

RESOLUTION NO. 94-60

59 A RESOLUTION SUPPLEMENTING RESOLUTION NO. 94-59 OF ST. JOHNS COUNTY, FLORIDA, ADOPTED MARCH 22, 1994, AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$12,250,000 AGGREGATE PRINCIPAL AMOUNT OF SALES TAX REVENUE AND REFUNDING BONDS, SERIES 1994; FOR THE PURPOSE OF AUTHORIZING A NEGOTIATED SALE AND AWARD OF THE SALE OF THE BONDS, APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT TO THE BONDS; APPROVING A DRAFT PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE BONDS AND AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT WITH RESPECT THERETO; APPOINTING THE REGISTRAR AND PAYING AGENT FOR THE BONDS; AUTHORIZING THE REFUNDING OF CERTAIN OUTSTANDING OBLIGATIONS OF THE COUNTY; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT BETWEEN THE COUNTY AND THE ESCROW HOLDER; APPOINTING THE ESCROW HOLDER UNDER SAID ESCROW DEPOSIT AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. DEFINITIONS. The terms used in this resolution shall have the respective meanings assigned to them in the Original Instrument and in this Section, unless the text hereof clearly otherwise requires:

"Bond Counsel" shall mean Foley & Lardner, Jacksonville, Florida, bond counsel to the Issuer with respect to the issuance of the Series 1994 Bonds.

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

"Chairman" shall mean the chairman or vice chairman of the Board or such other person as may be duly authorized by the Issuer to act on his or her behalf.

"Clerk" shall mean the Clerk of the Circuit Court, ex officio clerk of the Board, a deputy clerk duly appointed by the Clerk or such other person as may be duly authorized by the Board to act as such ex officio clerk.

"Draft Preliminary Official Statement" shall mean the draft preliminary official statement relating to the Series 1994 Bonds attached hereto as Exhibit A.

"Escrow Deposit Agreement" shall mean the Escrow Deposit Agreement attached hereto as Exhibit C.

"Escrow Holder" shall mean the Escrow Holder appointed pursuant to Section 9 of this resolution.

"Financial Advisor" shall mean Public Financial Management, Inc.

"Original Instrument" shall mean Resolution No. 94-57 adopted by the Board on March 22, 1994, authorizing the issuance of the Series 1994 Bonds.

"Purchase Contract" shall mean the Bond Purchase Agreement to be executed between the Issuer and the Purchaser, substantially in the form attached hereto as Exhibit B.

"Purchaser" shall mean William R. Hough & Co., the purchaser of the Series 1994 Bonds.

"Reserve Instrument Agreement" shall mean the Financial Guaranty Agreement substantially in the form attached to the commitment of the Insurer with respect to the Reserve Instrument relating to the Series 1994 Bonds.

"Series 1994 Bonds" shall mean the Issuer's Sales Tax Revenue and Refunding Bonds, Series 1994, authorized to be issued pursuant to the Original Instrument.

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

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

(A) On March 22, 1994, the Board duly adopted the Original Instrument for the purpose of authorizing the refunding of the Refunded Obligations and the construction of certain additional roadway improvements in connection with the Project and the issuance of the Series 1994 Bonds to pay a part of the cost thereof.

(B) The Issuer is advised that due to the present volatility of the market for tax-exempt public obligations such as the Series 1994 Bonds, it is in the best interest of the Issuer to sell the Series 1994 Bonds by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Series 1994 Bonds and, accordingly, the Board does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Series 1994 Bonds be authorized.

(C) The Purchaser has verbally agreed with the Board to use its reasonable efforts to submit to the Issuer an offer to purchase the Series 1994 Bonds in the form of the Purchase Contract upon terms acceptable to the Board as hereinafter authorized, and the Board does hereby find and determine that it is in the best financial interest of the Issuer to accept the offer of the Purchaser to purchase the Series 1994 Bonds at a negotiated sale and to authorize the execution and delivery of the Purchase Contract in the manner and upon the terms hereinafter provided; and upon the execution of the Purchase Contract by the Issuer and the Purchaser, the Series 1994 Bonds shall be sold to the Purchaser pursuant to the terms and provisions of the Purchase Contract.

(D) The Issuer is advised that because the terms of the Series 1994 Bonds cannot be determined on the date of adoption of this Resolution, it is in the best interest of the Issuer to delegate the authority to determine, in accordance with Sections 2.01 and 2.02 of the Original Instrument, the terms of the Series 1994 Bonds, including their date, Amortization Installments, maturity dates, interest rates and redemption provisions, and the Series 1989 Bonds to be refunded to the Chairman or the County Administrator in the manner hereinafter provided.

(E) The terms of the Series 1994 Bonds hereinafter authorized are more favorable to the Issuer than the terms of the Refunded Obligations and it is advantageous to the Issuer to issue the Series 1994 Bonds in the manner and upon the terms hereinafter provided.

(F) It is appropriate that the Issuer approve, ratify and confirm the distribution of a preliminary official statement for the purpose of acquainting potential investors with pertinent information with respect to the Issuer and the Series 1994 Bonds and that the Issuer authorize the distribution of a final official statement prior to or contemporaneously with the issuance and delivery of the Series 1994 Bonds. For this purpose, it is appropriate that the Draft Preliminary Official Statement be approved and that preparation and distribution of a preliminary official statement and a final official statement be authorized in substantially the form of the Draft Preliminary Official Statement, the final forms thereof to be approved by the Chairman at any time at or prior to the issuance of the Series 1994 Bonds.

(G) It is necessary and appropriate that the Issuer appoint a registrar and a paying agent for the Series 1994 Bonds, and the institution hereinafter named is acceptable to the Issuer; and it appears to the Board that the same is qualified to serve as Registrar and paying agent for the Series 1994 Bonds in accordance with the terms of the Original Instrument.

(H) In order to carry out the refunding described in the Original Instrument, it is necessary and appropriate that the Issuer authorize the execution and delivery of the Escrow Deposit Agreement between the Issuer and the Escrow Holder.

(I) It is necessary and appropriate that the Issuer appoint an escrow holder to serve as such under the Escrow Deposit Agreement, and the institution hereinafter named is acceptable to the Issuer; and it appears to the Board that the same is qualified to serve as Escrow

Holder under the Escrow Deposit Agreement in accordance with the terms of the Escrow Deposit Agreement.

**SECTION 4. SALE OF THE SERIES 1994 BONDS; AUTHORIZATION OF EXECUTION OF PURCHASE CONTRACT.** A negotiated sale of the Series 1994 Bonds is hereby authorized. The Chairman or the County Administrator is hereby authorized and directed to award the sale of the Series 1994 Bonds to the Purchaser in an aggregate principal amount which shall not exceed \$12,250,000 (the "Maximum Principal Amount"), at an aggregate purchase price (excluding any original issue discount) of not less than 99% of the original principal amount of such Series 1994 Bonds (the "Minimum Purchase Price"), as approved by the Chairman or the County Administrator, within the following parameters (the "Parameters"): the gross savings, after payment of all issuance expenses and costs, which shall result from the issuance of the Series 1994 Bonds shall not be less than \$360,000 (which includes total debt service, accrued interest, a deposit to the Construction Account and a rounding factor not to exceed \$5,000); the arbitrage yield of the Series 1994 Bonds shall not exceed 5.60%; the final maturity of the Series 1994 Bonds shall not be later than October 1, 2019; the Series 1994 Bonds shall be subject to optional redemption no later than October 1, 2004, at a premium of no more than 102% of the principal amount thereof to be redeemed; the cost of issuance shall be comparable to or less than the current average issuance cost for bonds of similar tenor and amount; and the Insurer's commitments to provide a municipal bond insurance policy and a Reserve Instrument with respect to the Series 1994 Bonds shall be in effect.

The proposed form of the Purchase Contract presented by the Purchaser, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the County Administrator prior to the execution and delivery thereof, is hereby approved; such necessity and/or desirability and approval by the Chairman or the County Administrator to be presumed by the Chairman's or the County Administrator's execution thereof; the Chairman or the County Administrator is hereby authorized to accept the offer of the Purchaser to purchase the Series 1994 Bonds in an aggregate principal amount not to exceed the Maximum Principal Amount, at a purchase price of not less than the Minimum Purchase Price plus accrued interest thereon to the date of delivery and with final terms within the Parameters, upon the terms and conditions set forth in the Purchase Contract; and the Chairman or the County Administrator is hereby authorized to execute and deliver the Purchase Contract in the form approved by such person for and on behalf of the Issuer pursuant to the terms hereof. Receipt by the Chairman or the County Administrator of a report of the Financial Advisor stating that the aggregate purchase price set forth in the Purchase Contract is not less than the Minimum Purchase Price and that the final terms are within the Parameters shall constitute conclusive proof that all of the terms and conditions set forth in this Section 4 have been fully satisfied.

The Series 1994 Bonds shall be in denominations of \$5,000 or integral multiples thereof, shall be dated such dates, shall redeem Series 1989 Bonds maturing on such dates, shall bear interest at such rates, payable on such dates, mature on such dates, have such Amortization Installments, be redeemable prior to maturity upon such terms and conditions and have such

other terms as are set forth in the Purchase Contract and approved by the Chairman or the County Administrator, and the authority to approve such matters is hereby expressly delegated to the Chairman and the County Administrator as herein provided, with the Chairman's or the County Administrator's approval to be conclusively evidenced by the Chairman's or the County Administrator's execution of any documents including such terms.

Prior to the execution and delivery of the Purchase Contract by the Issuer, the Purchaser shall include in or attach to the Purchase Contract the disclosure statements required by Section 218.385, Florida Statutes, as amended. The Chairman, the County Administrator and the other officers, agents and employees of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Series 1994 Bonds and the refunding of the Refunded Obligations in accordance with the provisions of the Original Instrument, this resolution and the Purchase Contract.

Authority for the issuance of such aggregate principal amount of the Series 1994 Bonds herein authorized which shall not be hereafter delivered to the Purchaser pursuant to the provisions of the Purchase Contract is hereby cancelled and rescinded.

Notwithstanding the foregoing, in the event the Purchase Contract is not executed and delivered by the Issuer and the Purchaser on or before December 31, 1994, the Chairman's and the County Administrator's authority to award the sale of the Series 1994 Bonds to the Purchaser and to execute the Purchase Contract for and on behalf of the Issuer pursuant to the terms hereof shall be automatically terminated on December 31, 1994.

**SECTION 5. APPROVAL OF DRAFT PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZATION OF PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT.** The Draft Preliminary Official Statement is hereby approved, and a preliminary official statement and a final official statement in substantially the form of the Draft Preliminary Official Statement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman prior to the release thereof, is hereby approved and authorized to be delivered by the Issuer to the Purchaser for distribution prior to or contemporaneously with the issuance and delivery of the Series 1994 Bonds. The Chairman's approval of the preliminary official statement shall be presumed by the delivery thereof to the Purchaser. The Chairman is hereby authorized to evidence the Issuer's approval of the final official statement by endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations shall be presumed from such endorsement upon any copy of such final official statement. Bond Counsel is hereby directed to furnish to the Division of Bond Finance of the Department of General Services of the State of Florida a copy of the final official statement, a notice of the impending sale of the Series 1994 Bonds and the other information required by Section 218.38, Florida Statutes, as amended, within the appropriate time periods specified by such section.

**SECTION 6. REGISTRAR AND PAYING AGENT.** The Bank of New York Trust Company of Florida, N.A., a national banking association, Jacksonville, Florida, is hereby

appointed as Registrar and paying agent under the Original Instrument, to serve as Registrar and paying agent for the Series 1994 Bonds; and the Chairman and the Clerk are hereby authorized to execute and deliver on behalf of the Issuer a registrar and paying agency agreement in a form which shall be approved by the Issuer's attorney.

**SECTION 7. AUTHORIZATION OF REFUNDING.** Effective upon and subject to the execution and delivery of the Escrow Deposit Agreement, the issuance of the Series 1994 Bonds and receipt by the Issuer of the proceeds thereof, the Issuer (A) does hereby call all Refunded Obligations maturing after October 1, 1997, for redemption on October 1, 1997, at a redemption price of 102% (expressed as a percentage of the principal amount of the Refunded Obligations to be redeemed), plus accrued interest to the redemption date, and (B) does hereby give irrevocable instructions to NationsBank of Florida, N.A., Fort Lauderdale, Florida, the registrar for the Refunded Obligations, to give notice of such call for redemption in the manner provided in the resolution of the Issuer pursuant to which the Refunded Obligations were issued.

**SECTION 8. AUTHORIZATION OF EXECUTION AND DELIVERY OF ESCROW DEPOSIT AGREEMENT.** The Chairman and the Clerk are hereby authorized to execute and deliver the Escrow Deposit Agreement in favor of the Escrow Holder, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman and the Clerk prior to the delivery thereof, such necessity and/or desirability and approval by the Chairman and the Clerk to be presumed by their execution and delivery thereof.

**SECTION 9. ESCROW HOLDER.** The Bank of New York Trust Company of Florida, N.A., a national banking association, Jacksonville, Florida, is hereby appointed to serve as Escrow Holder under the Escrow Deposit Agreement.

**SECTION 10. AUTHORIZATION OF EXECUTION OF OTHER CERTIFICATES AND OTHER INSTRUMENTS.** The Chairman and the Clerk are hereby authorized and directed, either alone or jointly, under the official seal of the Issuer, to execute and deliver certificates of the Issuer certifying such facts as the Issuer's attorney, counsel to the Purchaser or Bond Counsel shall require in connection with the issuance, sale and delivery of the Series 1994 Bonds, and to execute and deliver the Reserve Instrument Agreement and such other instruments as shall be necessary or desirable to perform the Issuer's obligations under this resolution, the Original Instrument and the Purchase Contract and to consummate the transactions contemplated hereby and thereby.

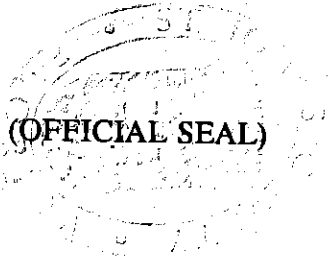
**SECTION 11. ORIGINAL INSTRUMENT IN FULL FORCE AND EFFECT.** Except as hereby supplemented, the Original Instrument shall remain in full force and effect.

**SECTION 12. REPEALING CLAUSE.** All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

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

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

BOARD OF COUNTY COMMISSIONERS OF  
ST. JOHNS COUNTY, FLORIDA



*Allan Roberts*

\_\_\_\_\_  
Its Chairman

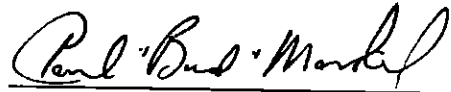
ATTEST:

*Carl Bond Munkel*

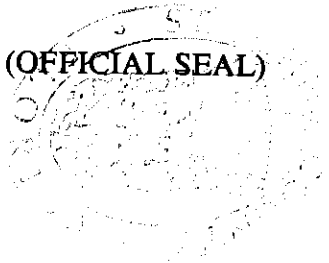
\_\_\_\_\_  
Its Clerk

I, Carl "Bud" Markel, Clerk of the Board of County Commissioners of St. Johns County, Florida, hereby certify that the foregoing is a true and correct copy of Resolution No. 94-66 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.



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



**EXHIBIT A**

**Preliminary Official Statement**

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 21, 1994

NEW ISSUE

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

In the opinion of Bond Counsel, under existing law, assuming compliance with certain covenants in the Resolution described herein, interest on the 1994 Bonds is excluded from gross income for federal income tax purposes, and the 1994 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, as defined by Chapter 220, Florida Statutes, as amended. See, however, "TAX MATTERS" herein for a description of certain federal minimum and other special taxes that may affect the tax treatment of interest on the 1994 Bonds.

