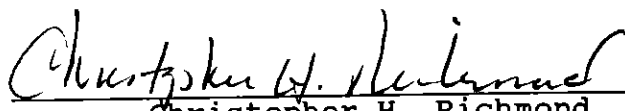
* Subject to written acceptance of this Commitment being furnished to Financial Guaranty not later than June 10, 1991.

2. There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the official statement, if any, (or any similar disclosure documents) to be executed and delivered in connection with the deposit of the Reserve Policy into the Reserve Account from the descriptions or forms thereof approved by Financial Guaranty.
3. Financial Guaranty shall be provided with:
 - (a) Executed copies of all financing documents, the official statement (or any similar disclosure document), if any, and all Bond documentation evidencing the Issuer's continuing ability and intent to comply with the Internal Revenue Code of 1986 (if in the opinion of bond counsel (described below) on-going compliance would be necessary to maintain the exemption from federal income taxation of interest on the Bonds), which shall be in form and substance acceptable to Financial Guaranty, and the various legal opinions delivered in connection with the deposit of the Reserve Policy into the Reserve Account, including, without limitation, the unqualified approving opinion of bond counsel rendered by a law firm acceptable to Financial Guaranty, which opinion shall include a statement to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986.
 - (b) [A] letter(s) from bond counsel and tax counsel addressed to Financial Guaranty to the effect that Financial Guaranty may rely on the approving opinion of bond counsel and opinion of tax counsel as if such opinion(s) were addressed to Financial Guaranty.
 - (c) An opinion of bond counsel, addressed to and in form and substance satisfactory to Financial Guaranty, as to the due authorization, validity and enforceability of the authorizing document which incorporates the requirements set forth in Paragraph 6 hereof.
 - (d) Evidence of wire transfer in Federal funds in an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to Financial Guaranty have been made prior to the delivery date of the Reserve Policy.

4. The Supplemental Resolution (the "Authorizing Document") shall be subject to Financial Guaranty's review and approval and shall include the following terms and conditions:
- (a) The flow of funds shall provide that the Issuer's repayment of any draws under the Reserve Policy and related reasonable expenses incurred by Financial Guaranty (together with interest thereon at a rate equal to the lower of (i) the prime rate of Morgan Guaranty Trust Company of New York in effect from time to time plus 2% per annum and (ii) the highest rate permitted by law) shall enjoy the same priority as the obligation to maintain and refill the reserve fund. Repayment of draws, expenses and accrued interest (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. If and to the extent that cash has also been deposited in the reserve fund, all such cash shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing under the Reserve Policy, and repayment of any Policy Costs shall be made prior to replenishment of any such cash amounts. If, in addition to the Reserve Policy, any other reserve fund substitute instrument ("Additional Reserve Policy") is provided, drawings under the Reserve Policy and any such Additional Reserve Policy, and repayment of Policy Costs and reimbursement of amounts due under the Additional Reserve Policy, shall be made on a pro rata basis (calculated by reference to the Maximum Amounts available thereunder) after applying all available cash in the reserve fund and prior to replenishment of any such cash draws, respectively.
 - (b) If the Issuer shall fail to repay any Policy Costs in accordance with the requirements of Paragraph 6(a) hereof, Financial Guaranty shall be entitled to exercise any and all remedies available at law or under the Authorizing Document other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect Bondholders.
 - (c) The Authorizing Document shall not be discharged until all Policy Costs owing to Financial Guaranty shall have been paid in full.
 - (d) As security for the Issuer's repayment obligations with respect to the Reserve Policy, Financial Guaranty shall be granted a security interest

(subordinate only to that of the Bondholders) in all revenues and collateral pledged as security for the Bonds.

- (e) The additional bonds test and the rate covenant in the Authorizing Document shall expressly provide for at least one times coverage of the Issuer's obligations with respect to repayment of Policy Costs then due and owing. Furthermore, no additional bonds may be issued without Financial Guaranty's prior written consent if any Policy Costs are past due and owing to Financial Guaranty.
 - (f) The Authorizing Document shall require the paying agent to ascertain the necessity for a claim upon the Reserve Policy and to provide notice to Financial Guaranty in accordance with the terms of the Reserve Policy at least two business days prior to each interest payment date.
 - (g) The Authorizing Document shall not be modified without the prior written consent of Financial Guaranty.
 - (h) Financial Guaranty shall be provided with written notice of the resignation or removal of the paying agent and the appointment of a successor thereto and of the issuance of additional indebtedness of the Issuer at 175 Water Street, New York, New York 10038 Attention: General Counsel.
5. The Reserve Policy shall expire on the final maturity date of the Bonds outstanding under the Authorizing Document on the date of issuance of the Reserve Policy.
 6. Prior to delivery of the Reserve Policy, the Issuer shall deliver to Financial Guaranty an executed Debt Service Reserve Fund Policy Agreement in substantially the form of Exhibit B hereto ("the Agreement") and an opinion of counsel to the Issuer in form and substance satisfactory to Financial Guaranty as to the due authorization, validity and enforceability of the Agreement.
 7. Promptly after the issuance of the Reserve Policy, Financial Guaranty shall receive a completed set of executed documents.



