

RESOLUTION NO. 94- 59

RESOLUTION FURTHER SUPPLEMENTING RESOLUTION NO. 86-132 OF ST. JOHNS COUNTY, FLORIDA, ADOPTED SEPTEMBER 30, 1986, AS PREVIOUSLY AMENDED AND SUPPLEMENTED; PROVIDING FOR THE REFUNDING OF A PORTION OF THE COUNTY'S OUTSTANDING SALES TAX REVENUE BONDS, SERIES 1989, AND THE CONSTRUCTION OF CERTAIN ADDITIONAL ROADWAY IMPROVEMENTS IN CONNECTION WITH THE COUNTY COURTHOUSE AND ADMINISTRATION FACILITIES FINANCED WITH SAID SERIES 1989 BONDS; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$12,250,000 AGGREGATE PRINCIPAL AMOUNT OF SALES TAX REVENUE AND REFUNDING BONDS, SERIES 1994, TO FINANCE THE COST THEREOF; PLEDGING THE LOCAL GOVERNMENT HALF-CENT SALES TAX TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID SERIES 1994 BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID SERIES 1994 BONDS; ENTERING INTO CERTAIN COVENANTS AND AGREEMENTS WITH THE HOLDERS OF SAID SERIES 1994 BONDS; RATIFYING THE COUNTY'S ACCEPTANCE OF THE INSURER'S COMMITMENTS RELATING TO A BOND INSURANCE POLICY AND A RESERVE INSTRUMENT WITH RESPECT TO SAID SERIES 1994 BONDS; AND PROVIDING AN EFFECTIVE DATE.

## TABLE OF CONTENTS

Page

### ARTICLE I

#### GENERAL

Section 1.01	Definitions . . . . .	1
Section 1.02	Authority for this Instrument . . . . .	3
Section 1.03	Findings . . . . .	3
Section 1.04	Authorization of Refunding . . . . .	4
Section 1.05	Refunding of Refunded Obligations . . . . .	5
Section 1.06	Use of Proceeds for Project Authorized . . . . .	5
Section 1.07	Ratification of Acceptance of Insurance Commitments . . . . .	5

### ARTICLE II

#### AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION

Section 2.01	Authorization of Bonds . . . . .	5
Section 2.02	Description of Bonds . . . . .	5
Section 2.03	Payment of Bonds . . . . .	6
Section 2.04	Redemption of Bonds . . . . .	6
Section 2.05	Execution of Bonds . . . . .	7
Section 2.06	Negotiability, Registration, Transfer and Exchange . . . . .	8
Section 2.07	Bonds Mutilated, Destroyed, Stolen or Lost . . . . .	9
Section 2.08	Form of Bonds . . . . .	9

### ARTICLE III

#### COVENANTS, SPECIAL FUNDS AND APPLICATION THEREOF

Section 3.01	Bonds Not to Be General Indebtedness of Issuer . . . . .	16
Section 3.02	Security for Bonds . . . . .	17
Section 3.03	Application of Bond Proceeds . . . . .	17
Section 3.04	Covenants of the Issuer . . . . .	18
	(A) Application of Provisions of Original Instrument . . . . .	18
	(B) Remedies . . . . .	18
	(C) Creation of Superior Liens . . . . .	18
	(D) Arbitrage . . . . .	19
	(E) Compliance with Internal Revenue Code . . . . .	20
	(F) Municipal Bond Insurance . . . . .	20

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.01	Defeasance . . . . .	22
Section 4.02	Modification or Amendment . . . . .	23
Section 4.03	Sale of Bonds . . . . .	23
Section 4.04	No Personal Liability . . . . .	23
Section 4.05	No Third Party Beneficiaries . . . . .	23
Section 4.06	Severability of Invalid Provisions . . . . .	24
Section 4.07	Table of Contents and Headings not Part Hereof . . . . .	24
Section 4.08	Effective Date . . . . .	24

Exhibit A - Bond Insurance Policy and Reserve Instrument Commitments

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

ARTICLE I

GENERAL

Section 1.01 Definitions. When used in this Instrument, the terms defined in the Original Instrument, unless defined in this section, shall have the respective meanings assigned thereto by the Original Instrument, and the following terms shall have the following meanings, unless the text clearly otherwise requires:

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

"Act" shall mean Chapter 125, Part I, Florida Statutes, as amended, and St. Johns County Ordinance No. 86-89.

"Bond Register" shall mean the registration books kept by the Registrar for the purpose of registering ownership of the Bonds.

"Bonds" shall mean the obligations of the Issuer authorized to be issued pursuant to Section 2.01 of this Instrument.

"Capital Appreciation Bonds" shall mean those Bonds so designated by resolution of the Issuer adopted prior to their issuance, 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.

"Construction Account" shall mean the account created pursuant to Section 3.04 of the 1989 Resolution for the purpose of receiving a portion of the proceeds to be derived from the sale of the Series 1989 Bonds and any other funds required to pay the Cost of the Project.

"Cost" shall have the meaning assigned to such term in the 1989 Resolution.

"Escrow Deposit Agreement" shall mean the Escrow Deposit Agreement which shall be executed and delivered by and between the Issuer and the Escrow Holder, which agreement shall be in substantially the form approved by the Issuer by resolution adopted prior to the issuance of the Bonds.

"Escrow Holder" shall mean the bank or trust company which shall execute the Escrow Deposit Agreement with the Issuer and which will be named by resolution adopted prior to the issuance of the Bonds.

"Escrow Requirement" shall have the meaning assigned to such term in the Escrow Deposit Agreement.

"Federal Securities" shall mean direct obligations of the United States of America and obligations the principal of and interest on which are fully guaranteed by the United States of America, none of which permit redemption prior to maturity at the option of the obligor.

"Holder" shall mean the person in whose name any outstanding Bond is registered according to the Bond Register.

"Instrument" shall mean this resolution and all resolutions amendatory hereof which may be hereafter duly adopted by the Issuer.

"Local Government Half-cent Sales Tax" shall mean all moneys now or hereafter allocated to the Issuer from the Local Government Half-cent Sales Tax Clearing Trust Fund pursuant to the provisions of Part IV, Chapter 218, Florida Statutes, as amended.

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

"1989 Resolution" shall mean Resolution No. 89-143 adopted by the Board on June 27, 1989, as amended and supplemented by Resolution No. 89-247 adopted by the Board on October 24, 1989.

"Original Instrument" shall mean Resolution No. 86-132 adopted by the Board on September 30, 1986, as previously amended and supplemented, particularly as supplemented by the 1989 Resolution, authorizing issuance of the Series 1989 Bonds.

"Parity Obligations" shall mean the Series 1989 Bonds other than the Refunded Obligations.

"Project" shall have the meaning assigned to such term in the 1989 Resolution, and shall include additional onsite and offsite roadway improvements necessary or appropriate in connection therewith.

"Refunded Obligations" shall mean the Series 1989 Bonds maturing in such years as the Issuer shall hereafter by resolution provide.

"Registrar" shall mean any bank or trust company hereafter duly appointed by resolution of the Issuer to serve as Registrar with respect to the Bonds.

"Reserve Account" shall mean the separate account referred to herein and in the Original Instrument and established pursuant to Section 3.05 of the 1989 Resolution.

"Reserve Account Requirement" shall have the meaning assigned to such term in the 1989 Resolution.