\$11,680,000\*  
ST. JOHNS COUNTY, FLORIDA  
Sales Tax Revenue and Refunding Bonds  
Series 1994

Dated: March 15, 1994

Due: October 1, as shown below

The Sales Tax Revenue and Refunding Bonds, Series 1994 (the "1994 Bonds") are being issued by St. Johns County, Florida (the "County"), as fully registered bonds in denominations of \$5,000 and integral multiples thereof. Interest (first payment due October 1, 1994 and on each April 1 and October 1 thereafter) on the 1994 Bonds will be payable by check or draft mailed to the registered owner by The Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida, as Registrar and Paying Agent. Principal of the 1994 Bonds is payable to the registered owner upon presentation, when due, at the corporate trust office of the Paying Agent.

The 1994 Bonds are subject to redemption prior to their stated maturities as described herein.

The 1994 Bonds are being issued to provide funds to (i) advance refund a portion of the County's outstanding Sales Tax Revenue Bonds, Series 1989, (ii) construct certain additional roadway improvements in connection with the County courthouse and administration facilities, and (iii) pay the cost of issuance with respect to the 1994 Bonds.

The 1994 Bonds and the interest thereon will be payable solely from and secured by a pledge of and lien upon all moneys allocated to the County from the Local Government Half-cent Sales Tax Clearing Trust Fund in the State Treasury, pursuant to the provisions of Part VI, Chapter 218, Florida Statutes, as amended, together with all moneys on deposit to the credit of certain funds and accounts created under the Resolution and the earnings on the investment thereof (collectively, the "Pledged Funds"). The 1994 Bonds are being issued on a parity as to source of payment with the \$10,210,000 County Sales Tax Revenue Bonds, Series 1989 (the "Parity Bonds") which will remain outstanding after the advance refunding.

The payment of the principal (but not premium) of and interest on the 1994 Bonds when due will be insured by a financial guaranty insurance policy to be issued by Municipal Bond Investors Assurance Corporation simultaneously with the delivery of the Bonds.



The 1994 Bonds shall not be or constitute general obligations or indebtedness of the County as "bonds" within the meaning of Article VII, Section 12 of the Constitution of the State of Florida, but shall be payable solely from and secured by a prior lien upon and a pledge of the Pledged Funds on a parity with the Parity Bonds. No owner of any 1994 Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the County, the State of Florida or any political subdivision thereof to pay the principal of or interest on any such Bond or shall be entitled to payment of such Bonds from any moneys of the County except the Pledged Funds, in the manner provided in the resolution authorizing the issuance of the 1994 Bonds.

MATURITIES, AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS\*  
\$5,870,000 Serial Bonds

Maturity October 1,	Amount	Interest Rate	Price or Yield	Maturity October 1,	Amount	Interest Rate	Price or Yield
1994	\$195,000	%	%	2002	\$620,000	%	%
1995	465,000			2003	645,000		
1996	470,000			2004	680,000		
1997	490,000			2006	720,000		
1998	510,000			2006	760,000		
1999	535,000			2007	800,000		
2000	560,000			2008	840,000		
2001	690,000						

\$2,610,000 \_\_\_\_% Term Bonds due October 1, 2011 - Price - \_\_\_\_%  
(Plus Accrued Interest)

The 1994 Bonds are offered when, as and if issued and received by the Underwriter, subject to the unqualified approval of legality by Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be pursued upon for the County by James G. Sisco, Esquire, St. Augustine, Florida, Attorney for the County and for the Underwriter by its counsel, Rogers, Towers, Bailey, Jones & Gay, Jacksonville, Florida. It is expected that the 1994 Bonds in definitive form will be available for delivery in New York, New York on or about April \_\_\_\_, 1994.

William R. Hough & Co.

March \_\_\_\_, 1994

\*Preliminary, subject to change.

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

ST. JOHNS COUNTY, FLORIDA

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Allan Roberts, Chairman  
Linda Balsavage  
Barbara Ward  
Moses (Coach) Floyd  
Fred Brinkhoff  
Don Jordan  
Craig Maguire

COUNTY ADMINISTRATOR

Nicholas M. Meiszer

COUNTY CLERK

Carl "Bud" Markel

COUNTY FINANCE DIRECTOR

Michael R. Givens, C.P.A.

COUNTY ATTORNEY

James G. Sisco, Esquire

BOND COUNSEL

Foley & Lardner  
Jacksonville, Florida

FINANCIAL ADVISOR

Public Financial Management, Inc.  
Fort Myers, Florida

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 1994 Bonds by any persons in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale in such jurisdiction. The information set forth herein has been furnished by the County and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create the implication that there has been no change in the affairs of the County since the date hereof.

The 1994 Bonds have not been registered under the Securities Act of 1933 in reliance upon an exemption contained in such Act.

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IN CONNECTION WITH THE OFFERING OF THE 1994 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 1994 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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## SUMMARY STATEMENT

*This Summary Statement, being part of the Official Statement, is subject to the more complete information contained herein and should not be considered to be a complete statement of the facts material to making an investment decision. The offering of the St. Johns County, Florida Sales Tax Revenue and Refunding Bonds, Series 1994 (the "1994 Bonds") to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this Summary Statement from the Official Statement or to otherwise use it without the entire Official Statement. Unless otherwise defined, all capitalized terms in this Summary Statement shall be as defined in the main text of the Official Statement.*

### **St. Johns County**

St. Johns County, Florida (the "County") encompasses approximately 617 square miles and is located in the northeast region of the State of Florida, immediately south of Duval County and Jacksonville, Florida. The largest of the County's three municipalities is St. Augustine, which is the county seat. The estimated 1993 population of the County is 91,197.

### **Purpose of the 1994 Bonds**

The 1994 Bonds are being issued to provide funds to (i) advance refund a portion of the County's outstanding Sales Tax Revenue Bonds, Series 1989, (ii) construct certain additional roadway improvements in connection with the County courthouse and administration facilities, and (iii) pay the cost of issuance with respect to the 1994 Bonds.

### **Authority and Security for the 1994 Bonds**

*Authority for the 1994 Bonds.* The 1994 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, particularly, Chapter 125, Part I, Florida Statutes, as amended, County Ordinance No. 86-89, and other applicable provisions of law, and the Resolution.

*Source of Payment.* The 1994 Bonds are payable solely from and secured by a pledge of and lien upon all moneys allocated to the County from the Local Government Half-cent Sales Tax Clearing Trust Fund in the State Treasury pursuant to the provisions of Part VI, Chapter 218, Florida Statutes, as amended, together with all moneys on deposit to the credit of certain funds and accounts created under the Resolution and the earnings on the investment thereof, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). The pledge of the Pledged Funds in favor of the 1994 Bonds is on a parity with the pledge of the Pledged Funds to the owners of the County's \$10,210,000\* Sales Tax Revenue Bonds, Series 1989 (the "Parity Bonds") which will remain outstanding after the advance refunding.

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\* Preliminary; subject to change.

*Reserve Account.* Simultaneously with the issuance of the 1994 Bonds, the County is required by the Resolution to deposit in the Reserve Account the Reserve Account Requirement which is the lesser of (i) the Maximum Bond Service Requirement for the Parity Bonds, the 1994 Bonds and Additional Bonds, (ii) 125% of average annual debt service for the Parity Bonds, the 1994 Bonds and Additional Bonds, or (iii) 10% of the proceeds of the Parity Bonds, the 1994 Bonds and Additional Bonds. Moneys in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest or Amortization Installments on the 1994 Bonds and Additional Bonds when the other moneys in the Sinking Fund are insufficient therefor and for no other purpose. The Reserve Account for the Parity Bonds and the 1994 Bonds is funded by a surety bond issued by Municipal Bond Investors Assurance Corporation (the "Insurer").

*Additional Bonds.* The County may issue Additional Bonds payable from the Pledged Funds on a parity with the 1994 Bonds and the Parity Bonds, provided, however, that such Additional Bonds may be issued only if the County first complied with certain requirements set out in the Resolution.

*No Pledge of Credit or Taxing Power.* The 1994 Bonds shall not be or constitute general obligations or indebtedness of the County as "bonds" within the meaning of Article VII, Section 12 of the Constitution of the State of Florida, but shall be payable solely from and secured by a prior lien upon and a pledge of the Pledged Funds on a parity with the Parity Bonds. No owner of any 1994 Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the County, the State of Florida or any political subdivision thereof to pay the principal of or interest on any such Bond or shall be entitled to payment of such Bonds from any moneys of the County except the Pledged Funds, in the manner provided in the Resolution.

*Municipal Bond Insurance.* The payment of the principal of and interest on the 1994 Bonds when due will be insured by a financial guaranty insurance policy to be issued by the Insurer simultaneously with the delivery of the 1994 Bonds.

OFFICIAL STATEMENT  
Relating to  
\$11,680,000\*  
ST. JOHNS COUNTY, FLORIDA  
Sales Tax Revenue and Refunding Bonds  
Series 1994

March \_\_, 1994

**INTRODUCTION**

The purpose of this Official Statement, including the cover page, summary statement, and appendices, is to provide information concerning the proposed issuance by St. Johns County, Florida (the "County") of \$11,680,000\* aggregate principal amount of the County's Sales Tax Revenue and Refunding Bonds, Series 1994 (the "1994 Bonds"). The 1994 Bonds are issued 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, County Ordinance No. 86-89, and other applicable provisions of law, and Resolution No. 86-132 of the County duly adopted on September 30, 1986, as amended and supplemented, particularly as supplemented by Resolutions No. 89-143, No. 89-247 and No. 94-\_\_ duly adopted by the County on June 27, 1989, October 24, 1989 and March \_\_, 1994, respectively. (Resolution No. 86-132, as amended and supplemented is herein referred to as the "Resolution"). See Appendix C hereto for a summary of pertinent provisions of the Resolution.

The County encompasses approximately 617 square miles and is located in the northeast region of the State, immediately south of Duval County and Jacksonville, Florida. The largest of the County's three municipalities is St. Augustine, which is the county seat. The estimated 1993 population of the County is 91,197.

For a complete description of the terms and conditions of the 1994 Bonds, reference is made to the Resolution. Capitalized terms used herein and not defined are used as defined in the Resolution. The description of the 1994 Bonds and of the documents authorizing and securing the same and the description of other debt of the County do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each. All information included herein has been provided by the County except where attributed to other sources. Copies of documents not contained in this Official Statement and further information which may be desired may be obtained from the County's finance director, Mr. Michael R. Givens, C.P.A., St. Johns County Administration Building, 4020 Lewis Speedway, St. Augustine, Florida 32095, telephone (904) 823-2490, or from the County's Financial Advisor, Public Financial Management, Inc., 5900 Enterprise Parkway, Ft. Myers, Florida 33905, telephone (813)693-7117.

\* Preliminary; subject to change.

## PURPOSE OF THE 1994 BONDS

The 1994 Bonds are being issued to provide funds to (i) advance refund a portion of the County's outstanding Sales Tax Revenue Bonds, Series 1989, (ii) construct certain additional roadway improvements in connection with the County courthouse and administration facilities which were financed with the proceeds of the County's Sales Tax Revenue Bonds, Series 1989, and (iii) pay the cost of issuance with respect to the 1994 Bonds.

## REFUNDING PLAN

A portion of the proceeds of the 1994 Bonds will be used to provide the moneys needed to effect the defeasance of the County's outstanding Sales Tax Revenue Bonds, Series 1989 maturing on October 1, 1994 through 2011 (collectively, the "Refunded Bonds"). \$10,210,000\* of the County's Sales Tax Revenue Bonds, Series 1989 maturing on October 1, 2013 and October 1, 2019 will remain outstanding; such remaining outstanding Bonds are referred to as the "Parity Bonds." The County reserves the right to revise the bonds which constitute the Refunded Bonds and therefore the bonds which constitute the Parity Bonds, depending on market conditions at the time of the sale of the 1994 Bonds. Upon issuance of the 1994 Bonds, the County will enter into an Escrow Deposit Agreement with The Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida as escrow holder (the "Escrow Holder"), providing, among other things, for the deposit of a portion of the proceeds from the sale of the 1994 Bonds and other moneys specified therein with the Escrow Holder. Such amounts shall be invested by the Escrow Holder in 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 (the "Federal Securities"), in an amount which will be sufficient to pay the principal (including mandatory sinking fund installments) or redemption price of and interest on the Refunded Bonds as the same shall become due or called for redemption. The County will call the Refunded Bonds for redemption on October 1, 1997.

By deposit of the Federal Securities with the Escrow Holder pursuant to the Escrow Deposit Agreement, the County (in the opinion of Bond Counsel based upon schedules prepared by Public Financial Management, Inc. and rendered in reliance upon the report of Deloitte & Touche described under the heading VERIFICATION OF MATHEMATICAL COMPUTATIONS) will have effected the defeasance of the Refunded Bonds. As a result of such refunding, it is the opinion of Bond Counsel that the lien of the Refunded Bonds on the funds pledged therefor, together with all other obligations of the County to the owners of the Refunded Bonds under the resolution pursuant to which the Refunded Bonds were issued will be defeased.

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\* Preliminary; subject to change.

The maturing principal of and interest on the Federal Securities held under the Escrow Deposit Agreement will not be available to pay debt service on the 1994 Bonds.

## DESCRIPTION OF THE 1994 BONDS

### General

The 1994 Bonds shall be dated as set forth on the cover page of this Official Statement and are being issued as fully registered bonds without coupons in denominations of \$5,000 and integral multiples thereof. Interest on the 1994 Bonds (first payment due October 1, 1994 and semiannually on each April 1 and October 1 thereafter) will be payable by check or draft of The Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida, as Registrar and Paying Agent, mailed to the registered owner, as shown on the registration books of the Registrar on the 15th day of the month prior to each interest payment date (the "Record Date"). Principal of and premium, if any, on the 1994 Bonds are payable at maturity or redemption to the registered owner upon presentation, when due or when called for redemption, at the corporate trust office of the Paying Agent in Jacksonville, Florida.

### Optional Redemption

The 1994 Bonds maturing prior to October 1, \_\_\_\_\_ shall not be subject to redemption prior to maturity. The 1994 Bonds maturing on October 1, 200\_\_ or thereafter, may be redeemed prior to maturity at the option of the County, as a whole on October 1, 200\_\_, or on any date thereafter, or in part, from such maturity or maturities as the County shall designate and by lot within a maturity, on October 1, 200\_\_, or on any interest payment date thereafter, at the following redemption prices (expressed as a percentage of the principal amount of the 1994 Bonds to be redeemed) plus accrued interest to the redemption date during the following periods:

<u>Redemption Periods</u> <u>(both dates inclusive)</u>	<u>Redemption</u> <u>Prices</u>
October 1, 200__ to September 30, 200__	%
October 1, 200__ to September 30, 200__	
October 1, 200__ and thereafter	

### Mandatory Redemption

The 1994 Bonds maturing October 1, 2011 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 October 1, \_\_\_\_\_ and on each October 1 thereafter in the years and in the principal amounts corresponding to the Amortization Installments as follows:

Years

Amortization  
Installment

\$

Maturity

**Notice of Redemption**

Notice of redemption of the 1994 Bonds, unless waived, shall be mailed, postage prepaid, by first class mail by the Registrar not less than thirty (30) days nor more than sixty (60) days before the date fixed for redemption to the registered owners of any 1994 Bonds or portions of 1994 Bonds which are to be redeemed, at their addresses as they appear on the registration books kept by the Registrar or at such other address as such owner shall have furnished in writing to the Registrar. No defect in any notice of redemption or failure to give such notice to any owner of 1994 Bonds or failure of any owner to receive such notice shall in any manner defeat the effectiveness of a call for redemption as to all other owners of 1994 Bonds to be redeemed. Upon the giving of such notice of redemption, the 1994 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 County shall default in the payment of the redemption price) such 1994 Bonds or portions thereof shall cease to bear interest.