Christopher H. Richmond
Director of Public Finance

To keep this commitment in effect to the Expiration Date set forth on the first page, Financial Guaranty must receive by June 10, 1991 a duplicate of this Commitment executed by an appropriate officer of St. Johns County, Florida.

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

Accepted as of _____, 1991 by St. Johns County, Florida.

BY:

TITLE:

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

Senior Vice President

Effective Date: , 19

Authorized Representative

Acknowledged as of the Effective
Date written above:

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

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

**Municipal Bond Debt Service
Reserve Fund Policy**

Issuer:

Policy Number:

Control Number:

Bonds:

[] Bonds issued [under] [in
accordance with] []
Resolution adopted
as supplemented

Premium:

Maximum Amount:

Termination Date:

Paying Agent:

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay the paying agent named above or its successor, as paying agent for the Bonds (the "Paying Agent"), for the benefit of Bondholders, that portion (not to exceed the Maximum Amount set forth above) of the amount required to pay principal and interest (but not any prepayment premium) on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer. No payment shall be due hereunder for any event of Nonpayment that occurs after the Termination Date set forth above.

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

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

**Municipal Bond Debt Service
Reserve Fund Policy**

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

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

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

President

Senior Vice President

Effective Date:

Authorized Representative

DEBT SERVICE RESERVE FUND POLICY AGREEMENT

AGREEMENT, dated as of _____, 19 __, by and between the _____ (the "Issuer"), and FINANCIAL GUARANTY INSURANCE COMPANY (the "Insurer").

In consideration of the issuance by the Insurer of its Municipal Bond Debt Service Reserve Fund Policy (the "Reserve Policy") with respect to the Issuer's Bonds, Series _____ (the "Series _____ Bonds") issued under [authorizing document] dated _____, 19__ (the "Authorizing Document") and the Issuer's payment to the Insurer of the insurance premium for the Reserve Policy, the Insurer and the Issuer hereby covenant and agree as follows:

1. Upon any payment by the Insurer under the Reserve Policy, the Insurer shall furnish to the Issuer written instructions as to the manner in which repayment of amounts owed to the Insurer as a result of such payment shall be made.
2. The Issuer shall repay the Insurer the principal amount of any draws under the Reserve Policy and related reasonable expenses incurred by the Insurer and shall pay interest thereon at a rate equal to the lower of (i) the prime rate of Morgan Guaranty Trust Company of New York in effect from time to time plus 2% per annum and (ii) the highest rate permitted by law.
3. Repayment of draws, expenses and the interest thereon (collectively, "Policy Costs") shall enjoy the same priority as the obligation to maintain and refill the reserve fund.
4. Payment of Policy Costs shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12th of the aggregate of Policy Costs related to such draw.
5. Amounts paid to the Insurer shall be credited first to interest due under the Reserve Policy and hereunder, then to the expenses due hereunder and then to principal due under the Reserve Policy and hereunder. As and to the extent that payments are made to the Insurer on account of principal due under the Reserve Policy and hereunder, the coverage under the Reserve Policy will be increased by a like amount.

6. If the Issuer shall fail to repay any Policy Costs in accordance with the requirements of the Authorizing Document and this Agreement, Financial Guaranty shall be entitled to exercise any and all remedies available at law or under the Authorizing Document other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect Bondholders.
7. The Issuer shall ascertain the necessity for a claim upon the Policy and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least two business days prior to each date upon which interest or principal is due on the Series _____ Bonds.
8. All cash and investments in the reserve fund shall be utilized for making required transfers to the debt service fund for payment of debt service on the Series _____ Bonds before making any draws on any alternative credit instrument. Repayment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all alternative credit instruments on which there is available coverage shall be made on a pro rata basis (calculated by reference to coverage then available under each such alternative credit instrument) after applying available cash and investments in the reserve fund. Repayment of Policy Costs and reimbursement of amounts with respect to alternative credit instruments shall be made on a pro rata basis (calculated by reference to the coverage then available under each such alternative credit instrument) prior to replenishment of any cash draws on the reserve fund.
9. The Authorizing Document shall not be discharged until all Policy Costs owing to Financial Guaranty shall have been paid in full.
10. As security for the Issuer's repayment obligations with respect to the Reserve Policy, Financial Guaranty shall be granted a security interest (subordinate only to that of the Bondholders) in all revenues and collateral pledged as security for the Bonds.
11. The [rate covenant] and [additional bonds test] in the Authorizing Document shall be calculated with at least one times coverage of the Issuer's obligations with respect to repayment of Policy Costs then due and owing. Furthermore, no additional bonds may be issued under the Authorizing Document without Financial Guaranty's prior written consent if any Policy Costs are past due and owing to Financial Guaranty.