"Reserve Instrument" shall have the meaning assigned to such term in the 1989 Resolution.

"Series 1989 Bonds" shall mean the Issuer's outstanding Sales Tax Revenue Bonds, Series 1989, authorized to be issued by the Issuer pursuant to the Original Instrument and the 1989 Resolution and consisting of the Parity Obligations and the Refunded Obligations.

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

Section 1.02 Authority for this Instrument. This Instrument is adopted pursuant to the provisions of the Act, Section 3.06(E) of the Original Instrument and other applicable provisions of law and supplements the Original Instrument.

Section 1.03 Findings. It is hereby found and determined that:

(A) The Issuer has heretofore issued and has presently outstanding and unpaid the Series 1989 Bonds which include the Refunded Obligations.

(B) The Issuer deems it necessary, desirable and in the best financial interest of the Issuer that the Refunded Obligations be refunded in order to effectuate interest cost savings and a reduction in the debt service applicable to bonded indebtedness. Simultaneously with the issuance of the Bonds, a sufficient portion of the proceeds of the Bonds and other funds available will be paid by the Issuer to the Escrow Holder for deposit by the Escrow Holder into the Escrow Account established pursuant to the Escrow Deposit Agreement, to effectuate the

refunding and defeasance of the Refunded Obligations by providing for the payment of the principal of, premium, if any, and interest on the Refunded Obligations as provided in the Escrow Deposit Agreement.

(C) The Project is necessary for county administration and for the administration of justice within St. Johns County and the preservation of the health, welfare, convenience and safety of the citizens and inhabitants of St. Johns County; certain additional moneys are required in connection with the Project; and the Issuer deems it necessary, desirable and in the best interests of the Issuer that a part of the Cost of the Project shall be financed with a portion of the proceeds of the Bonds.

(D) The Issuer deems it necessary and desirable to pledge the Pledged Funds to the payment of the principal of and interest on the Bonds. No part of the Pledged Funds has been pledged or hypothecated to any obligations of the Issuer other than the Bonds, except that the Pledged Funds have been pledged also to the payment of the principal of and interest on the Parity Obligations and the Refunded Obligations. The Original Instrument, in Section 3.06(E) thereof, provides for the issuance of additional obligations of the Issuer on a parity with the Parity Obligations under the terms, limitations and conditions provided therein; and the Issuer will issue the Bonds as additional parity obligations within the authorization contained in Section 3.06(E) of the Original Instrument. The Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Funds, and in all other respects, with the Parity Obligations. Each and every provision of the Original Instrument shall be applicable to the Bonds to the same extent as it is applicable to the Parity Obligations.

(E) This Instrument is declared to be and shall constitute a contract between the Issuer and the Holders; and the covenants and agreements herein set forth to be performed by the Issuer are and shall be for the equal benefit, protection and security of all of the Holders, all of which shall be of equal rank and without preference, priority or distinction of any of the Bonds over any other, except as hereinafter provided.

(F) The Issuer is not, under this Instrument, obligated to levy any ad valorem taxes on any real or personal property situated within St. Johns County to pay the principal of or interest on the Bonds. The Bonds shall not constitute a lien upon the Project or upon any other property of the Issuer or situated within St. Johns County.

(G) The Issuer has received from Municipal Bond Investors Assurance Corporation (the "Insurer") commitments to provide a municipal bond insurance policy and a Reserve Instrument with respect to the Bonds, copies of which are attached hereto as Exhibit A; on behalf of the Issuer, Nicholas M. Meiszer, its County Administrator, accepted said commitments; and it is in the best financial interest of the Issuer that the Issuer ratify such acceptance of said commitments.

Section 1.04 Authorization of Refunding. The refunding of the Refunded Obligations in the manner herein provided is hereby authorized.

Section 1.05 Refunding of Refunded Obligations. Simultaneously with the delivery of the Bonds to the purchaser or purchasers thereof and receipt by or on behalf of the Issuer of the purchase price thereof, the Issuer will enter into the Escrow Deposit Agreement with the Escrow Holder. At the time the Escrow Deposit Agreement is executed, the Issuer will furnish to the Escrow Holder appropriate documentation to demonstrate that the sum being deposited with the Escrow Holder pursuant to this Instrument, together with other funds deposited into the Escrow Account pursuant to the provisions of the Escrow Deposit Agreement, shall be equal to the Escrow Requirement and that such moneys and the investments to be made pursuant to the Escrow Deposit Agreement will be sufficient to produce the moneys required to make all payments described in the Escrow Deposit Agreement for the full and complete refunding and defeasance of the Refunded Obligations.

Section 1.06 Use of Proceeds for Project Authorized. The use of a portion of the proceeds of the Bonds to pay a part of the Cost of the Project in the manner herein provided is hereby authorized.

Section 1.07 Ratification of Acceptance of Insurance Commitments. The Issuer hereby ratifies the acceptance of the Insurer's commitments to provide a municipal bond insurance policy and a Reserve Instrument with respect to the Bonds.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION

Section 2.01 Authorization of Bonds. Subject and pursuant to the provisions of this Instrument and the Original Instrument, obligations of the Issuer to be known as "Sales Tax Revenue and Refunding Bonds, Series 1994," are hereby authorized to be issued in an aggregate principal amount not exceeding \$12,250,000 for the purpose of financing the refunding of the Refunding Obligations and a part of the Cost of the Project and paying certain costs of issuance incurred with respect to the Bonds.

Section 2.02 Description of Bonds. The Bonds shall be dated as of March 15, 1994 or any date thereafter which shall be prior to the date of their delivery to the purchaser or purchasers thereof; shall bear interest at a rate or rates not exceeding the maximum rate permitted by law, payable on April 1 and October 1 of each year; and shall be issued as fully registered Bonds in denominations of \$5,000 each and integral multiples thereof not exceeding the aggregate amount of Bonds maturing on the same date and maturing in such amounts and on October 1 of such years, not exceeding 30 years from their date, as the Issuer shall hereafter by resolution provide.

**Section 2.03 Payment of Bonds.** The Bonds shall be payable as to both principal and interest at such place or places as the Issuer shall hereafter by resolution designate, in lawful money of the United States of America, and shall bear interest from the date of issue.

From and after any maturity date or any date fixed for redemption as designated in any notice given pursuant to Section 2.04 hereof (deposit of moneys for the payment of the principal or redemption price of and/or interest on such Bonds having been made by the Issuer and notice of redemption having been given to the extent required hereunder), notwithstanding that any of such Bonds shall not have been surrendered for payment and cancellation, no further interest shall accrue upon the principal of such Bonds after such date, no interest shall accrue upon the interest which shall have accrued and shall then be due on such date, and such Bonds shall cease to be entitled to any lien, benefit or security under this Instrument, and the Holders shall have no rights in respect of such Bonds except to receive, but solely from legally available revenues derived from sources other than ad valorem taxation, payment of such principal or the redemption price thereof and unpaid interest accrued to the due date or redemption date.

**Section 2.04 Redemption of Bonds.** All or any portion of the Bonds may be made subject to redemption prior to their respective stated dates of maturity upon such terms as the Issuer shall hereafter provide by resolution adopted at any time prior to issuance of the Bonds.