**AUTHORITY AND SECURITY FOR THE 1994 BONDS**

The 1994 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, particularly, Chapter 125, Part I, Florida Statutes, as amended, County Ordinance No. 86-89, and other applicable provisions of law, and the Resolution.

**Source of Payment**

The 1994 Bonds are payable solely from and secured by a pledge of and lien upon all moneys allocated to the County from the Local Government Half-cent Sales Tax Clearing Trust Fund in the State Treasury pursuant to the provisions of Part VI, Chapter 218, Florida Statutes, as amended, together with all moneys on deposit to the credit of certain funds and accounts created under the Resolution and the earnings on the investment thereof, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). The pledge of the Pledged Funds in favor of the 1994 Bonds is on a parity with the pledge of the Pledged Funds to the owners of the Parity Bonds.

Pursuant to Chapter 212, Part I, Florida Statutes, the State is authorized to levy and collect a sales tax on, among other things, the sales price of each item or article of tangible

personal property sold at retail in the State, subject to certain exceptions and dealer allowances as set forth in Chapter 212. Currently, the sales tax in the State is 6%, having been increased from 5% in February, 1988, and from 4% in 1982. Chapter 218, Part VI, Florida Statutes, was added in 1982 and provides that money remitted to the State by a sales tax dealer located within a county and transferred to the Local Government Half-cent Sales Tax Clearing Trust Fund in the State Treasury (the "Trust Fund") is earmarked for distribution to the governing body of that county and of each municipality within the county pursuant to a distribution formula. Chapter 212, Florida Statutes, provides that after specified distributions to the General Revenue Fund of the State and to the Solid Waste Management Trust Fund of the State, 9.653 percent of the remaining proceeds from the amount remitted by a sales tax dealer in a participating county is to be transferred to the Trust Fund. Such moneys are referred to in Chapter 218, Part VI, as the Local Government Half-cent Sales Tax. The Local Government Half-cent Sales Tax is distributed from the Trust Fund on a monthly basis to participating units of local government. Chapter 218, Part VI, permits the County to pledge its share of the Local Government Half-cent Sales Tax for the payment of principal of and interest on any capital project.

As initially enacted, Chapter 218, Part VI, Florida Statutes provided that the Local Government Half-cent Sales Tax was to be computed based upon one-half of the then newly effective 5th cent of the State sales tax. In 1985, the law was amended to provide that 9.697% of the proceeds of the sales tax remitted by a sales tax dealer located within the county was to be deposited in the Trust Fund. This percentage was amended in 1987 for the State's fiscal year ended June 30, 1988 to 9.846% and, for subsequent State fiscal years, 9.888%. Effective July 1, 1989 the present method of distribution described in the previous paragraph was enacted, with a percentage of 9.888%. Effective October 1, 1992, through June 30, 1993, the percentage was changed to 9.664%. Effective July 1, 1993, the percentage was set at its present rate of 9.653%.

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

- (a) the sale of tangible personal property sold at retail in the State;
- (b) the use, or storage for use, of tangible personal property in the State when the same is not sold in the State;
- (c) rentals on tangible personal property;
- (d) accommodations in hotels, motels, apartments and offices;
- (e) parking and storage places in parking lots, garages and marinas for motor vehicles of boats;
- (f) admissions to places of amusement, most sport and recreation events and theaters;
- (g) utilities, except those used in homes;
- (h) restaurant meals;

- (i) expendables used in radio and television broadcasting;
- (j) telegraph messages and long distance telephone calls beginning and terminating in the State; and
- (k) mail order sales to purchasers within the State.

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

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

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

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

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

County Share (percentage of total Half-cent Sales Tax receipts)	=	<u>unincorporated area population</u>	+	<u>2/3 incorporated area population</u>
		total county population	+	2/3 incorporated area population
Each Municipality Share (percentage of total Half-cent Sales Tax receipts)	=	<u>municipality population</u>		
		total county population	+	2/3 incorporated area population

Population is based upon the latest official State estimate of population certified prior to the beginning of the local government fiscal year. The population so computed for the County for the Fiscal Year ended September 30, 1993 is 91,197. The population for all of the incorporated areas in the County for the year ended September 30, 1993, is 16,193. The County's share of the Local Government Half-cent Sales Tax collected in the County for the fiscal years ended September 30, 1989 through 1993 has been 81.94%, 82.69%, 83.24%, 83.12% and 83.43%, respectively. Should any unincorporated area of the County become incorporated as a municipality, the share of the Local Government Half-cent Sales Tax received by the County would be reduced.

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

<u>Fiscal Year Ended September 30,</u>	<u>County Sales Tax Collections<sup>1</sup></u>	<u>County Half-cent Sales Tax Revenue<sup>2</sup></u>
1987	\$26,180,650	\$2,148,771
1988	34,661,453	2,804,608
1989	38,388,833	2,892,095
1990	43,393,301	3,330,963
1991	43,857,420	3,387,917
1992	46,757,075	3,607,567
1993	52,565,198	4,003,716

<sup>1</sup> The annual collections for the County are provided by the State Department of Revenue and are based on the State's fiscal year (July 1-June 30). Increases are due in part to increases in tax rates. The last increase in sales tax rates was in February, 1988.

<sup>2</sup> Amounts represent distribution from the State for the indicated County fiscal years.

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

	(Historical)		(Projected)				
	Fiscal Year Ended September 30,		Fiscal Year Ending September 30,				
	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Local Government Half-cent Sales Tax Distribution <sup>1</sup>	\$3,607,567	\$4,003,716	\$4,236,000	\$4,405,000	\$4,582,000	\$4,810,000	\$5,052,000
Maximum Annual Debt Service for the 1994 Bonds and the Parity Bonds	\$1,642,100	\$1,642,100	\$1,641,100	\$1,641,100	\$1,641,100	\$1,641,100	\$1,641,100
Estimated Debt Service Coverage <sup>2,3</sup>	2.19x	2.44x	2.58x	2.68x	2.79x	2.93x	3.08x

<sup>1</sup> The projected amounts have been obtained from the Florida Advisory Council on Intergovernmental Relations Handbook.

<sup>2</sup> Estimated Debt Service Coverage for Bond Years ending October 1, is based upon maximum annual debt service of \$1,641,100 for the 1994 Bonds and the Parity Bonds.

<sup>3</sup> Bond years ending October 1 of indicated year.

**Reserve Account**

Simultaneously with the issuance of the 1994 Bonds, the County is required by the Resolution to deposit in the Reserve Account the Reserve Account Requirement which is the lesser of (i) the Maximum Bond Service Requirement for the Parity Bonds, the 1994 Bonds and Additional Bonds (as defined below), (ii) 125% of average annual debt service for the Parity Bonds, the 1994 Bonds and Additional Bonds, or (iii) 10% of the proceeds of the Parity Bonds, the 1994 Bonds and Additional Bonds. Upon the issuance of Additional Bonds, the Resolution provides that in certain circumstances, the Reserve Account Requirement may be accumulated over a period of time. The Resolution also permits the Reserve Account Requirement to be funded by a surety bond, irrevocable letter of credit, guaranty or insurance policy issued in compliance with the Resolution. Moneys in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest or Amortization Installments on the Parity Bonds, the 1994 Bonds or Additional Bonds when the other moneys in the Sinking Fund are insufficient therefor, and for no other purpose.

A commitment has been issued by Municipal Bond Investors Assurance Corporation (the "Insurer") to issue a surety bond (the "Reserve Account Surety Bond"). The Reserve Account Surety Bond will provide that upon notice from the Paying Agent to the Insurer to the effect that insufficient amounts are on deposit in the Reserve Account to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the Parity Bonds

and the 1994 Bonds, the Insurer will promptly deposit with the Paying Agent an amount sufficient to pay the principal of and interest on the Parity Bonds and the 1994 Bonds or the available amount of the Reserve Account Surety Bond, whichever is less. Upon the later of: (i) three (3) days after receipt by the Insurer of a Demand for Payment in the form attached to the Reserve Account Surety Bond, duly executed by the Paying Agent; or (ii) the payment date of the Parity Bonds and the 1994 Bonds 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 the State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent (as specified in the Demand for Payment) subject to the Reserve Account Surety Bond coverage.

The available amount of the Debt Service Reserve Fund Surety Bond is the initial face amount of the Reserve Account Surety Bond less the amount of any previous deposits by the Insurer with the Paying Agent which have not been reimbursed by the County. The County and the Insurer have entered into a Financial Guaranty Agreement dated as of \_\_\_\_\_, 1994 (the "Agreement"). Pursuant to the Agreement, the County is required to reimburse the Insurer, within one year of any deposit, the amount of such deposit made by the Insurer with the Paying Agent under the Reserve Account Surety Bond. Such reimbursement shall be made only after all required deposits to the Sinking Fund have been made.

Under the terms of the Agreement, the Paying Agent is required to reimburse the Insurer, with interest, until the face amount of the Reserve Account Surety Bond is reinstated before any deposit is made to the Reserve Account. No optional redemption of Parity Bonds and 1994 Bonds may be made until the Insurer's Reserve Account Surety Bond is reinstated. The Reserve Account Surety Bond will be held by the Paying Agent in the Reserve Account and is provided as an alternative to the County's depositing funds equal to the Reserve Account Requirement for outstanding Bonds. The Reserve Account Surety Bond will be issued in the face amount equal to Maximum Bond Service Requirement for the Parity Bonds and the Parity Bonds and the 1994 Bonds, will be non-cancelable and the premium therefor will be fully paid by the County at the time of delivery of the 1994 Bonds.

#### **Additional Bonds**

The County may issue Bonds (the "Additional Bonds") payable from the Pledged Funds on a parity with the 1994 Bonds and the Parity Bonds then outstanding pursuant to the Resolution, provided that:

(1) The County is in compliance with all covenants and undertakings of the County (i) contained in the Resolution, in connection with all of the 1994 Bonds, the Parity Bonds and any Additional Bonds then outstanding, and (ii) made with respect to

any other bonds or other obligations of the County payable from the Pledged Funds or any part thereof and has not been in default as to any payment required to be made under the Resolution during at least the next preceding 24 months, or if at any such time the 1994 Bonds, the Parity Bonds and any Additional Bonds shall not have been outstanding for 24 months, then for the period that the 1994 Bonds, the Parity Bonds and any Additional Bonds shall have been outstanding.

(2) There shall have been obtained and filed with the County a statement of an independent certified public accountant of suitable experience and responsibility: (i) stating that he has examined the books and records of the County relating to the collection and receipt of the Local Government Half-cent Sales Tax; (ii) setting forth the amount of the Local Government Half-cent Sales Tax received by the County for any twelve (12) consecutive month period within the eighteen (18) consecutive months immediately preceding the date of the issuance of the Additional Bonds with respect to which such statement is made; (iii) stating that the aggregate amount of the Local Government Half-cent Sales Tax for such twelve consecutive month period equals or exceeds 125% of the maximum amount required in any subsequent fiscal year for the payment of the principal of and interest on the 1994 Bonds, the Parity Bonds and Additional Bonds previously issued then outstanding and the Additional Bonds with respect to which such statement is made. If, during such twelve consecutive month period, the moneys allocated to the County from the Trust Fund shall have increased pursuant to applicable legislation permitting the pledging of such money in the manner provided in the Resolution, the amount of the Local Government Half-cent Sales Tax stated for such twelve consecutive month period may be adjusted to reflect an amount which would have been allocated to the County had such increased rate been in effect throughout the entire term of such twelve consecutive month period.

The County has the right to issue one or more additional series of bonds which shall be junior and subordinate in all respects to the lien of the 1994 Bonds, the Parity Bonds and any Additional Bonds on the Pledged Funds and which, if expressly provided by the resolution authorizing the issuance thereof, shall achieve parity with the 1994 Bonds, the Parity Bonds and the Additional Bonds, in all respects, at such time as (i) the conditions prescribed in paragraph (1) above shall prevail, and (ii) there shall have been obtained and filed with the County a statement of an independent certified public accountant containing the statement specified in paragraph (2) above and demonstrating that the County shall have received, for a period of twelve consecutive months, an aggregate amount of Pledged Funds equal to or exceeding 125% of the maximum amount required in any subsequent fiscal year for the payment of the principal of and interest on the 1994 Bonds, the Parity Bonds and any Additional Bonds previously issued then outstanding and the principal of and interest on the formerly junior and subordinate bonds which shall then be achieving parity therewith; and if during such twelve consecutive month

period, the moneys allocated to the County from the Trust Fund shall have increased pursuant to applicable legislation permitting the pledging of such increase in the manner provided in the Resolution, the amount of the Pledged Funds for such twelve consecutive month period may be adjusted, for the purpose of junior and subordinate obligations achieving parity status with the 1994 Bonds, to reflect an amount which would have been allocated to the County had such increased rate been in effect throughout the entire term of such twelve consecutive month period.

#### **No Pledge of Credit or Taxing Power**

The 1994 Bonds shall not be or constitute general obligations or indebtedness of the County as "bonds" within the meaning of Article VII, Section 12 of the Constitution of the State of Florida, but shall be payable solely from and secured by a prior lien upon and a pledge of the Pledged Funds on a parity with the Parity Bonds. No owner of any 1994 Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the County, the State of Florida or any political subdivision thereof to pay the principal of or interest on any such Bond or shall be entitled to payment of such Bonds from any moneys of the County except the Pledged Funds, in the manner provided in the Resolution.

#### **Other Covenants**

The County has covenanted in the Resolution to keep books and records of the Pledged Funds. Within 180 days of the close of each Fiscal Year it shall furnish to any owner of 1994 Bonds who have requested such, copies of an annual audit report prepared by an independent certified public accountant or an auditing official of the State of Florida, covering for the preceding Fiscal Year, in reasonable detail, the record of the County's receipts of Pledged Funds.

The County also covenants to comply with all of the provisions of Part VI of Chapter 218, Florida Statutes, as amended, and all applicable regulations thereunder, in order that the County shall at all times receive the maximum allocation which it may be entitled to receive from the Trust Fund. The County agrees not to knowingly acquiesce in any attempt to eliminate or reduce the rate of the sales tax or the base upon which it is imposed, if such reduction will result in diminishing the proceeds it receives from the Trust Fund in each future Fiscal Year below an amount equal to 1.25 times the principal of and interest on the Parity Bonds, the 1994 Bonds and any Additional Bonds due in such year, and will vigorously resist all such attempts by others to eliminate or reduce the same. The County agrees to comply at all times with the eligibility requirement for participation in distributions received from the Trust Fund.

## MUNICIPAL BOND INSURANCE

Concurrently with the issuance of the 1994 Bonds, the Insurer will issue its Financial Guaranty Insurance Policy for the 1994 Bonds. A specimen of the Policy is contained herein as Appendix E. The information under this heading has been furnished by the Insurer for use in this Official Statement.

The Insurer's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the County to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the 1994 Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Insurer's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the 1994 Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The Insurer's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer's policy also does not insure against nonpayment of principal of or interest on the 1994 Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the 1994 Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of a 1994 Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such 1994 Bonds or presentment of such other proof of ownership of the 1994 Bonds, together with any appropriate instruments of assignment to

evidence the assignment of the insured amounts due on the 1994 Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the 1994 Bonds in any legal proceeding related to payment of insured amounts on the 1994 Bonds, such instruments being in a form satisfactory to Citibank, N.A., Citibank, N.A. shall disburse to such owners or the Paying Agent payment of the insured amounts due on such 1994 Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

The Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company. MBIA Inc. is not obligated to pay the debts of or claims against the Insurer. The Insurer is a limited liability corporation rather than a several liability association. The Insurer is domiciled in the State of New York and licensed to do business in all 50 states, the District of Columbia and the Commonwealth of Puerto Rico.

