

RESOLUTION NO. 98- 100

RESOLUTION FURTHER SUPPLEMENTING RESOLUTION NO. 86-132 OF ST. JOHNS COUNTY, FLORIDA, ADOPTED SEPTEMBER 30, 1986, AS PREVIOUSLY AMENDED AND SUPPLEMENTED; PROVIDING FOR THE REFUNDING OF THE COUNTY'S OUTSTANDING SALES TAX REVENUE BONDS, SERIES 1989; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$11,250,000 AGGREGATE PRINCIPAL AMOUNT OF SALES TAX REVENUE REFUNDING BONDS, SERIES 1998, TO FINANCE THE COST THEREOF; PLEDGING THE LOCAL GOVERNMENT HALF-CENT SALES TAX TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID SERIES 1998 BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID SERIES 1998 BONDS; ENTERING INTO CERTAIN COVENANTS AND AGREEMENTS WITH THE HOLDERS OF SAID SERIES 1998 BONDS; RATIFYING THE COUNTY'S ACCEPTANCE OF THE INSURER'S COMMITMENTS RELATING TO A BOND INSURANCE POLICY AND A RESERVE INSTRUMENT WITH RESPECT TO SAID SERIES 1998 BONDS; AUTHORIZING A NEGOTIATED SALE AND AWARD OF THE SALE OF SAID SERIES 1998 BONDS, APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT TO SAID SERIES 1998 BONDS; APPROVING A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO SAID SERIES 1998 BONDS AND AUTHORIZING A FINAL OFFICIAL STATEMENT WITH RESPECT THERETO; APPOINTING THE REGISTRAR AND PAYING AGENT FOR SAID SERIES 1998 BONDS; 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.

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

ARTICLE I

GENERAL

Section 1.1 Definitions. When used in this Instrument, the terms defined in the Original Instrument, unless defined in this section, shall have the respective meanings assigned thereto by the Original Instrument, and the following terms shall have the following meanings, unless the text clearly otherwise requires:

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

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

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

"Bonds" shall mean the obligations of the Issuer authorized to be issued pursuant to Section 2.1 of this Instrument.

"Capital Appreciation Bonds" shall mean those Bonds so designated by resolution of the Issuer adopted prior to their issuance, which may be either Serial Bonds or Term Bonds and which shall bear interest payable at maturity or redemption. In the case of Capital Appreciation Bonds that are convertible to Bonds with interest payable prior to maturity or prior to redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time prior to such conversion.

"Draft Preliminary Official Statement" shall mean the draft preliminary official statement relating to the Bonds, substantially in the form attached hereto as Exhibit A.

"Escrow Deposit Agreement" shall mean the Escrow Deposit Agreement to be executed and delivered between the Issuer and the Escrow Holder, substantially in the form attached hereto as Exhibit E.

"Escrow Holder" shall mean the Escrow Holder appointed pursuant to Section 4.9 of this Instrument.

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

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

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

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

"Insurer" shall mean, with respect to the Bonds, Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto.

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

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

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

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

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

"Parity Obligations" shall mean the Issuers outstanding Sales Tax Revenue and Refunding Bonds, Series 1994.

"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 Bonds.

"Refunded Obligations" shall mean the Issuer's outstanding Sales Tax Revenue Bonds, Series 1989.

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

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

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

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

"Reserve Instrument Agreement" shall mean the Debt Service Reserve Fund Policy Agreement attached to the commitment of the Insurer relating to the Reserve Instrument.

"Standard and Poor's" shall mean Standard and Poor's, a division of The McGraw - Hill Companies, and any assigns and successors thereto.

Section 1.2 Authority for this Instrument. This Instrument is adopted pursuant to the provisions of the Act, Section 3.06(E) of the Original Instrument and other applicable provisions of law and supplements the Original Instrument.

Section 1.3 Findings. It is hereby found and determined that:

(A) The Issuer has heretofore issued and has presently outstanding and unpaid the Refunded Obligations.

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

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

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

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

(F) The Issuer has received from the Insurer its commitments to provide a municipal bond insurance policy and a Reserve Instrument with respect to the Bonds, copies of which commitments are attached hereto as Exhibit C; pursuant to Section 3.05 of the 1989 Resolution, MBIA Insurance Corporation, the insurer of the Parity Obligations, has approved in writing said Reserve Instrument, a copy of which approval is attached hereto as Exhibit D; on behalf of the Issuer, Ben W. Adams, Jr., its County Administrator, accepted the Insurer's commitments; and it is in the best financial interest of the Issuer that the Issuer ratify such acceptance of said commitments.