12. Notices to the Insurer shall be sent to the following address (or such other address as the Insurer may designate in writing): Financial Guaranty Insurance Company, 175 Water Street, New York, New York 10038 Attention: General Counsel.
13. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.
14. If any one or more of the agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.
15. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Authorizing Document.
16. This Agreement and the rights and obligations of the parties of the Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of .

IN WITNESS WHEREOF, the parties hereto have set their
hands as of the date written above.

[]

By:
Name:
Title:

FINANCIAL GUARANTY INSURANCE
COMPANY

By: _____
Name: _____
Title: _____

CG153

FINANCIAL GUARANTY INSURANCE COMPANY
PROCEDURES FOR
PAYMENT OF PREMIUM

Financial Guaranty's issuance of its Municipal Bond New Issue Insurance Policy at bond closing is contingent upon its receipt of the premium. NO POLICY MAY BE RELEASED UNTIL RECEIPT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid: Upon determination of the final debt service schedule, provide such schedule to Financial Guaranty, Attention: John Donaldson at (212) 607-3128 and subsequently confirm with him the amount of the premium.

Payment Date: Date of delivery of the insured bonds.

Method of Payment of Premium: Wire Transfer of Federal Funds.

Wire Transfer Instructions: ABA Routing #: Manufacturers Hanover Trust
021000306
270 Park Avenue, New York, New York
For credit to Financial Guaranty Insurance Company
Account #144-0-37056

CONFIRMATION OF RECEIPT OF PREMIUM

Financial Guaranty will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Joan E. Kimmelman (212) 607-5720.

Upon confirmation of the premium payment and satisfaction of the other conditions set forth in the commitment letter, Financial Guaranty will release the Policy.

REQUESTS FOR FURTHER INFORMATION OR
ALTERNATIVE PAYMENT ARRANGEMENTS

Requests for additional information regarding the procedures described above or as to the acceptability of alternate payment procedures should be directed to Joan E. Kimmelman (212) 607-5720 at least two business days prior to the closing date.

Logo Presentation for Official Statement

All offering circulars relating to securities insured by Financial Guaranty are required to bear our "FGIC" Logo, attached. It is essential that the following legend accompany the Logo on all such materials:

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

The legend must appear in bold face type, adjacent to the Logo, and not as a footnote.

Thank you for your cooperation in this matter and do not hesitate to contact us with any questions on the use of the Logo.

Logotype for Official Statements and Tombstones

Financial Guaranty Insurance Company



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

Financial Guaranty Insurance Company



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

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NEW ISSUE

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

In the opinion of Bond Counsel, under existing law, assuming compliance with certain covenants in the Resolution described herein, interest on the 1990B Bonds is excluded from gross income for federal income tax purposes, and the 1990B Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, as defined in Chapter 220, Florida Statutes, as amended. See, however, "TAX MATTERS" herein for a description of certain federal minimum and other special taxes that may affect the tax treatment of interest on the 1990B Bonds.

\$21,265,000
ST. JOHNS COUNTY, FLORIDA
Water and Sewer Revenue Bonds
Series 1990B-I and Series 1990B-II

Dated: November 1, 1990

Due: June 1, as shown below

The Water and Sewer Revenue Bonds, Series 1990B-I and Series B-II (collectively, the "1990B Bonds") are being issued by St. Johns County, Florida (the "County"), as fully registered bonds in denominations of \$5,000 and integral multiples thereof. Interest (first payment due June 1, 1991 and on each June 1 and December 1 thereafter) will be payable by check or draft of Barnett Banks Trust Company, N.A., Jacksonville, Florida, as Registrar and Paying Agent or, at the option of the Paying Agent, and at the request and expense of any registered owner, by bank wire transfer for the account of such owner. Principal of the 1990B Bonds is payable to the registered owner upon presentation, when due, at the corporate trust office of the Paying Agent.