As of December 31, 1992, the Insurer had admitted assets of \$2.6 billion (audited), total liabilities of \$1.7 billion (audited), and total capital and surplus of \$896 million (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 1993 the Insurer had admitted assets of \$3.1 billion (audited), total liabilities of \$2.1 billion (audited) and total capital and surplus of \$978 million (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. Copies of the Insurer's year end financial statements prepared in accordance with statutory accounting practices are available from the Insurer. The address of the Insurer is 113 King Street, Armonk, New York 10504.

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

Standard & Poor's Ratings Group, a division of McGraw Hill ("Standard & Poor's"), rates all new issues insured by the Insurer "AAA" Prime Grade.

The Moody's Investors Service rating of the Insurer should be evaluated independently of the Standard & Poor's rating of the Insurer. No application has been made to any other rating agency in order to obtain additional ratings on the 1994 Bonds. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the 1994 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward

revision or withdrawal of either or both ratings may have an adverse effect on the market price of the 1994 Bonds.

The insurance provided by this Policy is not covered by the Florida Insurance Guaranty Association created under Chapter 631, Florida Statutes.

**SOURCES AND USES OF FUNDS**

The proceeds to be received from the sale of the 1994 Bonds, together with other moneys of the County, are expected to be applied as described below:

**Sources:**

Principal Amount of 1994 Bonds	\$
Less: Original Issue Discount	
Accrued Interest on the 1994 Bonds	
Sinking Fund for the Refunded Bonds	_____
<b>Total Sources:</b>	<b>\$</b> _____

**Uses:**

Deposit with Escrow Holder	\$
Deposit to Construction Fund	
Deposit to Interest Account	
Underwriter's Discount	
Cost of Issuance (including bond insurance premium)	_____
<b>Total Uses:</b>	<b>\$</b> _____

**DEBT SERVICE SCHEDULE**

The following table sets forth the debt service schedule for the 1994 Bonds.

Bond Year Ending October 1,	1994 Bonds		Parity Bonds	Total Debt Service for the 1994 Bonds and the Parity Bonds
	Principal	Interest		
1994	\$	\$		\$
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				
2006				
2007				
2008				
2009				
2010				
2011				
2012			\$1,641,100	
2013			1,638,600	
2014			1,638,600	
2015			1,639,300	
2016			1,640,800	
2017			1,637,800	
2018			1,640,300	
2019			1,637,700	
Totals	\$	\$	\$13,114,200	\$

<sup>1</sup> Includes accrued interest of \$ \_\_\_\_\_.

**ADDITIONAL BOND FINANCING**

The County expects to sell \$11,565,000\* in aggregate principal amount of its Limited Ad Valorem Tax Refunding Bonds, Series 1994, the proceeds of which will be used to refund the County's \$3,560,000 outstanding Limited Ad Valorem Tax Refunding Bonds, Series 1988 and its \$7,265,000 outstanding General Obligation Bonds, Series 1989. Such sale is expected to take place on or about the date the 1994 Bonds are sold. If such Limited Ad Valorem Tax Refunding Bonds are sold, they are expected to be issued on the

\* Preliminary; subject to change.

same date as the issuance of the 1994 Bonds. The County can give no assurance that such transaction will take place.

### **LEGAL MATTERS**

Certain legal matters in connection with the authorization, issuance and sale of the 1994 Bonds are subject to the approval of Foley & Lardner, Jacksonville, Florida, Bond Counsel, the form of whose approving opinion is attached hereto as Appendix D. Certain legal matters will be passed upon for the County by James G. Sisco, Esquire, St. Augustine, Florida, County Attorney, and for the Underwriter by its counsel, Rogers, Towers, Bailey, Jones & Gay, Jacksonville, Florida.

### **LITIGATION**

Several lawsuits and claims have been filed against the County and against its sheriff seeking substantial damages, including punitive damages, for injuries alleged to have been incurred by reason of the negligence or wrongful acts of the County, the sheriff, or other officials, deputies or employees. Such lawsuits and claims are being defended or investigated by the insurers of the County or sheriff. The County Attorney's opinion set forth in the next paragraph does not take into account the effect of those lawsuits or claims.

In the opinion of the County Attorney, there are no legal proceedings pending or threatened which materially affect the County's ability to perform its obligations to the owners of the 1994 Bonds. Further, in his opinion, there is no litigation or controversy of any nature now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the 1994 Bonds or in any way contesting the validity of the 1994 Bonds or any proceedings of the County taken with respect to the authorization, sale, or issuance of the 1994 Bonds or the pledge or application of any moneys provided for the payment of the 1994 Bonds.

### **TAX MATTERS**

#### **Federal Tax Matters**

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which may apply to the 1994 Bonds, including investment restrictions, a requirement of periodic payments of arbitrage profits to the United States, requirements regarding the use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to use its best efforts to comply with all requirements of the Code that must be satisfied in order for the interest on the 1994 Bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements

could cause interest on the 1994 Bonds to be included in gross income retroactive to the date of issuance of the 1994 Bonds.

Subject to the condition that the County comply with the pertinent requirements of the Code, under existing law, in the opinion of Bond Counsel, interest on the 1994 Bonds will be excluded from the gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Reference is made to a proposed form of the Bond Counsel opinion attached hereto as Appendix D for the complete text thereof.

In rendering the opinion, Bond Counsel will rely upon certificates of the County with respect to certain material facts relating to the property financed and refinanced with the proceeds of the 1994 Bonds and the application of the proceeds of the 1994 Bonds.

The Code contains numerous provisions which could affect the economic value of the 1994 Bonds to certain owners of the 1994 Bonds. The following is a brief summary of some of the significant provisions that may be applicable to particular owners of the 1994 Bonds. Prospective owners of the 1994 Bonds, however, should consult their own tax advisors with respect to the impact of such provisions on their own tax situations.

The 1994 Bonds will not be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. Interest on indebtedness incurred or continued to purchase or carry the 1994 Bonds or, in the case of banks and certain other financial institutions, interest expense allocable to interest on the 1994 Bonds, will not be deductible for federal income tax purposes.

Insurance companies (other than life insurance companies) are required to reduce the amount of their deductible underwriting losses by 15% of the amount of tax-exempt interest received or accrued on certain obligations, including the 1994 Bonds, acquired after August 7, 1986. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income. Life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest, such as interest on the 1994 Bonds.

Interest on the 1994 Bonds must be included in the "adjusted current earnings" of corporations (other than S corporations, regulated investment companies, real estate investment trusts and REMIC's), and the alternative minimum taxable income of such corporations must be increased by 75% of the excess of adjusted current earnings over alternative minimum taxable income (determined with regard to this adjustment and prior to reduction for certain net operating losses).

An environmental tax is imposed on corporations (other than S corporations, regulated investment companies, real estate investment trusts and REMIC's) by Section 59A of the Code. The amount of the environmental tax is equal to 0.12% of the excess of the alternative minimum taxable income (determined without regard to net operating losses and the deduction for the environmental tax) over \$2 million. The environmental tax may be imposed even if the corporation pays no alternative minimum tax because the corporation's regular income tax liability exceeds its alternative minimum tax liability. For purposes of the environmental tax, alternative minimum taxable income includes interest on tax-exempt obligations, such as the 1994 Bonds, to the same extent and in the same manner as such interest is included in alternative minimum taxable income as described in the preceding paragraph.

Certain recipients of social security benefits and railroad retirement benefits are required to include a portion of such benefits in gross income by reason of the receipt or accrual of interest on tax-exempt obligations, such as the 1994 Bonds.

For foreign corporations that operate branches in the United States, Section 884 of the Code imposes a branch level tax on certain earnings and profits in tax years beginning after 1986. Interest on tax-exempt obligations, such as the 1994 Bonds, may be included in the determination of such domestic branches' taxable base on which this tax is imposed.

Passive investment income, including interest on the 1994 Bonds, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation consists of passive investment income.

### **Florida Tax Matters**

It is also the opinion of Bond Counsel that, under existing law, the 1994 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, as defined by Chapter 220, Florida Statutes, as amended.

### **Original Issue Discount**

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each 1994 Bond maturing in \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ (the "Discount Bonds"), to the extent properly allocable to each owner of a Discount Bond, is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Discount Bond is or would be excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of such Discount

Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discount Bond were sold (the "Issue Price").

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the Issue Price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of each accrual period), less (iii) any interest payable on such Discount Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, and will increase the owner's tax basis in such Discount Bond. The adjusted tax basis in a Discount Bond will be used to determine taxable gain or loss upon a disposition (*e.g.*, upon a sale, exchange, redemption, or payment at maturity) of such Discount Bond.

If a Discount Bond is purchased for a cost that exceeds the sum of the Issue Price plus accrued interest and accrued original issue discount, the amount of original issue discount that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Discount Bonds.

As described above regarding tax-exempt interest, a portion of the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. In the case of a corporation, such portion of the original issue discount will be included in the calculation of the corporation's alternative minimum tax liability, the environmental tax liability and the branch profits tax liability. Corporate owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, an environmental tax liability or a branch profits tax liability although the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners of Discount Bonds who did not purchase such Discount Bonds in the initial offering at the Issue Price should consult their own tax advisors with respect to the tax consequences of owning such Discount Bonds.

Owners of such Discount Bonds should consult their own tax advisors with respect to state and local tax consequences of the Discount Bonds. It is possible that under the applicable provisions governing the determination of state and local income taxes, accrued original issue discount on the Discount Bonds may be

deemed to be received in the year of accrual, even though there will not be a corresponding cash payment until a later year.

#### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The accuracy of (i) the mathematical computation of the adequacy of the cash and the Federal Securities to be held under the Escrow Deposit Agreement to pay, when due or when called for redemption, the principal of, premium and interest on the Refunded Bonds and (ii) the mathematical computations supporting the conclusion that the 1994 Bonds are not "arbitrage bonds" under Section 148 of the Code will be verified for the County by Deloitte & Touche. Such verification of mathematical accuracy and mathematical computations will be based upon information supplied by Public Financial Management, Inc.

#### **RATINGS**

The 1994 Bonds have been rated \_\_\_\_\_ and \_\_\_\_\_ by Moody's Investors Service and Standard & Poor's Corporation, respectively with the understanding that upon delivery of the 1994 Bonds, a policy insuring the payment when due of the principal and interest on the 1994 Bonds will be issued by the Insurer. An explanation of the significance of any ratings may be obtained only from the rating agency furnishing the same. There is no assurance that such ratings will be in effect for any given period of time or that they will not be revised upward or downward or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. Any such downward revision or withdrawal of any ratings may have an adverse effect on the market price of the 1994 Bonds.

#### **UNDERWRITING**

William R. Hough & Co., (the "Underwriter") has agreed, subject to certain customary conditions to closing, to purchase the 1994 Bonds from the County at par plus accrued interest less an aggregate underwriting discount of \$\_\_\_\_\_ and an original issue discount of \$\_\_\_\_\_. The Underwriter will be obligated to purchase all of the 1994 Bonds if any such 1994 Bonds are purchased. The public offering prices may be changed, from time to time, by the Underwriter.

## **FINANCIAL ADVISOR**

The County has retained Public Financial Management, Inc., Fort Myers, Florida, as Financial Advisor (the "Financial Advisor") in connection with preparation of the County's plan of financing and with respect to the authorization and issuance of the 1994 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. Public Financial Management, Inc. is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments. Public Financial Management, Inc. is a wholly-owned subsidiary of Marine Midland Bank, N.A.

## **ANNUAL FINANCIAL REPORT**

The Component Unit Financial Statements of the Board of County Commissioners of the County for the Fiscal Year ended September 30, 1993, reproduced herein as Appendix A, are integral parts of this Official Statement. Copies of the Financial Statements and the report of the auditors are available from the Finance Director upon request. The security for the 1994 Bonds is limited to the Pledged Funds as described under "AUTHORITY AND SECURITY FOR THE 1994 BONDS."

## **MISCELLANEOUS**

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

Section 517.051, Florida Statutes provides for the exemption from registration of certain government securities, such as the 1994 Bonds, provided that, if the issuer thereof has been in default at any time after December 31, 1975 as to principal or interest on obligations, its securities may not be offered or sold in Florida pursuant to this exemption except by means of an offering circular containing a full and fair disclosure of such defaults, as prescribed by rules of the Florida Department of

Banking and Finance (the "Department"). Under the rules of the Department, the prescribed disclosure is not required if the information is not an appropriate disclosure because such information would not be considered material by a reasonable investor. The County is not and has not been in default as to principal and interest on non-conduit bonds or other non-conduit debt obligations which it has issued or guaranteed. The County is not undertaking an independent review of bonds or other debt obligations for which it served only as a conduit issuer, if any. Because the source of payment for any defaulted conduit bonds would be separate and distinct from the source of payment for the 1994 Bonds and would not be an obligation of the County other than to the extent the County receives funds from the party borrowing the proceeds of such bonds, any default on such bonds is not considered a material fact with respect to the 1994 Bonds.

**AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT**

The delivery of this Official Statement has been duly authorized by the Board of County Commissioners of the County. Concurrently with the delivery of the 1994 Bonds, the undersigned or the then Chairman or Vice Chairman of the Board will furnish his or her certificate to the effect that, to the best of his or her knowledge, this Official Statement did not as of its date and does not as of the date of the delivery of the 1994 Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purposes for which this Official Statement is to be used, or which is necessary in order to make the statements made herein, in light of the circumstances in which they were made, not misleading.

**ST. JOHNS COUNTY, FLORIDA, BOARD  
OF COUNTY COMMISSIONERS**

By: \_\_\_\_\_  
Chairman

## APPENDIX B

### GENERAL INFORMATION CONCERNING THE COUNTY

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

#### Location

St. Johns County (the "County") encompasses approximately 617 square miles and is located in the northeast region of the State of Florida. The County is located directly south of Duval County, Florida, and is bordered on the west by the St. Johns River, on the south by Flagler County, and on the east by the Atlantic Ocean.

There are three incorporated municipalities located in the County: St. Augustine, Hastings and St. Augustine Beach. St. Augustine, which was founded in 1565, is the oldest permanent European settlement in the United States and is the county seat. A small portion of the municipality of Marineland (primarily located in Flagler County) on which no improvements are located is also a part of the County.

#### Population

St. Johns County currently ranks 32nd out of Florida's 67 counties in gross population and ranks ninth statewide in the percentage change in population growth from 1980 to 1990.

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

<u>Year</u>	<u>Population</u>
1940 U.S. Census	20,012
1950 U.S. Census	24,998
1960 U.S. Census	30,034
1970 U.S. Census	31,025
1980 U.S. Census	51,303
1990 U.S. Census	83,829
1991 Estimate <sup>1</sup>	86,118
1992 Estimate <sup>1</sup>	88,417
1993 Estimate <sup>1</sup>	91,197

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<sup>1</sup> University of Florida Bureau of Economic and Business Research.

#### Commerce and Industry

A combination of historical significance, favorable climate, and available recreational facilities including public beaches, golf courses, tennis courts, and cultural events has made the County a national and international tourist destination attracting more than a million visitors annually.