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

(H) The Purchaser has verbally agreed with the Board to use its reasonable efforts to submit to the Issuer an offer to purchase the 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 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 Bonds shall be sold to the Purchaser pursuant to the terms and provisions of the Purchase Contract.

(I) The Issuer is advised that because the terms of the Bonds cannot be determined on the date of adoption of this Instrument, it is in the best interest of the Issuer to delegate the authority to determine, in accordance with Sections 2.2 and 4.5 of this Instrument, the terms of the Bonds, including their date, Amortization Installments, maturity dates, interest rates and redemption provisions, to the Chairman or the County Administrator in the manner hereinafter provided.

(J) The terms of the 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 Bonds in the manner and upon the terms hereinafter provided.

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

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

(M) In order to carry out the refunding of the Refunded Obligations, 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.

(N) 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 1.4 Authorization of Refunding. The refunding of the Refunded Obligations in the manner herein provided is hereby authorized. Simultaneously with the delivery of the Bonds to the purchaser or purchasers thereof and receipt by or on behalf of the Issuer of the purchase price thereof, the Issuer will enter into the Escrow Deposit Agreement with the Escrow Holder. At the time the Escrow Deposit Agreement is executed, the Issuer will furnish to the Escrow Holder appropriate documentation to demonstrate that the sum being deposited with the Escrow Holder pursuant to this Instrument, together with other funds deposited into the Escrow Account pursuant to the provisions of the Escrow Deposit Agreement, shall be equal to the Escrow Requirement and that such moneys and the investments to be made pursuant to the Escrow Deposit Agreement will be sufficient to produce the moneys required to make all payments described in the Escrow Deposit Agreement for the full and complete refunding and defeasance of the Refunded Obligations.

Effective upon and subject to the execution and delivery of the Escrow Deposit Agreement and the issuance of the Bonds, the Issuer (A) does hereby call all Refunded Obligations for redemption on October 1, 1999, at a redemption price of 100% (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 the registrar for the Refunded Obligations, to give notice of such call for redemption in the manner provided in the resolution pursuant to which the Refunded Obligations were issued.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION

Section 2.1 Authorization of Bonds. Subject and pursuant to the provisions of this Instrument and the Original Instrument, obligations of the Issuer to be known as Sales Tax Revenue Refunding Bonds, Series 1998," are hereby authorized to be issued in an aggregate principal amount not exceeding \$11,250,000 for the purpose of financing the refunding of the Refunding Obligations and paying certain costs of issuance incurred with respect to the Bonds.

Section 2.2 Description of Bonds. The Bonds shall be issued as fully registered Bonds; and shall be numbered consecutively from one upward in order of maturity preceded by the letter "R;" shall be in denominations of \$5,000 and integral multiples of \$5,000; and shall bear interest at the rates, not exceeding the maximum rate permitted by law (calculated on the basis of a 360-day year of twelve 30-day months), payable on April 1 and October 1 in each year, commencing on such date, shall mature on October 1 in such years not exceeding thirty (30) years from their date, shall be dated such date, shall contain such redemption provisions, and shall have such other terms as are provided herein and in the Purchase Contract.

Section 2.3 Payment of Bonds. The Bonds shall be payable as to both principal and interest at such place or places as the Issuer shall hereafter by resolution designate, in lawful money of the United States of America, and shall bear interest from the date of issue.

From and after any maturity date or any date fixed for redemption as designated in any notice given pursuant to Section 2.4 hereof (deposit of moneys for the payment of the principal or redemption price of and/or interest on such Bonds having been made by the Issuer and notice of redemption having been given to the extent required hereunder), notwithstanding that any of such Bonds shall not have been surrendered for payment and cancellation, no further interest shall accrue upon the principal of such Bonds after such date, no interest shall accrue upon the interest which shall have accrued and shall then be due on such date, and such Bonds shall cease to be entitled to any lien, benefit or security under this Instrument, and the Holders shall have no rights in respect of such Bonds except to receive, but solely from legally available revenues derived from sources other than ad valorem taxation, payment of such principal or the redemption price thereof and unpaid interest accrued to the due date or redemption date.