The 1990B Bonds are subject to redemption prior to their stated maturities as described herein.

The 1990B Bonds are being issued to (i) refund all outstanding bonds of Anastasia Sanitary District of the County (the "District") and certain other water and sewer revenue bonds of the County, (ii) finance the acquisition and construction of certain additions, extensions and improvements to the water and sewer system owned, operated and maintained by the County, including those previously owned and operated by the District (the "System"), (iii) capitalize a portion of interest on the 1990B Bonds, (iv) fund a portion of the reserve account, and (v) pay the cost of issuance with respect to the 1990B Bonds.

The 1990B Bonds are special obligations of the County payable solely from and secured by a lien upon and pledge of the Pledged Funds as described herein, including the net revenues to be derived from the operation of the System and certain lawfully available connection charges on a parity with the County's Water and Sewer Revenue Bonds, Series 1989 of which \$10,380,000 remain outstanding. Neither the full faith and credit, nor the taxing power of the County is pledged for the payment of the 1990B Bonds. The 1990B Bonds shall not constitute a lien upon the System or any other property of or in the County, nor shall they constitute an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation.

The payment of the principal of and interest on the 1990B Bonds when due will be insured by a municipal bond insurance policy to be issued by Financial Guaranty Insurance Company simultaneously with the delivery of the 1990B Bonds.

Financial Guaranty Insurance Company



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

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS
\$7,645,000 Serial Bonds

Series 1990B-I				Series 1990B-II			
Maturity June 1,	Principal Amount	Interest Rate	Price or Yield	Maturity June 1,	Principal Amount	Interest Rate	Price or Yield
1991	\$ 75,000	5.25%	100%	1991	\$ 25,000	5.55%	100%
1992	125,000	5.36	100	1992	175,000	5.36	100
1993	340,000	5.50	100	1993	185,000	5.50	100
1994	360,000	5.90	6.06	1994	200,000	5.90	6.06
1996	366,000	5.10	6.15	1996	210,000	6.10	6.15
1996	406,000	6.20	6.30	1996	225,000	6.20	6.30
1997	430,000	6.30	6.40	1997	240,000	6.30	6.40
1998	460,000	6.40	6.50	1998	255,000	6.40	6.50
1999	490,000	6.50	6.60	1999	265,000	6.50	6.50
2000	520,000	6.60	6.70	2000	290,000	6.60	6.70
2001	550,000	6.70	6.80	2001	315,000	6.70	6.80
2002	590,000	6.80	6.90	2002	330,000	6.80	6.90

\$2,025,000 7% Series 1990B-I Term Bonds due June 1, 2006 — Yield 7.06%
 \$1,125,000 7% Series 1990B-II Term Bonds due June 1, 2006 — Yield 7.06%
 \$5,730,000 7% Series 1990B-I Term Bonds due June 1, 2011 — Price 98.75%
 \$3,740,000 7% Series 1990B-II Term Bonds due June 1, 2011 — Price 98.75%
 (Plus Accrued Interest)

The 1990B Bonds are offered when, as and if issued and received by the Underwriter, subject to the unqualified approval of legality by Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by James G. Steco, Esquire, St. Augustine, Florida, Attorney for the County and for the Underwriter by its counsel, Rogers, Towers, Bailey, Jones & Gay, Jacksonville, Florida. It is expected that the 1990B Bonds in definitive form will be available for delivery in New York, New York on or about December 13, 1990.

William R. Hough & Co.

**COLLECTION AND PAYMENT OF RATING
AGENCY FEES ON INSURED TRANSACTIONS**

Issuers of securities insured by Financial Guaranty are obligated to pay the fees charged by Moody's Investors Service and Standard & Poor's Corporation in connection with their assignment of "Aaa/AAA" ratings to the insured securities.

Prior to closing, an invoice for the rating agency fee will be prepared by each rating agency and will be delivered to the Issuer by such rating agency. If the Issuer has previously applied and paid for a rating from either rating agency on the issue to be insured by such rating agency, no further fee will be payable to such rating agency.

Payment of the fees owed, if any, should be made directly to each rating agency. Financial Guaranty will not seek to confirm the Issuer's payment of such fees and the release of the bond insurance policy will not be subject to payment of such fees.

3121K

Moody's Ratings and Fees for Insured Issues

Assignment of Insurer's Claims-Paying Ratings to Insured Issues

Moody's Investors Service currently rates the insurance claims-paying ability of Financial Guaranty Insurance Company (FGIC) **Aaa** for long-term obligations and **MIG 1** for short-term notes. Accordingly, obligations insured by FGIC will receive the appropriate Moody's rating.