The County is home to a number of state, national and international business and sports organizations all contributing to a stable economy. Among those headquartered in the County are the PGA Tour, Inc., Association of Tennis Professionals, Flagler College, Florida School for the Deaf and Blind, Florida National Guard, and Florida East Coast Railway. Construction is about to begin in the northwestern part of the county on the World Golf Village complex. The project is a combined effort of the public and private sectors and includes the PGA Tour Hall of Fame, the LPGA Hall of Fame, the Mayo Clinic Sports Research Facility and exhibits by the United States Golf Association, Augusta National and the Royal and Ancient Golf Club of St. Andrews.

While tourism ranks highly in the economy, manufacturing and commercial activities, including food processing, airplane modification and repair, book binding, aluminum extrusion and commercial fishing play key roles.

**Agriculture**

Agribusiness remains a key sector of the state and the northeast region's economy. Agriculture is a major industry in the County and in 1992 provided the County with on-farm revenue in excess of \$57 million.

St. Johns County is known as the potato and cabbage capital of Florida, and leads the other counties in Florida in value of these products. Agriculture commodities produced in the County and their respective values for 1992 are as follows:

Potatoes	\$42,600,000
Forest Products	4,000,000
Ornamental Horticulture	4,000,000
Cabbage	2,600,000
Corn and Hay	2,000,000
Other Vegetables	1,000,000
Livestock and Dairy	<u>1,000,000</u>
Total	\$57,200,000

Source: Florida Department of Agriculture St. Johns County Extension Service, January, 1993.

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

**Employment**

The following table shows the average monthly employment by category for the second quarter ending June, 1993.

<u>Distribution</u>	<u>Number of Employees</u>	<u>Percentage of Total</u>
Manufacturing	3,111	10.44%
Construction	1,215	4.08
Transportation, Communications & Utilities	556	1.87
Wholesale Trade	1,109	3.72
Retail Trade	7,626	25.59
Finance, Insurance and Real Estate Service	1,060	3.56
Government	4,825	16.19
Agriculture (Except Domestic, Self Employed, Unpaid Family Workers and Seasonal Workers)	<u>971</u>	<u>3.26</u>
TOTAL	29,799	100.00%

<sup>1</sup> Subtotals may not equal totals due to disclosure editing and/or rounding.

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

## Major Employers

The following table shows some of the major employers in St. Johns County and their approximate level of employment as of February, 1994.

<u>Establishment</u>	<u>Product</u>	<u>Approximate Employment</u>
St. Johns County School System	Education	3,090
St. Johns County	County Government	827
Flagler Hospital	Health Care	786
Grumman St. Augustine Corporation	Aircraft overhaul and modification	720
Florida School for the Deaf and Blind	Educational Institution	555
V.A.W. of America, Inc.	Aluminum Extrusion	500
Florida Department of Military Affairs	Florida National Guard Headquarters	322
Luhrs Corporation	Pleasure Crafts/Sport Fishing Boats	313 <sup>1</sup>
City of St. Augustine	Municipal Government	250
Tree of Life, Inc.	Health Food Distributor	227
Flagler College	Four-year Liberal Arts College	209
Florida East Coast Railway	Intrastate Railroad Freight & Express	190
Ideal Division of Epicor Industries, Inc.	Automotive Products	160
Tensolite Company	Hi-tech Wire Insulation	150
Holloway Sportswear, Inc.	Sports Clothing	120

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<sup>1</sup> Seasonal.

Source: St. Augustine and St. Johns County Chamber of Commerce, 1994.

## Tourism and Recreation

A combination of favorable climate and available recreational activities including public beaches, tennis courts, golf courses and cultural performances has made tourism a major industry in the County. Each year, more than one

million people visit the County to tour its 300-year-old fortress, utilize the recreation facilities and to enjoy the antiquity of the nation's oldest city.

### **Transportation Facilities**

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

**Land:** Three major north/south highways, Interstate 95, U.S. 1 and State Route A1A, serve the County. Bus transportation is provided to St. Augustine by Greyhound with 5 northbound and 11 southbound buses each day.

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

**Waterways:** The Port of St. Augustine provides access to the St. Augustine Inlet, the Intracoastal Waterway and the Atlantic Ocean. The nearest deep water port is in Jacksonville.

### **Health Care Facilities**

Medical facilities are provided by Flagler Hospital, which has 230 beds. There are approximately 100 physicians in the area, including specialists in most fields. The County has six nursing homes; one of which is partially funded by the County and five of which are private establishments.

### **Education**

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

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Source: St. Augustine and St. Johns County Chamber of Commerce, 1994.

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

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>	<u>State Unemployment Rate</u>
1982	23,924	21,709	2,215	9.3%	8.2%
1983	24,752	22,073	2,679	10.8	8.6
1984	29,212	26,953	2,259	7.7	6.3
1985	31,263	28,953	2,310	7.4	6.0
1986	35,097	32,815	2,282	6.5	5.7
1987	37,681	35,471	2,210	5.9	5.3
1988	38,781	36,761	2,020	5.2	5.0
1989	39,288	37,030	2,258	5.7	5.6
1990	40,011	37,761	2,250	5.6	5.9
1991	40,510	37,889	2,621	6.5	7.3
1992	44,089	41,174	2,915	6.6	8.2
1993	45,080	42,189	2,891	6.4	7.0

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

ST. JOHNS COUNTY, FLORIDA  
TAXABLE ASSESSED PROPERTY VALUATIONS

<u>Tax Roll Year</u>	<u>Non-Exempt Real Property Valuations</u>	<u>Non-Exempt Personal Valuations</u>	<u>Non-Exempt Utilities Railroad</u>	<u>Total Taxable Assessed Property Valuations</u>
1983	\$1,223,400,247	\$144,639,034	\$12,030,202	\$1,380,069,483
1984	1,390,251,339	164,456,858	7,626,145	1,562,334,342
1985	1,670,984,352	185,401,615	8,022,393	1,864,408,360
1986	1,962,247,284	206,521,804	1,072,961	2,169,842,049
1987	2,184,537,016	233,803,639	14,441,818	2,432,782,473
1988	2,462,124,391	244,414,748	15,577,014	2,722,116,153
1989	2,915,553,142	271,870,308	11,858,243	3,199,281,693
1990	3,200,364,647	299,669,118	12,107,655	3,512,141,420
1991	3,399,910,947	307,882,418	11,995,281	3,719,788,646
1992	3,528,333,247	310,968,580	10,492,944	3,849,794,771
1993	3,849,758,343	302,035,159	9,447,083	4,161,240,585

Source: State of Florida, Department of Revenue, Florida Ad Valorem Valuations and Tax Data for 1983-1990; Property Appraiser, St. Johns County for 1991-1993.

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

Tax Roll Year	Property Taxes Levied	Total Tax Collections <sup>1</sup>	% of Levy Collected <sup>2</sup>	Delinquent Tax Uncollected
1983	\$23,677,638	\$23,320,383	98.49%	\$357,255
1984	25,229,244	24,805,582	98.32	423,662
1985	31,295,519	31,042,190	99.19	253,329
1986	35,941,927	35,594,355	99.03	347,572
1987	40,160,327	39,785,685	99.07	374,642
1988	46,313,747	45,855,152	99.01	458,595
1989	59,828,202	58,709,509	98.13	1,118,693
1990	66,515,233	65,324,133	98.21	1,191,100
1991	70,079,557	69,486,147	99.15	593,410
1992	70,993,958	72,455,946	99.26	538,012
1993 <sup>3</sup>	77,947,963	63,666,947	81.68	

<sup>1</sup> Aggregate amount of tax collections as of close-out of fiscal year ending September 30, which includes the aggregate amount of discounts actually taken by taxpayers as allowed by Florida law. A 4% discount is allowed if the taxes are paid in November with the discount declining by 1% each month thereafter. Total tax collections include current taxes paid, tax certificate proceeds, delinquent tax payments upon taxable personal property and any prior period payments on County-held tax certificates.

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

<sup>3</sup> Process not completed until September, 1994; amounts reflect collections through February 5, 1994.

Source: State of Florida, Department of Revenue, Florida Ad Valorem Valuations and Tax Data for 1983-1990; Tax Collector, St. Johns County for 1991-1993.

ST. JOHNS COUNTY, FLORIDA  
NET DEBT STATEMENT  
as of March 2, 1994  
(Adjusted to give effect to the issuance of the 1994 Bonds  
and the Limited Ad Valorem Tax Refunding Bonds, Series 1994)

<u>Direct Debt</u>	<u>General Obligation Bonds</u>	<u>Non-Self Supporting Revenue Bonds</u>	<u>Self Supporting Revenue Bonds</u>
Limited Ad Valorem Tax Refunding Bonds, Series 1994	\$11,565,000*		
Water and Sewer Revenue Bonds, Series 1989 (\$10,430,000) and Water and Sewer Revenue Bonds, Series 1990B-I and Series 1990B-II (\$21,265,000)			\$28,662,898
Water and Sewer Revenue Bonds, Series 1991A			15,526,779
Water and Sewer Subordinated Revenue Bonds, Series 1991			2,250,000
Solid Waste Disposal Revenue Bonds, Series 1990 (\$12,496,482 less \$1,134,000 in Reserve Account)			11,362,482
Sales Tax Revenue Bonds, Series 1989		\$10,210,000*	
Sales Tax Revenue and Refunding Bonds, Series 1994		11,680,000*	
Capital Improvement Revenue Bonds, Series 1987A (\$1,990,000 less \$189,269 in Reserve Account)		1,800,731	
Transportation Improvement Revenue Refunding Bonds, Series 1992	<u>                    </u>	<u>11,430,000</u>	<u>                    </u>
Total Direct Debt	\$11,565,000	\$35,120,731	\$ 57,802,159

\* Preliminary; subject to change.

<u>Direct Debt</u>	<u>General Obligation Bonds</u>	<u>Non-Self Supporting Revenue Bonds</u>	<u>Self Supporting Revenue Bonds</u>
<u>Underlying Debt</u>			
City of St. Augustine, Florida Water and Sewer Revenue Refunding Bonds, Series 1986 (\$27,445,000)			\$25,790,000
City of St. Augustine, Florida Public Service Tax and Guaranteed Entitlement Revenue Bonds, Series 1992		7,540,000	
Parking Facilities Acquisition Revenue Bonds, Series 1990		820,000	
St. Augustine Airport Authority District St. Augustine Airport Authority Bonds, Dated 2/1/65 (District is comprised of approximately 1/4 of the County's area)	\$ 50,000		
City of Hastings, Florida Water and Sewer Bonds (\$1,002,700 less \$47,419 in Reserve Account)			955,281
St. Johns County Board of Public Instruction Certificates of Indebtedness Dated 6/1/67 (\$370,000 less \$102,287 in Reserve Account)		267,713	
School District of St. Johns County, Florida General Obligation Refunding Bonds, Series 1993	<u>48,035,000</u>	_____	_____
Total Underlying Debt	\$48,085,000	\$ 8,627,713	\$26,745,281
Total Direct and Underlying Debt	\$59,650,000	\$43,748,444	\$84,547,440

## DEBT RATIOS

Direct and Underlying General Obligation Debt	\$59,650,000
Per Capita	\$654.08
As a Percent of Taxable Assessed Valuation	1.43%
As a Percent of Total Assessed Valuation	1.12%
Direct and Underlying General Obligation and Non-Self Supporting Revenue Debt	\$103,398,444
Per Capita	\$1,133.79
As a Percent of Taxable Assessed Valuation	2.48%
As a Percent of Total Assessed Valuation	1.95%
1993 St. Johns County Population Estimate	91,197
1993 Taxable Assessed Valuation for St. Johns County	\$ 4,161,240,525
1993 Total Assessed Valuation for St. Johns County	\$ 5,309,474,008

### Police and Fire Protection

St. Johns County is served by the Sheriff's Office, which has approximately 400 full- and part-time employees including deputies, the detective division, communications, jail and administrative personnel. There are sixteen fire stations operating within the County, served by volunteers. The County operates a special rescue unit manned by trained emergency medical technicians.

### Government

The Board of County Commissioners of St. Johns County is organized under Article VIII of the Constitution of the State of Florida which empowers the creation of counties as a political subdivision of the state. St. Johns County is a nonchartered county and has the power of self government as provided by general and special law through county ordinances. Under the Constitution of the State of Florida, the offices of Clerk of Court, Property Appraiser, Sheriff, Tax Collector and Supervisor of Elections are specifically authorized and empowered to provide their functional services independently of the Board. The Board of County Commissioners of the County enacted an ordinance which established the office of the County Administrator, who serves as the Chief Administrative Officer of the County and is responsible for the administration of County departments, services and agencies as authorized by the Board of County Commissioners. The County School Board is a separately organized taxing entity not under the jurisdiction of the Board of County Commissioners and has specific legislative authority granted by the Constitution. The Board of County Commissioners is a seven member body with five members elected from districts and two elected countywide. The Board serves as the taxing authority for certain entities authorized by the Constitution of the State of Florida including the constitutional officers and special taxing districts that are authorized under legislation and approved by the Board of County Commissioners. Certain dependent county taxing districts also come under the purview of the Board's taxing limitations. The current general taxing limitation for the Board of County Commissioners is ten mills plus an additional ten mills in municipal service taxing or benefit units in unincorporated areas of the County, as authorized by the Legislature. A mill generates one dollar of tax for every one thousand dollars of taxable value.

SUMMARY OF PERTINENT PROVISIONS OF THE RESOLUTION

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

Resolution to Constitute Contract

The Resolution is declared to be and shall constitute a contract between the County and all owners of the 1994 Bonds, the Parity Bonds and any Additional Bonds (collectively, the "Bonds"); and the covenants and agreements set forth in the Resolution to be performed by the County are and shall be for the equal benefit, protection and security of all owners, all of which shall be of equal rank and without preference, priority or distinction of any of the Bonds over any other, except as provided in the Resolution.

Negotiability, Registration, Transfer and Exchange

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

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

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

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

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

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

#### Bonds Mutilated, Destroyed, Stolen or Lost

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

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

#### Bonds Not to Be Indebtedness of County

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

## Security for Bonds

The payment of the principal of and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and prior lien upon the Pledged Funds. The County irrevocably pledges the Pledged Funds to the payment of the principal of and premium, if any, and interest on the Bonds and for reserves therefor and for all other payments required by the Resolution. The 1994 Bonds are payable from the Pledged Funds on a parity, equally and ratably, with the Parity Bonds.

## Covenants of the County

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

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

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

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

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

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

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

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

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

The Revenue Fund and the Sinking Fund and all other special funds and accounts created and established in the Resolution shall constitute trust funds for the purposes provided in the Resolution. The Resolution creates a lien upon such funds and accounts in favor of the owners of the Bonds until the moneys deposited therein shall have been applied in accordance with the Resolution.

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

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

All such moneys shall be continuously secured in the manner provided in the Resolution. Any and all income received by the County from the investment of moneys in the

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

(C) Compliance with Part VI, Chapter 218, Florida Statutes. The County covenants and agrees that it will comply with all of the provisions of Chapter 218, Part VI, Florida Statutes, as amended, and all applicable regulations thereunder, in order that the County shall at all times receive the maximum allocation which it may be entitled to receive from the Local Government Half-cent Sales Tax Clearing Trust Fund. The County shall not knowingly acquiesce in any attempt to eliminate or reduce the rate of the Sales Tax or the base upon which it is imposed, if such reduction will result in diminishing the Sales Tax proceeds to be received by the County in each future Fiscal Year below an amount equal to 1.25 times the principal of and interest on the Bonds falling due in that year, and will vigorously resist all such attempts by others to eliminate or reduce the same. The County shall comply at all times with the eligibility requirement for participation in the Sales Tax enumerated in Section 218.63, Florida Statutes. If for any reason the Sales Tax proceeds are found not legally sufficient to produce the full amount of Sales Tax proceeds which such tax might produce in order to meet all the requirements of the Resolution, the County covenants that to the extent permitted by law it will take all action reasonably practicable and feasible to cause the same to be replaced by another equivalent source of available non ad valorem revenues and will dedicate such revenues to the replacement of the Pledged Funds, to the extent necessary.