Unless waived by any Holder of Bonds to be redeemed, notice of any redemption made pursuant to this section shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to each Holder of Bonds to be redeemed at the address of such Holder shown on the Bond Register, or at such other address as shall be furnished in writing by such Holder to the Registrar; provided, however, that no defect in any notice given pursuant to this section to any Holder of Bonds to be redeemed nor failure to give such notice to any such Holder nor failure of any such Holder to receive such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Bonds to be redeemed.

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

- (1) the redemption date,
- (2) the redemption price,
- (3) if less than all outstanding Bonds are to be redeemed, the number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed,
- (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(5) that such Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the redemption price at the principal office of the Registrar.

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

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

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

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

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

Section 2.05 Execution of Bonds. The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and the official seal of the

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

From time to time after the adoption of this Instrument, the Issuer may deliver executed Bonds to the Registrar for authentication, and the Registrar shall manually authenticate and deliver such Bonds in accordance with written instructions of the Issuer and not otherwise. No Bond shall be entitled to any benefit under this Instrument or be valid for any purpose unless such Bond shall bear thereon a certificate of authentication substantially in the form set forth in the form of Bond set out in Section 2.08 hereof executed on behalf of the Registrar with the manual signature of an authorized signatory of the Registrar. Such certificate of authentication executed as aforesaid on a Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Instrument.

Section 2.06 Negotiability, Registration, Transfer and Exchange. The Bonds shall be and shall have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive Holder, in accepting any Bonds shall be conclusively deemed to have agreed that the same shall be and have all of said qualities and incidents of negotiable instruments.

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

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

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

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

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

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

Section 2.07 Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. If any such Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, upon being indemnified as aforesaid, if such Bond be lost, stolen or destroyed, without surrender thereof. All Bonds so surrendered shall be canceled by the Issuer.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the funds, as hereinafter pledged, to the same extent as all other Bonds issued hereunder.

Section 2.08 Form of Bonds. The text of the Bonds shall be in substantially the following form, with only such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

(FORM OF BOND)

(Front of Bond]

No. R- \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF FLORIDA  
COUNTY OF ST. JOHNS  
SALES TAX REVENUE AND REFUNDING BOND, SERIES 1994

INTEREST RATE: \_\_\_\_\_%      MATURITY DATE: \_\_\_\_\_, \_\_\_\_\_      BOND DATE: \_\_\_\_\_, \_\_\_\_\_      CUSIP: \_\_\_\_\_

REGISTERED OWNER:

PRINCIPAL AMOUNT:

FOR VALUE RECEIVED, St. Johns County, a political subdivision of the State of Florida (the "Issuer"), hereby promises to pay, solely from the Pledged Funds hereinafter described, to the Registered Owner identified above, or registered assigns as hereinafter provided, the Principal Amount identified above on the Maturity Date identified above, and interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the Bond Date identified above or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above on April 1 and October 1 of each year commencing October 1, 1994 until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto, and except as is provided in the Resolution, as hereinafter defined, with respect to failure to surrender Bonds for payment at maturity.

Such Principal Amount and interest and any premium on this bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the office of the Registrar hereinafter identified, located in \_\_\_\_\_, Florida. Payment of each installment of interest shall be made to the person in whose name this bond shall be registered on the registration books of the Issuer maintained by the Registrar at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by a check of the Registrar mailed to such registered owner at the address appearing on such registration books or at such other address as may be furnished in writing by such registered owner to the Registrar. In the event

interest payable on this bond is not punctually paid or duly provided for by the Issuer on such interest payment date, payment of each installment of such defaulted interest shall be made to the person in whose name this bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to the registered owner hereof, not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name this bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

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

This bond shall not be valid unless the certificate of authentication hereon shall have been manually signed by the Registrar.

IN WITNESS WHEREOF, St. Johns County, Florida, has issued this bond and has caused the same to be signed by the Chairman of its Board of County Commissioners and attested and countersigned by the Clerk of said Board, either manually or with their facsimile signatures, and its official seal or a facsimile thereof to be affixed, impressed, imprinted or engraved hereon, all as of the \_\_\_\_ day of \_\_\_\_\_, 1994.

ST. JOHNS COUNTY, FLORIDA

By \_\_\_\_\_  
Chairman of the Board of County  
Commissioners

(SEAL)

ATTESTED AND COUNTERSIGNED:

\_\_\_\_\_  
Clerk of the Board of County  
Commissioners

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the issue herein described and issued pursuant to the within mentioned Resolution.

DATE OF AUTHENTICATION:

\_\_\_\_\_, Registrar

By

\_\_\_\_\_  
Authorized Signatory

[Back of Bond]

This bond is one of an authorized issue of Sales Tax Revenue and Refunding Bonds, Series 1994, in the aggregate principal amount of \$ \_\_\_\_\_ (the "Bonds") of like date, tenor and effect, except as to number, denomination, interest rate and date of maturity, issued to finance the refunding of the Issuer's outstanding Sales Tax Revenue Bonds, Series 1989 (the "Series 1989 Bonds"), maturing October 1, 1994, through and including October 1, \_\_\_\_\_ and a part of the cost of constructing certain additional roadway improvements in connection with the county courthouse and administration facilities (the "Project") financed with the Series 1989 Bonds and pay certain costs of issuance with respect to the Bonds, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No. 86-89 and Resolution No. 86-132 duly adopted by the Issuer on September 30, 1986, as previously amended and supplemented, particularly as supplemented by Resolution No. 89-143 duly adopted by the Issuer on June 27, 1989, as amended and supplemented, and Resolution No. 94-\_\_ duly adopted by the Issuer on \_\_\_\_\_, 1994, as supplemented (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This bond and the interest hereon are payable solely from and secured by a lien upon and a pledge of the Local Governmental Half-cent Sales Tax (as such term is defined in the Resolution) and all moneys on deposit to the credit of certain funds and accounts created under the Resolution and the earnings on the investment thereof, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). It is expressly agreed by the owner of this bond that the full faith and credit of the Issuer is not pledged to the payment of the principal of and interest on this bond and that such owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer for the payment of such principal and interest. This bond and the obligation evidenced hereby shall not

constitute a lien upon the Project or upon any other property of the Issuer or situated within St. Johns County, Florida, but shall constitute a lien only on the Pledged Funds.

The lien in favor of the owners of the Bonds on the Pledged Funds is on a parity, equally and ratably, with the lien thereon in favor of the owners of the Series 1989 Bonds maturing October 1, \_\_\_\_ and October 1, 2019.

The Bonds maturing prior to \_\_\_\_\_, shall not be subject to redemption prior to maturity. The Bonds maturing on \_\_\_\_\_, or thereafter may be redeemed prior to maturity at the option of the Issuer, as a whole on \_\_\_\_\_, or on any date thereafter, or in part, from such maturity or maturities as the Issuer shall designate and by lot within a maturity, on \_\_\_\_\_, or on any interest payment date thereafter, at the following redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) plus accrued interest to the redemption date, if redeemed during the following periods:

<u>Redemption Period</u> <u>(both dates inclusive)</u>	<u>Redemption</u> <u>Price</u>
_____ through _____	%
_____ through _____	
_____ and thereafter	

The Bonds maturing \_\_\_\_\_, are subject to mandatory redemption in part prior to maturity by lot at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, beginning on \_\_\_\_\_, and on each \_\_\_\_\_ thereafter in the years and in the principal amounts corresponding to the Amortization Installments (as defined in the Resolution) as follows:

<u>Year</u>	<u>Amortization</u> <u>Installments</u>
	\$

(maturity)

Notice of such redemption shall be given in the manner required by the Resolution.