Prior to assigning a rating to an insured obligation, Moody's will verify that FGIC's insurance policy for the issue to be insured guarantees full and timely payment of

all principal and interest when due, and is permanent and unconditional for the life of the insured obligation. Upon verification of these conditions Moody's will assign the **Aaa** or **MIG 1** rating to the insured obligation.

After Moody's assigns the rating, written confirmation of that action will be provided to FGIC and made available at the closing. The issue and its **Aaa** or **MIG 1** rating will then be included in all Moody's published ratings directories and rating verification services.

Moody's Requirements for Information from Issuers

In addition to our verification of the insured transaction prior to the assignment of the **Aaa** or **MIG 1** ratings, Moody's reviews the underlying credit quality of the insured obligation.

If the insured obligation is on parity with, or its repayment source is closely related to, outstanding debt which is rated by Moody's on an uninsured basis, Moody's will review the ratings on the outstanding uninsured debt prior to the closing date of the new insured obligation. Moody's will require the issuer to provide the same documents normally required for the rating of any new issue, *e.g.*, preliminary official statement, legal documents, financial statements, etc.

In the course of our rating review, issuers can also expect a Moody's analyst to call with questions and to request additional information. As is the case with all rating reviews, if sufficient and appropriate information is not made available Moody's may withdraw the outstanding parity or related ratings on the uninsured debt.

If the insured obligation is not on parity with or related to other rated outstanding debt, Moody's still will assess (for internal purposes) the credit quality of the insured obligation as a part of Moody's overall evaluation of the credit quality of the insured portfolio of FGIC. In addition, Moody's may from time to time require updated information concerning the insured obligation.

Rating Fee for Insured Issues

Moody's fees for insured issues are determined on the same basis as fees for non-insured issues. Such fees can be determined by calling Anita Webb (212) 553-0901 or Bernie Morris (212) 553-0317, at Moody's.

Moody's billing policy is as follows:

a) Each insured obligation will be billed a rating service fee.

b) When insurance is purchased on an issue where Moody's has not received an application for a rating on an uninsured basis, the rating fee will be billed to the purchaser of the insurance.

c) When an issue has received a Moody's rating on an uninsured basis and the issue is subsequently insured, Moody's will bill the issuer without an additional charge for the insurance rating.

FOLEY & LARDNER

INCLUDING

COMMANDER LEGLER WERBER DAWES SADLER & HOWELL

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WASHINGTON, D.C.
ALEXANDRIA, VIRGINIA
ANNAPOLIS, MARYLAND

June 7, 1991

Mr. James G. Sisco
County Administration
Building
4020 Lewis Speedway
St. Augustine, FL 32095

Re: St. Johns County, Florida, Water and Sewer
Revenue Bonds, Series 1989, Series 1990B-I and
Series 1990B-II

Dear Jim:

Enclosed please find for your review and comment a proposed form of resolution relating to the above-referenced bonds (the "Bonds") of St. Johns County (the "County") authorizing the County's acceptance of the Commitment of Financial Guaranty Insurance Company ("FGIC") to provide a reserve account insurance policy (the "Reserve Policy") with respect to the Bonds (the "Commitment"). The Commitment contains FGIC's standard requirements and conditions for issuance of a Reserve Policy.

Pursuant to my conversation with Sue Lund of FGIC on Friday, June 7, the County may sign and return the Commitment at any time prior to June 20, notwithstanding the provisions of the Commitment requesting written acceptance by June 10. I understand that the County will consider the enclosed resolution at its June 11 meeting and will return the signed Commitment to FGIC promptly after adoption of the resolution.

After the County has accepted the Commitment we will prepare a resolution amending and supplementing the enabling resolution authorizing the issuance of the Bonds to authorize the deposit of the Reserve Policy into the Reserve Account for the Bonds and the withdrawal of the cash therein. We will forward the resolution and related documents to you,

Mr. James G. Sisco
June 7, 1991
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the County, FGIC and Public Financial Management, Inc., the County's financial advisor, for review and comment, and will provide notice of the proposed adoption of the amending resolution to Moody's Investors Service and Standard & Poor's Corporation as required in the enabling resolution.

When all documents are finalized, the Reserve Policy may be deposited in the Reserve Account and the cash therein withdrawn in accordance with the provisions of the documents.

Should you have any questions regarding any of the foregoing or need any additional information, please do not hesitate to call.

Sincerely,



Jean M. Mangu

Enclosure

c: Ms. Susan G. Lund
Ms. Lavon Wisher
Via Federal Express