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

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

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

(F) Creation of Superior Liens. The County covenants that it will not issue any other notes, bonds, certificates or obligations of any kind or nature or create or cause or permit to be created any debt, lien, pledge, assignment or encumbrance or charge payable from or

enjoying a lien upon any of the Pledged Funds ranking prior and superior to the lien created by the Resolution for the benefit of the Bonds.

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

(H) Arbitrage. The County covenants that it will not knowingly make any investments or acquiesce in the making of any investments by any depository pursuant to or under the provisions of the Resolution which could cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations issued thereunder (the "Code"). The County covenants that it shall pay from the special account described in paragraph (2) below, any rebate amount required to be paid on behalf of the County to the U.S. Treasury pursuant to Section 148 of the Code. The County shall take the following actions to provide for payment to the U.S. Treasury pursuant to Section 148 of the Code:

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

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

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

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

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

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

#### Events of Default and Remedies

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

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

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

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

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

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

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

(G) the County shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolution on the part of the County to be performed, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given the County by the owners of not less than 25% in principal amount of the Bonds then outstanding; or

(H) a default shall occur under the Financial Guaranty Agreement executed by the County and Municipal Bond Investors Assurance Corporation in connection with the Reserve Instrument relating to the Parity Bonds;

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

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

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

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

#### **Modification or Amendment**

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

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

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

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

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

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

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

#### Defeasance

If, at any time, the County shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to the Bonds, then, and in that event, the pledge of and lien on the Pledged Funds in favor of the owners of such Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit by the County of 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 owners of such Bonds, in an aggregate principal amount which, together with interest to accrue thereon, will be sufficient to make timely payment of the principal of and redemption premiums, if any, and interest accrued and which shall thereafter accrue on such Bonds in accordance with their terms, the registrar's and paying agents' fees and expenses with respect thereto and any other expenses occasioned by escrow arrangements or provision for redemption, shall be considered "provision for payment." Nothing contained in the Resolution shall be deemed to require the County to call any of the outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the County in determining whether to exercise any such option for early redemption. The agreement providing for the deposit of such securities may provide for the investment of moneys unclaimed by owners and for payment to the County of such unclaimed moneys and investment earnings thereon.

## [FORM OF BOND COUNSEL LEGAL OPINION]

\_\_\_\_\_, 1994

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

Ladies and Gentlemen:

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

\$ \_\_\_\_\_  
ST. JOHNS COUNTY, FLORIDA  
SALES TAX REVENUE AND REFUNDING BONDS  
SERIES 1994  
Dated as of March 15, 1994

The Bonds are issued pursuant to the Constitution and laws of the State of Florida, including particularly Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No. 86-89 and Resolution No. 86-132 duly adopted by the Issuer on September 30, 1986, as previously amended and supplemented, particularly as supplemented by Resolution No. 89-143 duly adopted by the Issuer on July 27, 1989, as amended and supplemented, and Resolution No. 94-\_\_\_ duly adopted by the Issuer on March \_\_, 1994, as supplemented (collectively, the "Resolution"), 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 financed with the Series 1989 Bonds and pay certain costs of issuance with respect to the Bonds. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

The principal of, premium, if any, and interest on the Bonds are payable solely from and secured by a prior lien upon and a pledge of the Local Government Half-cent Sales

The Honorable Chairman and the  
Members of the Board of County  
Commissioners of St. Johns County  
\_\_\_\_\_, 1994

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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"). The Bonds are payable from the Pledged Funds on a parity with the Series 1989 Bonds maturing October 1, \_\_\_\_ and October 1, 2019 (the "Parity Obligations"), in the manner provided in the Resolution.

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

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

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

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

1. The Issuer is a duly created and validly existing political subdivision of the State of Florida with the power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer in accordance with its terms.
3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer enforceable in accordance with their terms.

The Honorable Chairman and the  
Members of the Board of County  
Commissioners of St. Johns County  
\_\_\_\_\_, 1994

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

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

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

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

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

Respectfully submitted,

FOLEY & LARDNER

## FINANCIAL GUARANTY INSURANCE POLICY

## Municipal Bond Investors Assurance Corporation

Armonk, New York 10504

Policy No. [NUMBER]

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

[PAR]  
[LEGAL NAME OF ISSUE]

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

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

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

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

The insurance provided by this policy is not covered by the Florida Insurance Guaranty Association created under chapter 631, Florida Statutes.

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

COUNTERSIGNED:

**MUNICIPAL BOND INVESTORS  
ASSURANCE CORPORATION**

\_\_\_\_\_  
Resident Licensed Agent

\_\_\_\_\_  
President

\_\_\_\_\_  
City, State

Attest:

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

**EXHIBIT B**

**Purchase Contract**

**BOND PURCHASE AGREEMENT**

March \_\_, 1994

Board of County Commissioners  
of St. Johns County, Florida  
St. Johns County Administration  
Building  
4020 Lewis Speedway  
St. Augustine, Florida 32095

Re: \$\_\_,000,000 St. Johns County, Florida, Sales Tax  
Revenue and Refunding Bonds, Series 1994

Ladies and Gentlemen:

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

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

(a) "Accountants" means Deloitte & Touche, independent certified public accountants;

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

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

(d) "Bonds" means the County's \$\_\_,000,000 Sales Tax Revenue and Refunding Bonds, Series 1994. The Bonds shall be issued under and secured as provided in the Resolution and shall have the maturities and interest rates and be subject to redemption as set forth on Annex A hereto;

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

(f) "Closing Documents" means the documents described in Section 8 hereof and required to be delivered to the Underwriter at the Closing;

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

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

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

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

(k) "Official Statements" means the Final Official Statement and the Preliminary Official Statement;

(l) "Preliminary Official Statement" means the Preliminary Official Statement of the County relating to the Bonds dated March \_\_, 1994;

(m) "Refunded Bonds" means the County's \$\_\_,000,000 outstanding Sales Tax Revenue Bonds, Series 1989 maturing October 1, 1994 through 20\_\_;

(n) "Resolution" means Resolution No. 86-132 of the County, as amended and supplemented, particularly as supplemented by Resolutions No. 89-143, No. 89-247 and No. 94-\_\_\_\_, authorizing the issuance of the Bonds;

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

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

(q) "Verification Report" means the report, dated the date of the Closing, of Deloitte & Touche to the effect that it has verified (a) the sufficiency of cash plus the maturing principal amounts of the eligible investments on deposit in the escrow account established pursuant to the escrow deposit agreement executed in connection with the defeasance of the Refunded Bonds and interest to be earned on such eligible investments, to pay, when due, interest on the Refunded Bonds and to pay, on the due dates or call date, the principal of or redemption price of the Refunded Bonds, and (b) certain mathematical computations supporting conclusions that the Bonds are not "arbitrage bonds" under the Code.

Section 2. Purchase Price. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter shall purchase and the County shall sell all, but not less than all, of the Bonds at an aggregate purchase price of \$\_\_\_\_\_ (net of an underwriting discount of \$\_\_\_\_\_ and an original issue discount for current interest bonds of \$\_\_\_\_\_) plus accrued interest thereon from March 15, 1994 to the date of Closing in the case of current interest bonds.

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

Section 4. Good Faith Check. Delivered to the County herewith is a good faith check payable to the order of the County in the amount of \$\_\_\_\_\_ as security for the performance by the Underwriter of its obligation to accept and pay for the Bonds on the Closing Date referred to in Section 7 hereof (the "Closing Date") in accordance with the provisions hereof. The County shall hold such check uncashed until the Closing Date. The proceeds of such check is hereinafter called "Earnest Money." In the event of the Underwriter's compliance with its obligations hereunder, the uncashed good faith check shall be returned to the Underwriter on the Closing Date upon payment to the County as provided in Section 7 hereof, of the aggregate purchase price of the Bonds plus accrued interest. In the event of the County's failure to tender the Bonds on the Closing Date, or if the County shall be unable on the Closing Date to satisfy the conditions to the obligations of the Underwriter contained herein, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, the uncashed good faith check shall be immediately

returned to the Underwriter. If the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by the County on the Closing Date as herein provided, the County may cash the good faith check and the Earnest Money shall be retained by the County as and for full agreed upon liquidated damages to the County, and not as a penalty, for such failure; it being understood and agreed by the parties hereto that the actual amount of damages caused by such failure to accept and pay for the Bonds may be difficult to ascertain.

Section 5. Representations of County. The County represents to the Underwriter that: (a) on the date hereof and on the date of the Closing, unless disclosed in the Final Official Statement, the statements and information contained in the Official Statements are and will be true and complete in all material respects, and the Official Statements do not and will not omit any statement or information which is necessary to make the statements and information therein, in light of the circumstances under which they are made, not misleading; (b) the Official Statements do not and will not omit any information with respect to the County or its business, properties and affairs which might in a material respect adversely or unfavorably affect the transactions contemplated by the Official Statements; (c) when delivered to and paid for by the Underwriter at the Closing in accordance with the provisions of this Agreement, the Bonds will have been duly authorized, executed, issued and delivered by the County and, upon being authenticated by the Registrar, will constitute valid, binding and enforceable obligations of the County of the character referred to in the Official Statements, in conformity with, and entitled to the benefit and security of, the Resolution, except that the enforceability of such obligations are subject to applicable bankruptcy, reorganization, insolvency and other similar laws affecting creditors' rights generally; (d) the County is empowered and has been duly authorized to enter into this Agreement, to adopt the Resolution and to enact Ordinance 86-89; (e) the execution and delivery of this Agreement, the Bonds and compliance with the provisions thereof, under the circumstances contemplated herein and therein, will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party, or any existing law, administrative regulation, court order or consent decree to which the County is subject; (f) the County has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon; (g) the County has never been in default at any time after December 31, 1975, as to principal of or interest on any obligation pledging the ad valorem taxes or the revenues of the County which it has issued, and to the best of its knowledge, has never been in default at any

time after December 31, 1975, as to principal or interest on any other obligation which it has issued; (h) all approvals, consents and orders, if any, of any governmental body having jurisdiction in any matter which would constitute a condition precedent to the performance by the County of its obligations under the Resolution and this Agreement have been obtained and are in full force and effect; (i) subsequent to the date of the last audited financial statements contained in the Official Statements, there have been no material adverse changes in the assets, liabilities or condition of the County, financial or otherwise, and neither the business, the properties, nor the affairs of the County have been adversely affected in any substantial way as the result of any fire, explosion, accident, strike, riot, flood, windstorm, earthquake, embargo, war or act of God or of the public enemy; and (j) the Preliminary Official Statement is deemed final within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, as of its date, except for omissions of no more than the following information: the offering price(s), the interest rate(s), selling compensation, aggregate principal amount, amount per maturity, delivery date, ratings and other terms depending on such matters.

Section 6. Final Official Statement; Public Offering.

The County shall prepare and deliver to the Underwriter as promptly as practicable, but in any event, not later than within seven (7) business days after the acceptance by the County of this Agreement 400 copies of the Final Official Statement, together with all supplements and amendments thereto, substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter (acceptance to be conclusively presumed by the Underwriter's payment for the Bonds), ten copies of which shall be signed on behalf of the County by the Chairman or the Vice Chairman of its Board of County Commissioners. The County agrees that the Official Statements and copies of the Resolution and comparative financial statements of the County may be used by the Underwriter in the public offering of the Bonds; and that they will cooperate with the Underwriter if the Underwriter decides to qualify the Bonds under the securities acts of any state; provided, however, the County shall not be required to register as a dealer or broker in any such state or to qualify to do business in connection with any such qualification of the Bonds for sale in any state.

Section 7. Closing, Delivery and Payment. The Bonds shall be printed or lithographed on steel engraved borders as fully registered Bonds in the denomination of \$5,000 each or integral multiples thereof as requested by the Underwriter prior to the Closing, and shall be made available for checking and packaging by representatives of the Underwriter in New York, New York, at a

place designated by the Underwriter, not less than 24 hours prior to the Closing.

The Closing shall be held beginning at 9:00 o'clock a.m., April 14, 1994, at the offices of Foley & Lardner, Jacksonville, Florida, or at such later time and other place as is mutually agreeable to the Underwriter and the County. At the Closing, the Underwriter shall accept the delivery of the Bonds from the County and shall make payment therefor as provided herein in immediately available funds upon (i) tender of the definitive Bonds to the Underwriter by the County; and (ii) the delivery by the County to the Underwriter of all of the Closing Documents.

Section 8. Closing Documents. The Closing Documents shall consist of the following, each properly executed, certified or otherwise verified, dated as of the date of Closing, and in such form, as may be satisfactory to Bond Counsel, the Underwriter and Underwriter's Counsel, including, but not limited to, the matters hereinafter set forth:

(a) A certified copy of (i) the Resolution and (ii) Ordinance 86-89, both as amended and supplemented to the date of Closing;

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

(c) The unqualified approving opinion of Bond Counsel, dated the date of Closing, substantially in the form of Appendix D

of the Preliminary Official Statement;

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

(e) A reliance letter of Bond Counsel, dated the date of Closing, addressed to the Underwriter to the effect that the Underwriter may rely on the opinions of Bond Counsel described in paragraphs (c) and (d) above as if such opinions were addressed to it;

(f) A supplemental opinion of Bond Counsel, dated the date of Closing, addressed to the Underwriter and the County to the effect that: (i) the information contained in the Final Official Statement under the headings "SUMMARY STATEMENT--Authority and Security for the 1994 Bonds," "REFUNDING PLAN," "DESCRIPTION OF THE 1994 BONDS," "AUTHORITY AND SECURITY FOR THE 1994 BONDS," "LEGAL MATTERS," "TAX MATTERS," "MISCELLANEOUS" (pertaining to Section 517.051, Florida Statutes, as amended) and "APPENDIX C--Summary of Pertinent Provisions of the Resolution" are accurate statements or summaries of the matters set forth therein and fairly present the information purported to be shown, and nothing has come to its attention which would lead it to believe that such sections of the Final Official Statement contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements, in light of the circumstances in which they were made, not misleading; and (ii) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

(g) An opinion of the County's Counsel (which may assume that the interest on the Bonds is excluded from gross income for federal income tax purposes and that neither the Bonds, this Agreement, the Resolution, or any other matter or documents need to be registered or qualified under the Securities Act of 1933, as amended, the Trust Indenture Act of 1939, as amended, Chapter 517, Florida Statutes, or the securities or blue sky laws of any jurisdiction) to the effect that (i) the County is a political subdivision organized and validly existing under the laws of the State of Florida and has all the necessary power and authority to issue the Bonds and enter into this Agreement; (ii) other than as disclosed in the Final Official Statement, this Agreement and the Bonds have been duly authorized, executed and delivered by the County and, with respect to this Agreement, assuming due execution hereof by the Underwriter, and, with respect to the Bonds, assuming proper authentication thereof by the Registrar, constitute legal, valid and binding obligations of the County enforceable in

accordance with their respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, reorganization, insolvency and other similar laws affecting the enforcement of creditors' rights generally, and no opinion need be expressed as to the availability of any discretionary equitable remedy; (iii) the County has approved the Final Official Statement and the execution and delivery thereof to the purchasers of the Bonds; (iv) the execution and delivery of the Bonds and this Agreement, the adoption of the Resolution, the enactment of Ordinance 86-89 and the issuance of the Bonds pursuant to the Resolution, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any existing law, regulation, court order or consent decree to which the County is subject; (v) nothing has come to his attention which would lead him to believe that the Final Official Statement (with the exception of financial and statistical information) contains an untrue statement of a material fact, or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (vi) other than as disclosed in the Final Official Statement, no litigation or proceeding is pending or to the best of his knowledge is threatened against or affecting the County to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds or of this Agreement, or in any way contesting the existence or the powers of the County; (vii) other than as disclosed in the Final Official Statement, no litigation or proceeding is pending or to the best of his knowledge is threatened against or affecting the County or involving any of the business, property or affairs of the County which involves the possibility of any judgment or liability which may result in any material adverse change in the financial condition of the County and (viii) the County has obtained the consents, approvals, authorizations or other orders of all municipal, state or regulatory authorities required for the issuance of the Bonds;

(h) The Accountants' consent to the use of their report in the Official Statements and to the references to their firm therein;

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

(j) A municipal bond insurance policy issued by \_\_\_\_\_ insuring the payment of the principal of and interest on the Bonds when due;

(k) A Reserve Account Insurance Policy (as defined in the Resolution) issued by \_\_\_\_\_ with respect to the Reserve Account Requirement (as defined in the Resolution) allocable to the Bonds;

(l) Appropriate evidence that the Bonds have been assigned ratings of \_\_\_\_\_ by Moody's Investors Service, \_\_\_\_\_ by Standard & Poor's Corporation [and \_\_\_\_\_ by Fitch Investors Service, Inc.];

(m) The Verification Report manually signed by \_\_\_\_\_;

(n) A report of Deloitte & Touche evidencing compliance with the requirements of Section 3.06(E)(b) of Resolution No. 86-132 of the County, after giving effect to the issuance of the Bonds;

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

(p) A certificate of the escrow holder for the Refunded Bonds relating to the incumbency of its officers and its power to serve as escrow agent, in form and substance acceptable to Bond Counsel and Underwriter's Counsel;

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

(r) Such additional legal opinions, certificates, instruments and other documents and such multiple copies of the above listed documents as the Underwriter, Underwriter's Counsel or Bond Counsel may reasonably request to evidence compliance by the County with legal requirements; the truth and accuracy, as of the date of Closing, of the respective representations contained herein and in the Final Official Statement; and the due performance or satisfaction by them of all agreements to be performed by them and all conditions to be satisfied by them at or prior to the Closing.