This bond is transferable upon the registration books of \_\_\_\_\_, \_\_\_\_\_, Florida, as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "Registrar"), but only in the manner, subject to the limitations

and upon payment of the charges provided in the Resolution, and upon surrender of this bond to the Registrar, with the form of Assignment hereon or other written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the registered owner hereof, or by such owner's attorney duly authorized in writing, and containing the information identifying the transferee requested hereon. In all cases of the transfer of this bond, the Registrar shall enter the transfer of ownership in such registration books and shall deliver in the name of the transferee or transferees a new bond or bonds of authorized denomination or denominations and of the same maturity, interest rate and aggregate principal amount, at the earliest practicable time. Prior to every such transfer the Registrar shall be entitled to receive from the owner of this bond a sum sufficient only to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer.

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

This bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida.

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#### LEGAL OPINION

[Insert appropriate approving opinion of bond counsel.]

The above is a true copy of the opinion rendered by Foley & Lardner, Jacksonville, Florida, in connection with the issuance of, and dated as of the original delivery of, the Bonds of the issue of which this bond is one. An executed copy of that opinion is on file in my office.

---

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

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

TEN COM - as tenants in common  
TEN ENT - as tenants by the entireties  
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF TRANS MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)  
under Uniform Transfers to Minors  
Act \_\_\_\_\_  
(State)

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

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

[Empty rectangular box for Social Security or Taxpayer Identification Number]

(Please print or typewrite name and address, including zip code of Transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

Registered Owner (NOTE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this bond in every particular, without alteration or enlargement or any change whatsoever.)

ARTICLE III

COVENANTS, SPECIAL FUNDS AND APPLICATION THEREOF

Section 3.01 Bonds Not to Be General Indebtedness of Issuer. The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from and secured by a prior lien upon and a pledge of the Pledged Funds. No Holder shall ever

have the right to compel the exercise of any ad valorem taxing power of the Issuer, the State of Florida or any political subdivision thereof to pay the principal of or interest on any Bond or be entitled to payment of such Bond from any moneys of the Issuer except from the Pledged Funds, in the manner provided herein.

**Section 3.02 Security for Bonds.** The payment of the principal of and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and prior lien upon the Pledged Funds. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and premium, if any, and interest on the Bonds and for reserves therefor and for all other payments required hereby and by the Original Instrument. The Bonds are payable from the Pledged Funds on a parity, equally and ratably, with the Parity Obligations.

**Section 3.03 Application of Bond Proceeds.** The proceeds derived from the sale of the Bonds, including accrued interest and premium, if any, thereon shall, simultaneously with the delivery of the Bonds to the purchaser or purchasers thereof, be applied by the Issuer as follows:

(A) Accrued interest shall be deposited in the Interest Account.

(B) An amount shall be deposited in the Reserve Account which, together with any moneys and securities on deposit therein and any Reserve Instruments provided in accordance with Section 3.05 of the 1989 Resolution, shall equal the Reserve Account Requirement.

(C) A sum which, together with other funds deposited in the Escrow Account pursuant to the provisions of the Escrow Deposit Agreement, shall equal the Escrow Requirement, shall be deposited with the Escrow Holder under the Escrow Deposit Agreement and applied only in the manner provided in the Escrow Deposit Agreement.

(D) The Issuer covenants and agrees to establish a separate account with an Authorized Depository to be known as the "St. Johns County Sales Tax Revenue and Refunding Bonds, Series 1994, Costs of Issuance Account" (the "Costs of Issuance Account"), which shall be used only for the payment of costs and expenses described in this subsection. A sum sufficient to pay all costs and expenses in connection with the preparation, issuance and sale of the Bonds, including fees of financial advisors, engineering and other consulting fees, legal fees, bond insurance premiums, printing fees, rating agency fees and other similar costs shall be deposited to the credit of the Costs of Issuance Account, and all such costs and expenses shall be promptly paid by the Issuer to the persons respectively entitled to receive the same. When all moneys on deposit to the credit of the Costs of Issuance Account shall have been disbursed by the Issuer for the payment of such costs and expenses, the Costs of Issuance Account shall be closed; provided, however, that if any balance shall remain in the Costs of Issuance Account six months after issuance of the Bonds, such moneys shall be transferred by the Issuer to the Construction Account and the Costs of Issuance Account shall be closed. After the Costs of

Issuance Account shall be closed, the Issuer may pay from the Construction Account any unpaid issuance expenses.

(E) The balance of the Bond proceeds shall be deposited in the Construction Account and used to pay a part of the Cost of the Project in the manner provided in the 1989 Resolution.

Section 3.04 Covenants of the Issuer. So long as any of the principal of or premium, if any, or interest on any of the Bonds shall be outstanding and unpaid, or until provision for payment thereof shall have been made within the meaning of Section 4.01 hereof, except as to any Bonds which shall have not been surrendered for payment at maturity or on the date fixed for redemption as provided in Section 2.03 hereof, the Issuer covenants with the Holders as follows:

(A) Application of Provisions of Original Instrument. The Bonds shall for all purposes be considered to be additional parity obligations issued under the authority of Section 3.06(E) of the Original Instrument and shall be entitled to all the protection and security provided by the Original Instrument for the Parity Obligations and shall be in all respects entitled to the same security, rights and privileges enjoyed by the Parity Obligations. All of the covenants and pledges contained in the Original Instrument, including particularly Section 3.06 thereof, shall be applicable to the Bonds in like manner as applicable to the Parity Obligations. The Issuer shall pay all Pledged Funds into the Revenue Fund and Sinking Fund established by the Original Instrument, and the principal of, interest on and redemption premiums on the Bonds shall be payable therefrom on a parity with the Parity Obligations. The Reserve Account shall be as available to pay the principal of and interest on the Parity Obligations and Additional Bonds as to pay the principal of and interest on the Bonds.

(B) Remedies. Any Holder 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, including the right to the appointment of a receiver, existing under the laws of the State of Florida, or granted and contained herein or in the Original Instrument, and may enforce and compel the performance of all duties required thereby and hereby or by any state or federal statute applicable thereto or hereto to be performed by the Issuer or by any officer thereof. This provision shall not be deemed to waive any venue privileges which the Issuer may have.

Nothing herein, however, shall be construed to grant to any Holder any lien on the Project or any part thereof or on any other property of the Issuer or situated within St. Johns County, except the Pledged Funds.

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

Instrument for the benefit of the Bonds, or enjoying a lien upon the Pledged Funds equal to or on a parity with the lien in favor of the Bonds unless the conditions prescribed by Section 3.06(E) of the Original Instrument shall be fully complied with and no Event of Default shall exist.