Section 9. Termination by Underwriter. This Agreement may be terminated in writing prior to the Closing by the Underwriter if any of the following shall occur: (i) this Agreement shall not have been accepted by the County within the time herein provided; (ii) the signed Final Official Statement shall not have been provided within the time required by this Agreement; (iii) the Bonds and all of the Closing Documents shall not have been

delivered to the Underwriter as of 2:00 p.m. (unless such time shall have been extended by mutual agreement of the parties hereto) on the date of Closing; (iv) (a) legislation shall have been enacted by the Congress, or introduced in the Congress, or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or (b) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (c) an order, ruling, regulation or communication (including a press release) shall have been issued by the Treasury Department of the United States, the Internal Revenue Service or the Securities and Exchange Commission, or (d) any action shall be taken or statement made by or on behalf of the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, which indicates or implies that interest on obligations such as the Bonds may not be excludable from gross income for federal income tax purposes or that legislation will be introduced in the next scheduled session of the United States Congress, in each case referred to in clauses (a), (b), (c) and (d), with the purpose or effect, directly or indirectly, of (x) imposing federal income taxation upon interest to be received by any holders of the Bonds or (y) requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933 or the Resolution to be qualified as an indenture under the Trust Indenture Act of 1939; (v) there shall exist any event or circumstance which, in the reasonable opinion of the Underwriter, either makes untrue or incorrect in a material respect any statement or information contained in the Final Official Statement, or any event or circumstance is not reflected in the Final Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in a material respect; (vi) there shall have occurred any outbreak of hostilities or other national or international calamity or crisis, the effect of such outbreak, calamity or crisis on the financial markets of the United States of America being such as in the reasonable opinion of the Underwriter, would make it impracticable for the Underwriter to sell the Bonds; (vii) there shall be in force a general suspension of trading on the New York Stock Exchange, or any other major United States stock exchange, or minimum or maximum prices for trading shall have been fixed and be in force; (viii) in the reasonable judgment of the Underwriter the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be adversely affected because: (a) additional material restrictions not in force as of the date hereof shall have been imposed upon

trading in securities generally by any United States governmental authority or by any United States national securities exchange, or (b) the New York Stock Exchange or other United States national securities exchange, or any United States governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; (ix) a general banking moratorium shall have been declared by either federal, New York or Florida authorities having jurisdiction, and shall be in force; or (x) there shall have occurred any material adverse change in the affairs of the County.

Section 10. Termination by County. This Agreement may be terminated in writing by the County in the event that the Underwriter shall fail to accept delivery of the Bonds on the Closing Date upon tender thereof to the Underwriter by the County, and delivery to the Underwriter of all of the Closing Documents. Such termination shall not affect the County's rights to the Earnest Money.

Section 11. Changes Affecting the Final Official Statement After the Closing. After the Closing, and so long as the Underwriter or any participating dealer shall be offering Bonds which constitute the whole or a part of their unsold participations, but in no event later than 90 days after the Closing, the County will not adopt any amendment of or supplement to the Final Official Statement except with the written consent of the Underwriter, which consent shall not be unreasonably withheld; and during such period of time, if any event relating to or affecting the County shall occur the result of which shall make it necessary, in the reasonable opinion of the (i) County or (ii) Underwriter or Underwriter's Counsel, to amend or supplement the Final Official Statement in order to make it not misleading in the light of the circumstances existing at that time, the County shall forthwith prepare and furnish to the Underwriter, at the County's expense, a reasonable number of copies of an amendment of or supplement to the Final Official Statement in form and substance satisfactory to the Underwriter, so that it then will not contain an untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances existing at that time, not misleading.

Section 12. Expenses. The Underwriter shall pay its own out-of-pocket expenses, the fees and expenses of Underwriter's Counsel, and the fees and expenses in connection with the preparation of the Legal Investment Survey and Blue Sky Memoranda and the registration of the Bonds for "Blue Sky" purposes.

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

Section 13. Notices. Any notice or other communication to be given to the County under this Agreement may be given by delivering the same in writing to the address set forth above; and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to the Underwriter addressed to William R. Hough & Co., 200 West Forsyth Street, Suite 1440, Jacksonville, Florida 32202-4370.

Section 14. Parties and Interests; County's Undertakings; Survival of Representations. This Agreement is made solely for the benefit of the County and the Underwriter, including the successors and assigns of the Underwriter, and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof except as provided in Section 12 hereof. All representations and agreements by the County in this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Underwriter, and shall survive the delivery of and payment for the Bonds.

Section 15. Truth-In-Bonding. The County is proposing to issue \$ \_\_\_\_\_ of debt for the purpose of (i) advance refunding the Refunded Bonds, (ii) constructing a part of certain additional roadway improvements in connection with the County courthouse and administration facilities, and (iii) paying the cost of issuance with respect to such debt. This debt is expected to be repaid over a period of \_\_\_\_\_ years at a forecasted interest rates of \_\_\_\_\_. Total interest paid over the life of the debt will be \$ \_\_\_\_\_.

The source of repayment or security for this proposal is moneys allocated to the County from the Local Government Half-cent Sales Tax Clearing Trust Fund in the State Treasury ("Sales Tax Revenues"). Issuing the debt effects a refunding of the Refunded Bonds. Average annual debt service on the refunding bonds is less than average annual debt service on the Refunded Bonds. Therefore, it is expected that authorizing this debt will not result in any

Board of County Commissioners  
of St. Johns County, Florida  
March \_\_\_\_, 1994  
Page 13

adverse change in the amount of Sales Tax Revenues available to finance the other services or expenditures of the County each year.

WILLIAM R. HOUGH & CO.

By: \_\_\_\_\_  
Senior Vice President

Accepted by the Board of County Commis-  
sioners of St. Johns County, Florida on  
March \_\_\_\_, 1994

(SEAL)

By: \_\_\_\_\_  
Chairman

ATTACHMENT 1

WILLIAM R. HOUGH & CO.  
200 W. Forsyth Street, Suite 1440  
Jacksonville, Florida 32202

March \_\_, 1994

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

Re: \$\_\_,000,000 St. Johns County, Florida Sales Tax Revenue  
and Refunding Bonds, Series 1994

Ladies and Gentlemen:

Pursuant to Florida Statutes, Section 218.385(6), the following information is provided in connection with the sale of the captioned obligations (the "Bonds").

1. The nature and estimated amount of expenses which the managing underwriter expects to incur with respect to the Bonds is as follows:

Clearance.....	\$__	per \$1,000
Underwriter's Counsel.....	\$__	per \$1,000
Miscellaneous Expenses.....	\$__	per \$1,000
MSRB, PSA, CUSIP.....	\$__	per \$1,000
Federal Funds and day loan.....	\$__	per \$1,000

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

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

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

5. No fee, bonus or other compensation is to be paid by the managing underwriter in connection with the Bonds to any person not regularly employed or retained by it, other than underwriter's counsel as described above.

6. The managing underwriter is William R. Hough & Co., 200 W. Forsyth Street, Suite 1440, Jacksonville, Florida 32202.

Very truly yours,

WILLIAM R. HOUGH & CO.

By: \_\_\_\_\_  
Mitchell N. Owens  
Senior Vice President

ANNEX A

**MATURITIES, AMOUNTS AND INTEREST RATES**  
\$ \_\_,000,000 Serial Bonds

<u>Maturity</u> <u>October 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>October 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
1994	\$	%	1999	\$	%
1995			2000		
1996			2001		
1997			2002		
1998			2003		

\$ \_\_,000,000 \_\_\_\_ % Term Bonds due October 1, 200\_\_  
(Plus Accrued Interest)

REDEMPTION PROVISIONS

The 1994 Bonds maturing prior to October 1, \_\_\_\_ shall not be subject to redemption prior to maturity. The 1994 Bonds maturing on October 1, 200\_\_ or thereafter, may be redeemed prior to maturity at the option of the County, as a whole on October 1, 200\_\_, or on any date thereafter, or in part, from such maturity or maturities as the County shall designate and by lot within a maturity, on October 1, 200\_\_, or on any interest payment date thereafter, at the following redemption prices (expressed as a percentage of the principal amount of the 1994 Bonds to be redeemed) plus accrued interest to the redemption date during the following periods:

<u>Redemption Periods</u> <u>(both dates inclusive)</u>	<u>Redemption</u> <u>Prices</u>
October 1, 200__ to September 30, 200__	%
October 1, 200__ to September 30, 200__	
October 1, 200__ and thereafter	

**Mandatory Redemption**

The 1994 Bonds maturing October 1, 20\_\_ 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 October 1, \_\_\_\_ and on each October 1 thereafter in the years and in the principal amounts corresponding to the Amortization Installments as follows:

Years

Amortization  
Installment

\$

Maturity

**EXHIBIT C**

**Escrow Deposit Agreement**

ESCROW DEPOSIT AGREEMENT

In consideration of the facts hereinafter recited and of the mutual covenants and agreements herein contained, ST. JOHNS COUNTY, a political subdivision created and existing under the laws of the State of Florida (the "Issuer"), and THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A., Jacksonville, Florida, a national banking association organized and existing under the laws of the United States of America, as Escrow Holder (the "Escrow Holder"), do hereby agree as follows:

Section 1. Definitions. Terms used herein shall have the respective meanings assigned in and by the Resolution hereinafter defined, and the following terms which are not defined in the Resolution shall have the following meanings, unless the text clearly otherwise requires:

"Aggregate Debt Service" shall mean, as of any particular date, the sum of the amounts of Annual Debt Service for all years with respect to which the Annual Debt Service shall remain unpaid. Aggregate Debt Service as of the date of the delivery of this Agreement is set forth in the Verification Report.

"Agreement" shall mean this Escrow Deposit Agreement.

"Annual Debt Service" shall mean, with respect to any year, the interest on the Refunded Obligations becoming due in such year and the principal of and premium, if any, on the Refunded Obligations maturing or becoming due in such year according to the Verification Report.

"Escrow Account" shall mean the Escrow Account created pursuant to the provisions of Section 3 of this Agreement.

"Escrow Requirement" shall mean, as of any particular date, the sum of an amount in cash in the Escrow Account and the principal amount of the Federal Securities held by the Escrow Holder pursuant to Section 4 hereof which, together with the interest which shall thereafter become payable on the Federal Securities, will be sufficient to pay Aggregate Debt Service, as each of the respective installments thereof shall become due.

"Federal Securities" shall mean direct obligations of the United States of America, none of which permit redemption prior to maturity at the option of the obligor, which obligations are set forth in the Verification Report, and such other obligations as may be purchased in accordance with Section 8 hereof.

"Refunded Obligations" shall mean the Issuer's outstanding Sales Tax Revenue Bonds, Series 1989, maturing October 1, 1994, through and including October 1, \_\_\_\_.

"Resolution" shall mean Resolution No. 94-\_\_ adopted by the Issuer on March \_\_, 1994, as amended and supplemented from time to time, authorizing issuance of the Series 1994 Bonds and the execution and delivery of this Agreement.

"Series 1994 Bonds" shall mean the Issuer's Sales Tax Revenue and Refunding Bonds, Series 1994, authorized pursuant to the Resolution.

"Verification Report" shall mean the Verification Report dated April \_\_, 1994, issued by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, independent certified public accountants, in connection with the issuance of the Series 1994 Bonds, a copy of which is attached hereto as Exhibit A and incorporated herein by reference.

## Section 2. Recitals.

(a) The Issuer adopted the Resolution for the purpose of, among other things, authorizing the issuance of the Series 1994 Bonds for the purpose of financing the cost of refunding the Refunded Obligations.

(b) The Resolution authorized the Issuer to enter into this Agreement for the purposes expressed therein and herein, and all acts and things have been done and performed to make this Agreement valid and binding for the security of the Refunded Obligations.

(c) The Escrow Holder has the powers and authority of a trust company under the laws of the United States of America and, accordingly, the power to execute the trust hereby created.

Section 3. Deposit of Funds. There is hereby created and established with the Escrow Holder a special account to be known as the "Escrow Account." Simultaneously with the execution and delivery of this Agreement, the Issuer has deposited with the Escrow Holder, for deposit by the Escrow Holder to the Escrow Account, a portion of the proceeds of the Series 1994 Bonds in the amount of \$ \_\_\_\_\_ and \$ \_\_\_\_\_ heretofore held by the Issuer for the payment of the principal of and interest on the Refunded Obligations, totalling \$ \_\_\_\_\_. After such funds are invested to the extent required to purchase the Federal Securities, the uninvested portion of such funds and the principal amount of such Federal Securities and the interest to become due thereon will equal or exceed the Escrow Requirement as of the date of the delivery of this Agreement. Such Federal Securities shall mature and such interest shall be payable on or before the funds represented thereby shall be required for timely payment of the principal of, premium, if any, and interest on the Refunded Obligations as the same shall become due and payable in accordance with their terms as described in the Verification Report.

The Escrow Holder shall hold the Escrow Account as a separate trust account wholly segregated from all other funds held by the Escrow Holder in any capacity and shall make disbursements from the Escrow Account only in accordance with the provisions of this Agreement. The Federal Securities described in the Verification Report shall not be sold or otherwise disposed of or reinvested except as provided in Sections 4 and 8 hereof. The owners of the Refunded Obligations are hereby granted a first and prior lien on the principal of and interest on such Federal Securities until the same shall be used and applied in accordance with the provisions of this Agreement.