(D) Arbitrage. The Issuer covenants that it will not knowingly make any investments or acquiesce in the making of any investments by any depository pursuant to or under the provisions of this Instrument or the Original Instrument which could cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the United States Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations issued thereunder (collectively, the "Internal Revenue Code"). Unless the Issuer is furnished with an opinion of its bond counsel, which counsel's legal and tax opinion on municipal bond issues shall be nationally recognized ("Bond Counsel"), that the Bonds qualify for any applicable exception to the arbitrage rebate requirements contained in the Internal Revenue Code, the Issuer covenants that it shall pay, from the special account described in paragraph (2) of this subsection, any rebate amount required to be paid on behalf of the Issuer to the U.S. Treasury pursuant to Section 148 the Internal Revenue Code. The Issuer shall take the following actions to provide for payment to the U.S. Treasury pursuant to Section 148 of the Internal Revenue Code:

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

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

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

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

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

(E) Compliance with Internal Revenue Code. The Issuer covenants that it shall use its best efforts to comply with all requirements of the Internal Revenue Code that must be satisfied in order for the interest on the Bonds to be excluded from gross income for federal income tax purposes as described in the opinion of its Bond Counsel delivered in connection with the issuance of the Bonds. The Issuer covenants and agrees that it will take any additional action required to be taken pursuant to the nonarbitrage certificate, or other instructions from its Bond Counsel, whether delivered in connection with or subsequent to the issuance and sale of the Bonds, in order to comply with all provisions of the Internal Revenue Code compliance with which is required to maintain the tax-exempt status of the interest payable on the Bonds as described in said opinion of its Bond Counsel.

(F) Municipal Bond Insurance. Notwithstanding any provision to the contrary contained herein, the following provisions shall apply so long as the municipal bond insurance policy (the "Bond Insurance Policy") and the Reserve Instrument with respect to the Bonds issued by the Insurer shall be in full force and effect:

(1) In connection with the issuance of Additional Bonds (a) under Section 3.06(E)(b) of the Original Instrument, the Pledged Funds that shall be included for the purpose of determining compliance with the provisions of said Section 3.06(E)(b) with respect to such Additional Bonds shall be limited to the Local Government Half-cent Sales Tax and (b) the Issuer shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such Additional Bonds.

(2) The Insurer shall receive notice of the resignation or removal of the paying agent for the Bonds and the appointment of a successor thereto.

(3) The Insurer shall receive copies of all notices required to be delivered to Holders of the Bonds and, on an annual basis, copies of the Issuer's audited financial statements and annual budget.

(4) Any notice that is required to be given to a Holder of the Bonds or to the paying agent pursuant to this Resolution shall also be provided to the Insurer. All notices required to be given to the Insurer under this Resolution shall be in writing and shall be sent by registered or certified mail addressed to Municipal Bond Investors Assurance Corporation, 113 King Street, Armonk, New York 10504, Attention: Surveillance.

(5) Copies of any modifications or amendments which are consented to by the Insurer shall be sent to Standard & Poor's Corporation.

(6) If the Bonds shall be refunded and the refunding shall utilize a forward supply contract, the Insurer's consent shall be required prior to the use of such forward supply contract.

**(7) The following procedures shall apply for payment pursuant to the Bond Insurance Policy issued by the Insurer and the Issuer, the Registrar and the paying agent for the Bonds shall comply with the following procedures:**

**(a) In the event that on the second business day, and again on the business day, prior to the payment date on the Bonds, the paying agent for the Bonds has not received sufficient moneys to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, business day, the paying agent shall immediately notify the Insurer or its designee on the same business day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.**

**(b) If the deficiency is made up in whole or in part prior to or on the payment date, the paying agent shall so notify the Insurer or its designee.**

**(c) In addition, if the paying agent has notice that any Holder of Bonds has been required to disgorge payments of principal or interest on the Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Holder within the meaning of any applicable bankruptcy laws, then the paying agent shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.**

**(d) The paying agent for the Bonds is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Bonds as follows:**

**(i) If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the paying agent shall (a) execute and deliver to State Street Bank and Trust Company, N.A., or its successors under the Bond Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective Holders (and not as paying agent) in accordance with the tenor of the Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned and (c) disburse the same to such respective Holders; and**

**(ii) If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the paying agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Insurer as agent for such Holders in any legal**

proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the paying agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as paying agent) in accordance with the tenor of the Bond Insurance Policy payment therefor from the Insurance Paying Agent and (c) disburse the same to such Holders.

(e) Payments with respect to claims for interest on and principal of Bonds disbursed by the paying agent from proceeds of the Bond Insurance Policy shall not be considered to discharge the obligation of the Issuer with respect to such Bonds, and the Insurer shall become the owner of such unpaid Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(f) Irrespective of whether any such assignment is executed and delivered, the Issuer and the paying agent hereby agree for the benefit of the Insurer as follows:

(i) They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the paying agent), on account of principal of or interest on the Bonds, the Insurer will be subrogated to the rights of Holders of the Bonds to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Resolution and the Bonds; and

(ii) They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Resolution and the Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to Holders thereof, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

## ARTICLE IV

### MISCELLANEOUS PROVISIONS

Section 4.01 Defeasance. If, at any time, the Issuer shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to any of the Bonds, then, and in that event, the pledge of and lien on the Pledged

Funds in favor of the Holders of such Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit by the Issuer of cash and/or Federal Securities, or bank certificates of deposit fully secured as to principal and interest by Federal Securities (or deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance), in irrevocable trust with a banking institution or trust company, for the sole benefit of the Holders, in an aggregate principal amount which, together with interest to accrue thereon, will be sufficient to make timely payment of the principal of and redemption premiums, if any, and interest accrued on and which shall thereafter accrue on such Bonds in accordance with their terms, the Registrar's and paying agents' fees and expenses with respect thereto and any other expenses occasioned by escrow arrangements or provision for redemption, shall be considered "provision for payment." Nothing herein shall be deemed to require the Issuer to call any outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption. The escrow agreement providing for the deposit of such securities may provide for the investment of moneys unclaimed by Holders and for payment to the Issuer of such unclaimed moneys and the investment earnings thereon.

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

Section 4.03 Sale of Bonds. The Bonds shall be sold pursuant to applicable law in such manner and upon such terms as the Issuer shall provide by resolution adopted at any time prior to the date of delivery thereof to the original purchasers thereof.

Section 4.04 No Personal Liability. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Bonds, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Board, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Bonds or any certificate or other instrument to be executed in connection with the issuance of the Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

Section 4.05 No Third Party Beneficiaries. Except as may be expressly described herein or in the Bonds, nothing in this Instrument, or in the Bonds, expressed or

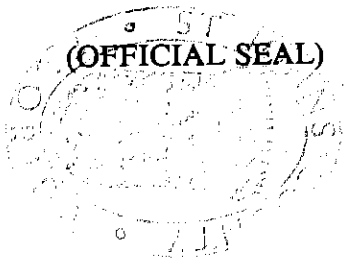
implied, is intended or shall be construed to confer upon any person, firm, corporation or other entity other than the Issuer, the Insurer and the Holders any right, remedy or claim, legal or equitable, under and by reason of this Instrument or any provision hereof, or of the Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer, the Insurer and the Holders.

Section 4.06 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions of this Instrument or of the Bonds should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements and provisions of this Instrument and the Bonds.

Section 4.07 Table of Contents and Headings not Part Hereof. The Table of Contents preceding the body of this Instrument and the headings preceding the several articles and sections hereof shall be solely for convenience of reference and shall not constitute a part of this Instrument or affect its meaning, construction or effect.

Section 4.08 Effective Date. This Instrument shall take effect immediately upon its passage.

PASSED, APPROVED AND ADOPTED this twenty-second day of March, 1994.



BOARD OF COUNTY COMMISSIONERS  
OF ST. JOHNS COUNTY, FLORIDA

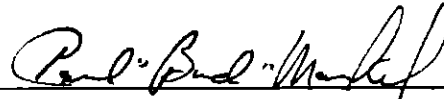
By: Alan Robert  
Its Chairman

ATTEST:

Paul-Bud-Murphy  
Its Clerk

I, Carl "Bud" Markel, Clerk of the Circuit Court, ex officio 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. 94-57 of said County passed and adopted on March 22, 1994.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said County this twenty-second day of March, 1994.



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Clerk of the Circuit Court, ex officio Clerk  
of the Board of County Commissioners

(OFFICIAL SEAL)

**EXHIBIT A**

**Bond Insurance Policy and Reserve  
Instrument Commitments**



COMMITMENT TO ISSUE A  
FINANCIAL GUARANTY INSURANCE POLICY

Application No.: 94-02-1893  
Sale Date: March 1994  
Program Type: Negotiated DP

RE: \$12,130,000 (est.) St. Johns County, Florida, Sales Tax Refunding  
Revenue Bonds, Series 1994  
(the "Obligations")

This commitment to issue a financial guaranty insurance policy (the "Commitment") constitutes an agreement between ST. JOHNS COUNTY, FLORIDA (the "Applicant"), and MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION (the "Insurer"), a stock insurance company incorporated under the laws of the State of New York.

Based on an approved application dated March 9, 1994, the Insurer agrees, upon satisfaction of the conditions herein, to issue on the earlier of (i) 120 days of said approval date or (ii) on the date of delivery of and payment for the Obligations, a financial guaranty insurance policy (the "Bond Insurance Policy"), for the Obligations, insuring the payment of principal of and interest on the Obligations when due. The issuance of the Bond Insurance Policy shall be subject to the following terms and conditions:

1. Payment by the Applicant, or by the Trustee on behalf of the Applicant, on the date of delivery of and payment for the Obligations, the following payments:

- a. a nonrefundable premium in the amount of .4% of total debt service, premium rounded to the nearest thousand. The premium set out in this paragraph shall be the total premium required to be paid on the Bond Insurance Policy issued pursuant to this Commitment; and
- b. Standard & Poor's Corporation rating agency fees in an amount to be billed directly by Standard & Poor's Corporation, based on the final par and other factors as determined by Standard & Poor's Corporation; and
- c. Moody's Investors Service rating agency fees in an amount to be billed directly by Moody's Investors Service, based on the final par and other factors as determined by Moody's Investors Service.

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

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

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

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

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

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

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

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

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

11. Compliance with the Insurer's Special Refunding Conditions (see attached).

12. For purposes of the additional bonds test, Pledged Funds be changed to the Local Government Half-Cent Sales Tax.

Dated this 11th day of March, 1994.

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION

By *John A. Welch*  
Assistant Secretary

ST. JOHNS COUNTY, FLORIDA

By \_\_\_\_\_  
Title: \_\_\_\_\_



## VIII. SPECIAL CONDITIONS FOR REFUNDINGS

Final and signed copies of all the above documents to be sent via overnight mail from closing.

An independent CPA firm is defined as a licensed CPA firm acting at arms length of the transaction on behalf of the bondholders. It may not be the underwriter, bond counsel or financial adviser for the refunding issue. The firm must carry errors and omissions insurance. The Insurer reserves the right to review the provider of the verification on a deal by deal basis.

C. Receipt by the Insurer at least five business days prior to closing of a draft opinion from Bond Counsel (or Special Tax Counsel) to the effect that the refunding bonds are being issued in compliance with state law and that the interest on the refunding bonds is tax-exempt.

D. Receipt by the Insurer at least five business days prior to closing of a draft opinion from Bond Counsel stating that the refunded bonds have been legally defeased. (This condition is only applicable in those situations where the refunding issue is legally defeasing the refunded issue.) Final executed copies of items C and D to be sent via overnight mail.

E. If the escrow agreement allows for the substitution of securities in the escrow account, then it should be provided in the escrow agreement that no such substitution may occur unless there has first been delivered to the escrow agent/trustee, (1) a CPA verification that the escrow investments, as substituted, are sufficient to pay debt service, as it becomes due, on the refunded bonds and (2) an opinion of nationally recognized bond counsel to the effect that the substitution is permitted under the documents and the substitution has no adverse effect on the tax-exempt nature of the refunding bonds. See 2 above for the definition of an independent CPA.

F. Escrow investments must be limited to:

1. Cash
2. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -- "SLGS").
3. Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.
4. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
5. Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.
6. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
  - a. U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed certificates of beneficial ownership
  - b. Farmers Home Administration (FmHA)  
Certificates of beneficial ownership



- c. Federal Financing Bank
- d. General Services Administration  
Participation certificates
- e. U.S. Maritime Administration  
Guaranteed Title XI financing
- f. U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
Local Authority Bonds  
New Communities Debentures - U.S. government guaranteed debentures  
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

G. If a forward supply contract is being executed in conjunction with the refunding (or subsequent to the closing of the refunding transaction), the following conditions must also be met:

1 The Insurer must review and approve the forward supply contract at least five business days prior to closing (or after closing, at least five business days prior to execution if not contemplated at the time of closing).

2 The forward supply contract must provide by its terms that the securities delivered under the forward supply are sufficient (when taken with other funds remaining in the escrow) as to amount and timeliness to retire the refunded bonds.

3 The Insurer requires an opinion from a nationally recognized bankruptcy counsel that the securities in escrow and payments to owners of refunded bonds will not constitute assets of the escrow supplier and will not be subject to automatic stay in the event of bankruptcy and/or insolvency of the supplier.

4. The supplier of the securities delivered under the forward supply contract must affirm in the contract that it has no rights to or interest in the monies or securities held in the escrow.

5. The escrow agent must be acceptable to the Insurer. The Insurer reserves the right to replace the escrow agent for cause.

6. See 6 above for investments permitted under the forward supply contract. Investments must be non-callable.

7. The supplier should have no right to substitute the original escrow securities. The supplier may substitute securities previously delivered by the supplier under the forward supply contract only if:

a. The substituted securities mature on a date that is later than the previously delivered securities would have matured; and

b. The substituted securities mature prior to the date needed to pay principal and/or interest on the bonds.



8. Two days before each delivery date for the forward supply securities, the escrow agent must notify the Insurer in writing of the securities to be delivered, the maturity amount of the securities and the maturity date.

9. The forward supply contract cannot be amended or modified without the Insurer's written consent.

5/6/93

## PAYMENTS UNDER THE POLICY

A. In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Obligations, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Obligations due on the second following or following, as the case may be, Business Day, the Paying Agent shall immediately notify the Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

B. If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify the Insurer or its designee.

C. In addition, if the Paying Agent has notice that any Bondholder has been required to disgorge payments of principal or interest on the Obligation to a trustee in Bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

D. The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Obligations as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Obligations, the Paying Agent shall (a) execute and deliver to State Street Bank and Trust Company, N.A., or its successors under the Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

2. If and to the extent of a deficiency in amounts required to pay principal of the Obligations, the Paying Agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Obligation surrendered to the Insurance Paying agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

E. Payments with respect to claims for interest on and principal of Obligations disbursed by the Paying Agent from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Obligations, and the Insurer shall become the owner of such unpaid Obligation and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

F. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent hereby agree for the benefit of the Insurer that:

1. They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the Obligations, the Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Indenture and the Obligations; and

2. They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Indenture and the Obligation, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Obligations to Holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

G. In connection with the issuance of additional Obligations, the Issuer shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such additional Obligations.