Section 4. Use and Investment of Funds. The Escrow Holder acknowledges receipt of the cash described in Section 3 of this Agreement and agrees:

(a) to hold the same in irrevocable escrow for application in the manner provided herein;

(b) to apply such cash and the proceeds of such Federal Securities in the manner provided in this Agreement, and only in such manner;

(c) to invest immediately \$ \_\_\_\_\_ thereof by purchasing the Federal Securities described in the Verification Report;

(d) to retain \_\_\_\_\_ thereof in cash in the Escrow Account for application as shown in the Verification Report; and

(e) to deposit in the Escrow Account, as received, the principal of all of such Federal Securities described in the Verification Report and any other Federal Securities acquired hereunder which shall mature during the term of this Agreement, all interest which shall be derived during the term of this Agreement from such Federal Securities and any other Federal Securities acquired hereunder, and the proceeds of any sale, transfer, redemption or other disposition of such Federal Securities and any other Federal Securities acquired hereunder.

All moneys held by the Escrow Holder pursuant to any provision of this Agreement, on deposit in the Escrow Account or otherwise, shall at all times be continually secured in the manner provided by Florida law for the securing of municipal funds.

Section 5. Payment of the Refunded Obligations and Expenses. The owners of the Refunded Obligations shall have a first and prior lien on the principal of and interest on the Federal Securities and all moneys held by the Escrow Holder in the Escrow Account, until all such moneys shall be used and applied by the Escrow Holder as provided in paragraph (a) below.

(a) Refunded Obligations. On each date which shall be an interest payment date for any of the Refunded Obligations, the Escrow Holder shall pay to the paying agent for the Refunded Obligations, from the moneys on deposit in the Escrow Account, a sum sufficient to

pay that portion of Annual Debt Service due on such date, as shown in the Verification Report. After making such payments from the Escrow Account, the Escrow Holder, upon the written request of the Issuer, signed by the Chairman of the Board of County Commissioners, shall pay to the Issuer any moneys remaining in said account in excess of the Escrow Requirement, for the Issuer to use for any lawful purpose, provided that, prior to any such payment, the Escrow Holder shall have received a verification report prepared by a nationally recognized firm of independent certified public accountants verifying the Escrow Requirement and that such moneys to be paid to the Issuer are in excess of the Escrow Requirement.

(b) Fees and Expenses.

- (i) In consideration of the services rendered by the Escrow Holder under this Agreement, the Issuer upon the execution hereof has paid to the Escrow Holder a fee of \$\_\_\_\_\_ for all services and ordinary expenses to be incurred as Escrow Holder in connection with such services. The term "ordinary expenses" means expenses of holding, investing and disbursing the Escrow Account as provided herein.
- (ii) The Issuer shall also reimburse the Escrow Holder for any reasonable extraordinary expenses incurred by it in connection herewith. The term "extraordinary expenses" includes (a) expenses arising out of the assertion of any third party to any interest in the Escrow Account or any challenge to the validity hereof, including reasonable attorneys' fees, (b) expenses relating to any substitution under Section 8 hereof, and (c) expenses (other than ordinary expenses) not occasioned by the Escrow Holder's misconduct or negligence.
- (iii) The fees and expenses payable by the Issuer under this section shall not be paid from the Escrow Account, but shall be paid by the Issuer from legally available funds of the Issuer. The Escrow Holder shall have no lien for the payment of its fees or expenses or otherwise for its benefit on the Escrow Account and hereby waives any rights of set off against the Escrow Account which it may lawfully have or acquire.

**Section 6. Notice of Advance Refunding; Notice of Redemption.** Within thirty (30) days after the issuance of the Series 1994 Bonds, the Escrow Holder shall give or cause to be given notice of the advance refunding of the Refunded Obligations, which notice shall be substantially in the form of the Notice of Advance Refunding attached hereto as Exhibit B. Such notice shall be sent by first class mail, postage prepaid, to each owner of Refunded Obligations at the address of such owner shown on the registration books maintained by the registrar for the Refunded Obligations and to 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 advance refunding of obligations such as the Refunded Obligations.

The Issuer has called all Refunded Obligations maturing after October 1, 1997, for redemption on October 1, 1997, at a redemption price of 102% (expressed as a percentage of the principal amount of the Refunded Obligations to be redeemed), plus accrued interest to the redemption date. The Issuer acknowledges that it has given irrevocable instructions to the registrar for the Refunded Obligations to give notice of such call for redemption in the manner provided in the resolution of the Issuer pursuant to which the Refunded Obligations were issued.

Section 7. No Redemption or Acceleration of Maturity. The Issuer will not accelerate the maturity of any Refunded Obligations or exercise any option to redeem any Refunded Obligations before October 1, 1997 other than as provided herein.

Section 8. Reinvestment. Except as provided in Section 4 of this Agreement and in this Section, the Escrow Holder shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions for any Federal Securities held hereunder.

At the written request of the Issuer and upon compliance with the conditions stated in this Section, the Escrow Holder shall sell, transfer, or otherwise dispose of or request the redemption of any of the Federal Securities acquired hereunder and shall purchase either Refunded Obligations or other Federal Securities to be substituted for such Federal Securities disposed of or redeemed.

The Issuer will not request the Escrow Holder to exercise any of the powers described in the preceding sentence in any manner which will cause the Series 1994 Bonds or the Refunded Obligations to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations proposed or promulgated thereunder.

The Escrow Holder may, at the written direction of the Issuer, substitute other noncallable Federal Securities ("Substitute Federal Securities") in lieu of the Federal Securities then on deposit in the Escrow Account provided that, prior to any such substitution, the Escrow Holder and the Issuer shall have received:

(a) New debt service and cash flow schedules showing (i) the dates and amounts of all principal and interest payments thereafter to become due on the Refunded Obligations, (ii) the cash and Federal Securities to be on deposit in the Escrow Account upon making such substitution, (iii) the dates and amounts of maturing principal and interest to be received by the Escrow Holder from such Federal Securities, and (iv) that the cash on hand in the Escrow Account plus cash to be derived from the maturing principal and interest of such Federal Securities shall be sufficient to pay when due all remaining debt service payments on the

Refunded Obligations (the most recent debt service and cash flow schedules shall be considered to be the applicable "Debt Service and Cash Flow Schedules");

(b) A new verification report prepared by a nationally recognized firm of independent certified public accountants verifying the accuracy of the new Debt Service and Cash Flow Schedules (the most recent verification report shall be considered to be the applicable "New Verification Report" for purposes hereof); and

(c) An opinion of nationally recognized bond counsel to the effect that such substitution is permissible hereunder, that (based on said new Debt Service and Cash Flow Schedules and New Verification Report as to sufficiency) such substitution will not adversely affect the defeasance of the Refunded Obligations or the exclusion from gross income for federal income tax purposes of the interest payable on the Series 1994 Bonds or the Refunded Obligations.

Section 9. Indemnity. Whether or not any action or transaction authorized or contemplated hereby shall be undertaken or consummated, the Issuer hereby agrees to the extent allowed by Florida law to indemnify, protect, save and keep harmless the Escrow Holder and its respective successors, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and attorneys' disbursements and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Escrow Holder at any time, whether or not the same may be indemnified against by the Issuer or any other Person under any other agreement or instrument, by reason of or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance by the Escrow Holder of the funds herein described, the purchase, retention or disposition of the Federal Securities or the proceeds thereof, or any payment, transfer or other application of funds or securities by the Escrow Holder in accordance with the provisions of this Agreement; provided, however, that the Issuer shall not be required to indemnify the Escrow Holder for any such liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses or disbursements resulting from its own negligence, misconduct or failure to perform its duties hereunder. The indemnities contained in this Section shall survive the termination of this Agreement.

Nothing in this Section contained shall give rise to any liability on the part of the Issuer in favor of any Person other than the Escrow Holder.

Section 10. Responsibilities of Escrow Holder. The Escrow Holder and its respective successors, agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, by reason of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance and disposition of the various moneys and funds described herein, the purchase, retention or disposition of the Federal Securities or the proceeds thereof, any payment, transfer or other application of funds or securities by the Escrow Holder in accordance with the provisions of this Agreement or any non-negligent act, omission

or error of the Escrow Holder made in good faith in the conduct of its duties. The Escrow Holder shall, however, be liable to the Issuer and to holders of the Refunded Obligations to the extent of their respective damages for negligent or willful acts, omissions or errors of the Escrow Holder which violate or fail to comply with the terms of this Agreement. The duties and obligations of the Escrow Holder shall be determined by the express provisions of this Agreement. The Escrow Holder may consult with counsel, who may or may not be counsel to the Issuer, and be entitled to receive from the Issuer reimbursement of the reasonable fees and expenses of such counsel, and in reliance upon the opinion of such counsel have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Holder shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Issuer.

Section 11. Resignation of Escrow Holder. The Escrow Holder may resign and thereby become discharged from the duties and obligations hereby created, by notice in writing given to the Issuer and published once in a newspaper of general circulation published in the territorial limits of the Issuer, and in a daily newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York, not less than sixty (60) days before such resignation shall take effect. Such resignation shall take effect immediately upon the appointment of a new Escrow Holder hereunder, if such new Escrow Holder shall be appointed before the time limited by such notice and shall then accept the duties and obligations of the Escrow Holder hereunder.

Section 12. Removal of Escrow Holder.

(a) The Escrow Holder may be removed at any time by an instrument or concurrent instruments in writing, executed by the owners of not less than fifty-one per centum (51%) in aggregate principal amount of the Refunded Obligations then outstanding, such instrument or instruments to be filed with the Issuer, and notice published once in a newspaper of general circulation published in the territorial limits of the Issuer, and in a daily financial journal published in the Borough of Manhattan, City and State of New York, not less than sixty (60) days before such removal is to take effect as stated in said instrument or instruments. A photographic copy of any instrument filed with the Issuer under the provisions of this paragraph shall be delivered by the Issuer to the Escrow Holder.

(b) The Escrow Holder may also be removed at any time by any court of competent jurisdiction upon the application of the Issuer or the owners of not less than five per centum (5%) in aggregate principal amount of the Refunded Obligations then outstanding for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Agreement with respect to the duties or obligations of the Escrow Holder.

Section 13. Successor Escrow Holder.

(a) If at any time hereafter the Escrow Holder shall resign, be removed, be dissolved or otherwise become incapable of acting, or shall be taken over by any governmental official, agency, department or board, the position of Escrow Holder shall thereupon become vacant. If the position of Escrow Holder shall become vacant for any of the foregoing reasons or for any other reason, the Issuer shall appoint a successor Escrow Holder to fill such vacancy. The Issuer shall publish notice of any such appointment once in each week for four (4) successive weeks in a newspaper of general circulation published in the territorial limits of the Issuer and in a daily financial journal published in the Borough of Manhattan, City and State of New York.

(b) At any time within one year after such vacancy shall have occurred, the owners of not less than fifty-one per centum (51%) in aggregate principal amount of Refunded Obligations then outstanding, by an instrument or concurrent instruments in writing, executed by such owners and filed with the Governing Body of the Issuer, may appoint a successor Escrow Holder, which shall supersede any successor Escrow Holder theretofore appointed by the Issuer. Photographic copies of each such instrument shall be promptly delivered by the Issuer to the predecessor Escrow Holder and to the Escrow Holder so appointed by such owners.

(c) If no appointment of a successor Escrow Holder shall be made pursuant to the foregoing provisions of this Section, the owner of any Refunded Obligations then outstanding, or the retiring Escrow Holder may apply to any court of competent jurisdiction to appoint a successor Escrow Holder. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Escrow Holder.

(d) Every successor Escrow Holder appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor Escrow Holder, without any further act, shall become full vested with all of the duties and obligations of its predecessor under this Agreement.

Section 14. Predecessor Escrow Holder. Every predecessor Escrow Holder shall deliver to its successor and also to the Issuer an accounting of all moneys and securities held by it under this Agreement, and shall deliver to its successor all such moneys and securities held by it as Escrow Holder hereunder.

Section 15. Amendments. This Agreement is made for the benefit of the Issuer and the holders from time to time of the Refunded Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and the Issuer; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Obligations, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section 15, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Obligations, or that any instrument executed hereunder complies with the conditions and provisions of this Section 15.

Section 16. Notices. All notices, approvals, consents, requests and other communications hereunder shall be in writing and shall be deemed to have been given when mailed or delivered by registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to the Issuer: St. Johns County, Florida  
4020 Lewis Speedway  
St. Augustine, Florida 32095

Attention: Chairman of the Board of County Commissioners

If to the Escrow Holder: The Bank of New York Trust Company of Florida, N.A.  
10161 Centurion Boulevard North, 3rd Floor  
Jacksonville, Florida 32256

Attention: Corporate Trust Department

The Issuer and the Escrow Holder may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same may be directed.

Section 17. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Obligations and the interest thereon shall have been paid and discharged in accordance with the proceedings authorizing the Refunded Obligations and all excess moneys have been paid to the Issuer.

Section 18. Severability. If any of the covenants, agreements or provisions of this Agreement on the part of the Issuer or the Escrow Holder to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant, agreement or provision shall be null and void, shall be deemed separable from the remaining covenants,

agreements and provisions of this Agreement and shall in no way affect the validity of the remaining covenants, agreements or provisions of this Agreement.

Section 19. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as the original and shall constitute and be but one and the same instrument.

Section 20. Governing Law. This Agreement shall be construed under the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and their seals to be hereunto affixed and attested, all as of the \_\_\_\_ day of April, 1994.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

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

ATTEST:

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

THE BANK OF NEW YORK TRUST  
COMPANY OF FLORIDA, N.A.  
as Escrow Holder

(SEAL)

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

ATTEST:

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

**EXHIBIT A**

**VERIFICATION REPORT**

EXHIBIT B

NOTICE OF ADVANCE REFUNDING  
OF A PORTION OF ST. JOHNS COUNTY, FLORIDA  
SALES TAX REVENUE BONDS  
SERIES 1989

Notice is hereby given by The Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida, as Escrow Holder for St. Johns County, Florida, Sales Tax Revenue Bonds, Series 1989, maturing October 1, 1994, through and including October 1, \_\_\_\_ (the "Bonds"), that the Bonds have been advance refunded by depositing in irrevocable escrow cash and obligations of the United States of America sufficient to pay the principal of and interest on the Bonds maturing on or before October 1, 1997, as the same shall mature and become payable in accordance with their terms, and for the payment on October 1, 1997, of the principal of, applicable redemption premium and accrued interest on all Bonds maturing after October 1, 1997, which Bonds have been called for redemption on October 1, 1997.

The maturity dates, principal amounts and CUSIP numbers of the Bonds are as follows:

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal Amount</u>	<u>CUSIP No.</u>
<u>Serial Bonds</u>		
1994	\$320,000	790407 AB6
1995	340,000	790407 AC4
1996	360,000	790407 AD2
1997	385,000	790407 AE0
1998	410,000	790407 AF7
1999	435,000	790407 AG5
2000	465,000	790407 AH3
<u>Term Bonds</u>		
2004	\$2,215,000	790407 AM2
[2011	5,655,000	790407 AS9]

The Bonds are deemed to be no longer outstanding under the resolution of St. Johns County, Florida (the "Issuer"), authorizing the issuance of the Bonds.

Prior to October 1, 1997, the Issuer will not accelerate the maturity of the Bonds or otherwise exercise any option to redeem the Bonds before maturity.

No representation is made as to the correctness of the CUSIP numbers either as printed on the Bonds or as contained herein and reliance may be placed only on the description of the Bonds.

Dated: \_\_\_\_\_, 1994.

THE BANK OF NEW YORK TRUST  
COMPANY OF FLORIDA, N.A.,  
as Escrow Holder

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