H. Copies of any amendments made to the documents executed in connection with the issuance of the Obligations which are consented to by the Insurer shall be sent to Standard & Poor's Corporation.

I. The Insurer shall receive notice of the resignation or removal of the Paying Agent and the appointment of a successor thereto.

J. The Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the Issuer's audited financial statements and Annual Budget.

Notices: Any notice that is required to be given to a holder of the Obligation or to the Paying Agent pursuant to the Indenture shall also be provided to the Insurer. All notices required to be given to the Insurer under the Indenture shall be in writing and shall be sent by registered or certified mail addressed to Municipal Bond Investors Assurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance



COMMITMENT TO ISSUE A  
DEBT SERVICE RESERVE SURETY BOND

Application No.: 94-03-2281  
Sale Date: March 1994  
Program Type: Negotiated DP

RE: \$1,642,100 (est.) Debt Service Reserve Fund for the \$12,130,000 (est.) St. Johns County, Florida, Sales Tax Refunding Revenue Bonds, Series 1994 and the \$11,720,000 (est) St. Johns County, Florida, Limited Ad Valorem Bonds, Series 1994  
(the "Obligations")

This commitment to issue a debt service reserve surety bond (the "Commitment") constitutes an agreement between ST. JOHNS COUNTY, FLORIDA, (the "Applicant"), and MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION (the "Insurer"), a stock insurance company incorporated under the laws of the State of New York.

Based on an approved application dated March 9, 1994, the Insurer agrees, upon satisfaction of the conditions herein, to issue on the earlier of (i) 120 days of said approval date or (ii) on the date of delivery of and payment for the Obligations, a debt service reserve surety bond (the "Surety Bond"), for the Obligations, guaranteeing the payment to the issuer of up to \$1,642,100 (est.) on the Obligations. The issuance of the Surety Bond shall be subject to the following terms and conditions:

1. The Applicant, or by the Trustee on behalf of the Applicant, on the date of delivery of and payment for the Obligations, will make the following payments:

- a. a nonrefundable premium in the amount of 3.0% of surety bond amount, premium rounded to the nearest thousand. The premium set out in this paragraph 1.a. shall be the total premium required to be paid on the Surety Bond issued pursuant to this Commitment;
- b. Standard & Poor's Corporation rating agency fees will be billed directly by Standard & Poor's Corporation, in an amount based on the final par and other factors as determined by Standard & Poor's Corporation.
- c. Moody's Investors Service rating agency fees in an amount to be billed directly by Moody's Investors Service, based on the final par and other factors as determined by Moody's Investors Service.

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

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

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

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

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

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

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


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

10. Compliance with the Insurer's Term Sheet for Debt Service Reserve Fund Program (see Attachment A).

Dated this 11th day of March, 1994.

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION

By

  
Assistant Secretary

ST. JOHNS COUNTY, FLORIDA

By \_\_\_\_\_

Title: \_\_\_\_\_



TERM SHEET FOR DEBT SERVICE RESERVE FUND PROGRAM

Introduction

MBIA can, under certain circumstances, issue a debt service reserve fund surety bond (the "Surety Bond"), to be used as a replacement for a cash funded reserve, in any amount up to the full amount of the debt service reserve fund requirement.

MBIA requires that the issuer and/or the underlying obligor of the bonds enter into a Financial Guaranty Agreement with MBIA providing for, among other things, the reimbursement to MBIA of amounts drawn under the Surety Bond. A sample draft of such an agreement is attached.

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

The Surety Bond may be structured to provide debt service reserve fund replacement for the current issue of bonds and any other debt issued on a parity therewith. However, in all cases, the Surety Bond will expire on the final maturity date of the current issue.

The program criteria are subject to change by MBIA.

General Terms

Provision should be made in the bond documents for the creation of a debt service reserve fund and there should be a requirement to maintain that fund at a certain level. It should also be provided that this requirement may be satisfied by cash or a qualified surety bond or a combination of these two (Note: A "qualified surety bond" means a surety bond issued by an insurance company rated in the highest rating category by A.M. Best & Company, Standard & Poor's or Moody's).

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

In any event where the debt service reserve fund contains both an MBIA Surety Bond and cash, MBIA requires that the cash be drawn down completely before any demand is made on the Surety Bond. In any event where the debt service reserve fund contains a surety bond from another entity and an MBIA Surety Bond, the documents should provide for a pro-rata draw on each of the surety bonds.

With regard to replenishment, any available monies as defined in the Indenture or Resolution, should be used first to reimburse MBIA, thereby reinstating the Surety Bond, and second to replenish the cash in the debt service reserve fund.

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



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

The bond documents should require the Trustee to deliver a Demand For Payment (see attached form) at least three days prior to the date on which funds are required.

#### Required Terms

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

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

In general terms, the "flow of funds" would be structured as follows:

All gross revenues should be paid in the following order with the priority indicated:

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

Provision must be made for MBIA to be paid all amounts owed to it under the terms of the Financial Guaranty Agreement or any other documents before the bond documents may be terminated.

It will be the responsibility of the trustee/paying agent to maintain adequate records, verified with MBIA, as to the amount available to be drawn at any given time under the Surety Bond and as to the amounts paid and owing to MBIA under the terms of the Financial Guaranty Agreement.

There may be no optional redemption of bonds or distribution of funds to the issuer and/or the underlying obligor unless all amounts owed to MBIA under the terms of the Financial Guaranty Agreement or any other documents have been paid in full.

**MBIA**

FINANCIAL GUARANTY AGREEMENT (I)



## FINANCIAL GUARANTY AGREEMENT

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

W I T N E S S E T H :

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

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

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

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

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

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

### ARTICLE I

#### DEFINITIONS; SURETY BOND

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

Section 1.02. Surety Bond.

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

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

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

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

ARTICLE II



REIMBURSEMENT AND INDEMNIFICATION  
OBLIGATIONS OF ISSUER AND SECURITY THEREFOR

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

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

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

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

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

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

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

**MBIA**

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

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

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

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

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

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

Section 2.05. Insurer's Rights. The Issuer shall repay the Insurer to the extent of payments made and expenses incurred by the Insurer in connection with the Obligations and this Agreement. The obligation of the Issuer to repay such amounts shall be subordinate only to the rights of the Owners to receive regularly scheduled principal and interest on the Obligations.

Section 2.06. On-Going Information Obligation of Issuer.

**MBIA**

(a) Quarterly Reports. The Issuer will provide to the Insurer within 45 days of the close of each quarter interim financial statements covering all fund balances under the Document, a statement of operations (income statement), balance sheet and changes in fund balances. These statements need not be audited by an independent certified public accountant, but if any audited statements are produced, they must be provided to the Insurer;

(b) Annual Reports. The Issuer will provide to the Insurer annual financial statements audited by an independent certified public accountant within 90 days of the end of each fiscal year;

(c) Access to Facilities, Books and Records. The Issuer will grant the Insurer reasonable access to the project financed by the Obligations and will make available to the Insurer, at reasonable times and upon reasonable notice all books and records relative to the project financed by the Obligations; and

(d) Compliance Certificate. On an annual basis the Issuer will provide to the Insurer a certificate confirming compliance with all covenants and obligations hereunder and under the Revenue Agreement, the Document or any other document executed in connection with the issuance of the Obligations.

ARTICLE III

AMENDMENTS TO DOCUMENT

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

ARTICLE IV

EVENTS OF DEFAULT; REMEDIES

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

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

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

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

**MBIA**

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

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

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

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



ARTICLE V

SETTLEMENT

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

ARTICLE VI

MISCELLANEOUS

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

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

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

Section 6.04. Successors and Assigns; Descriptive Headings.

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



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

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

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

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

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

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

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



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

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

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

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

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

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

[ISSUER]

By \_\_\_\_\_

Title \_\_\_\_\_

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION

\_\_\_\_\_  
[TITLE]

\_\_\_\_\_  
[TITLE]

**MBA**

ANNEX A  
SURETY BOND



DEBT SERVICE RESERVE  
SURETY BOND

Municipal Bond Investors Assurance Corporation  
Armonk, New York 10504

Surety Bond No. XXXX

Municipal Bond Investors Assurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments that are to be applied to payment of principal of and interest on the Obligations (as hereinafter defined) and that are required to be made by or on behalf of [Name of Issuer] (the "Issuer") under the [Title of the Document] (the "Document") to [Name of Paying Agent], (the "Paying Agent"), as such payments are due but shall not be so paid, in connection with the issuance by the Issuer of [Title of the Obligations], [if parity " together with any bonds issued on a parity therewith,'] (the "Obligations"), provided, that the amount available hereunder for payment pursuant to any one Demand for Payment (as hereinafter defined) shall not exceed [a: FIXED COVERAGE [Dollar Amount of Coverage] (the "Surety Bond Limit"); provided, further, that the amount available at any particular time to be paid to the Paying Agent under the terms hereof (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth herein.] or [b: VARIABLE COVERAGE the annual amount set forth for the applicable bond year on Exhibit A attached hereto (the "Surety Bond Limit"); provided, further, that the amount available at any particular time to be paid to the Paying Agent under the terms hereof (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth herein.]

1. As used herein, the term "Owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the applicable paying agent, the Issuer or any designee of the Issuer for such purpose. The term "Owner" shall not include the Issuer or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment for the Obligations.

2. Upon the later of: (i) three (3) days after receipt by the Insurer of a demand for payment in the form attached hereto as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Paying Agent to the Insurer, the Insurer will make a deposit of funds in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts that are then due to the Paying Agent (as specified in the Demand for Payment) subject to the Surety Bond Coverage.



3. Demand for Payment hereunder may be made by prepaid telecopy, telex, TWX or telegram of the executed Demand for Payment c/o the Insurer. If a Demand for Payment made hereunder does not, in any instance, conform to the terms and conditions of this Surety Bond, the Insurer shall give notice to the Paying Agent, as promptly as reasonably practicable, that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being notified that such Demand for Payment was not effected in accordance with this Surety Bond, the Paying Agent may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Paying Agent is entitled and able to do so.

4. The amount payable by the Insurer under this Surety Bond pursuant to a particular Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by the Insurer hereunder and will be reinstated to the extent of each reimbursement of the Insurer pursuant to the provisions of Article II of the Financial Guaranty Agreement dated the date hereof between the Insurer and the [Issuer or Obligor] (the "Financial Guaranty Agreement"); provided, [ANNUAL PREMIUM OPTION: that no premium is due and unpaid on this Surety Bond and] that in no event shall such reinstatement exceed the Surety Bond Limit. The Insurer will notify the Paying Agent, in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Financial Guaranty Agreement and such reinstatement shall be effective as of the date the Insurer gives such notice. The notice to the Paying Agent will be substantially in the form attached hereto as Attachment 2.

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

6. The term of this Surety Bond shall expire [ANNUAL PREMIUM OPTION: ,unless cancelled pursuant to paragraph 9 hereof,] on the earlier of (i) (the maturity date of the Obligations being currently issued), or (ii) the date on which the Issuer has made all payments required to be made on the Obligations pursuant to the Document.

7. The premium payable on this Surety Bond is not refundable for any reason, including the payment prior to maturity of the Obligations.

8. This Surety Bond shall be governed by and interpreted under the laws of the State of [STATE]. Any suit hereunder in connection with any payment may be brought only by the Paying Agent within [1 or 3 years] after (i) a Demand for Payment, with respect to such payment, is made pursuant to the terms of this Surety Bond and the Insurer has failed to make such payment, or (ii) payment would otherwise have been due hereunder but for the failure on the part of the Paying Agent to deliver to the Insurer a Demand for Payment pursuant to the terms of this Surety Bond, whichever is earlier.



[NOS. 9 and 11 are OPTIONAL]

9. Subject to the terms of the Document, the Issuer shall have the right, upon 30 days prior written notice to the Insurer and the Paying Agent, to terminate this Surety Bond. In the event of a failure by the Issuer to pay the premium due on this Surety Bond pursuant to the terms of the Financial Guaranty Agreement, the Insurer shall have the right upon [No. of days] days prior written notice to the Issuer and the Paying Agent to cancel this Surety Bond. No Demand for Payment shall be made subsequent to such notice of cancellation unless payments are due but shall not have been so paid in connection with the Obligations.

10. There shall be no acceleration payment due under this Policy unless such acceleration is at the sole option of the Insurer.

11. This policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

In witness whereof, the Insurer has caused this Surety Bond to be executed in facsimile on its behalf by its duly authorized officers, this [DATE] day of [MONTH, YEAR]

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION

\_\_\_\_\_  
President

\_\_\_\_\_  
Assistant Secretary

SB-DSRF-7[NY]



DEMAND FOR PAYMENT

Municipal Bond Investors Assurance Corporation  
113 King Street  
Armonk, New York 10504

Attention: President

Reference is made to the Surety Bond No. XXXX (the "Surety Bond") issued by the Municipal Bond Investors Assurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Paying Agent hereby certifies that:

(a) In accordance with the provisions of the Document (attached hereto as Exhibit A), payment is due to the Owners of the Obligations on \_\_\_\_\_ (the "Due Date") in an amount equal to \$ \_\_\_\_\_ (the "Amount Due").

(b) The amounts legally available to the Paying Agent on the Due Date will be \$ \_\_\_\_\_ less than the Amount Due (the "Deficiency").

(c) The Paying Agent has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Paying Agent hereby requests that payment of the Deficiency (subject to the Surety Bond Coverage) be made by the Insurer under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Surety Bond: \_\_\_\_\_

[Paying Agent's Account]

[PAYING AGENT]

By \_\_\_\_\_

Its \_\_\_\_\_



NOTICE OF REINSTATEMENT

, 19

[Paying Agent]  
[Address]

Reference is made to the Surety Bond No. ~~XXXX~~ (the "Surety Bond") issued by the Municipal Bond Investors Assurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Insurer hereby delivers notice that it is in receipt of payment from the Issuer pursuant to Article II of the Financial Guaranty Agreement and as of the date hereof the Surety Bond Coverage is \$\_\_\_\_\_.

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION

\_\_\_\_\_  
President

\_\_\_\_\_  
Assistant Secretary

## DEFINITIONS

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

"Agreement" means this Financial Guaranty Agreement.

"Closing Date" means [CLOSING DATE].

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

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

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

"Document" means [DEFINE DOCUMENT].

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

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

"Issuer" means [ISSUER].

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

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



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

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

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

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

"State" means [STATE].

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

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

"Surety Bond Limit" means [AMOUNT]

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

**MBIA**

ANNEX C

COMMITMENT

[To be provided.]