Section 2.4 Redemption of Bonds. Unless waived by any Holder of Bonds to be redeemed, notice of any redemption made pursuant to this Instrument shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to each Holder of Bonds to be redeemed at the address of such Holder shown on the Bond Register, or at such other address as shall be furnished in writing by such Holder to the Registrar; provided, however, that no defect in any notice given pursuant to this section to any Holder of Bonds to be redeemed nor failure to give such notice to any such Holder nor failure of any such Holder to receive such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Bonds to be redeemed.

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

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

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

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

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

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

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

Section 2.5 Execution of Bonds. The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and the official seal of the Issuer shall be impressed or imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time

of the execution of such Bond shall hold the proper office of the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Instrument, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

From time to time after the adoption of this Instrument, the Issuer may deliver executed Bonds to the Registrar for authentication, and the Registrar shall manually authenticate and deliver such Bonds in accordance with written instructions of the Issuer and not otherwise. No Bond shall be entitled to any benefit under this Instrument or be valid for any purpose unless such Bond shall bear thereon a certificate of authentication substantially in the form set forth in the form of Bond set out in Section 2.8 hereof executed on behalf of the Registrar with the manual signature of an authorized signatory of the Registrar. Such certificate of authentication executed as aforesaid on a Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Instrument.

Section 2.6 Negotiability, Registration, Transfer and Exchange. The Bonds shall be and shall have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive Holder, in accepting any Bonds shall be conclusively deemed to have agreed that the same shall be and have all of said qualities and incidents of negotiable instruments.

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

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

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

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

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

Section 2.7 Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may occur. If any such Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, upon being indemnified as aforesaid, if such Bond be lost, stolen or destroyed, without surrender thereof. All Bonds so surrendered shall be canceled by the Issuer.

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

Section 2.8 Form of Bonds. The text of the Bonds shall be in substantially the following form, with only such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

(FORM OF BOND)

(Front of Bond)

No. R- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
ST. JOHNS COUNTY
SALES TAX REVENUE REFUNDING BOND, SERIES 1998

INTEREST RATE: _____% MATURITY DATE: _____, _____ BOND DATE: _____, _____ CUSIP: _____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

FOR VALUE RECEIVED, St. Johns County, a political subdivision of the State of Florida (the "Issuer"), hereby promises to pay, solely from the Pledged Funds hereinafter described, to the Registered Owner identified above, or registered assigns as hereinafter provided, the Principal Amount identified above on the Maturity Date identified above, and interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the Bond Date identified above or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above on April 1 and October 1 of each year commencing _____, 19__ until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto, and except as is provided in the Resolution, as hereinafter defined, with respect to failure to surrender Bonds for payment at maturity.

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

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

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

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

IN WITNESS WHEREOF, St. Johns County, Florida, has issued this bond and has caused the same to be signed by the Chairman of its Board of County Commissioners and attested and countersigned by the Clerk of said Board, either manually or with their facsimile signatures. and its official seal or a facsimile thereof to be affixed, impressed, imprinted or engraved hereon, all as of the _____ day of _____, 1998.

ST. JOHNS COUNTY, FLORIDA

By _____
Chairman of the Board of County
Commissioners

(SEAL)

ATTESTED AND COUNTERSIGNED:

Clerk of the Board of County Commissioners

CERTIFICATE OF AUTHENTICATION

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

DATE OF AUTHENTICATION:

Registrar

By

Authorized Signatory

[Back of Bond]

This bond is one of an authorized issue of Sales Tax Revenue Refunding Bonds, Series 1998, in the aggregate principal amount of \$_____ (the "Bonds") of like date, tenor and effect, except as to number, denomination, interest rate and date of maturity, issued to finance the refunding of the Issuer's outstanding Sales Tax Revenue Bonds, Series 1989, and pay certain costs of issuance with respect to the Bonds, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No. 86-89 and Resolution No. 86-132 duly adopted by the Issuer on September 30, 1986, as previously amended and supplemented, particularly as supplemented by Resolution No. 89-143 duly adopted by the Issuer on June 27, 1989, as amended and supplemented, and Resolution No. 98-____ duly adopted by the Issuer on _____, 1998 (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution.

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

The lien in favor of the owners of the Bonds on the Pledged Funds is on a parity, equally and ratably, with the lien thereon in favor of the owners of the Issuer's outstanding Sales Tax Revenue and Refunding Bonds, Series 1994.

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

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

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

<u>Year</u>	<u>Amortization</u> <u>Installments</u>
	\$
(maturity)	

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

This bond is transferable upon the registration books of _____, _____, _____, as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "Registrar"), but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender of this bond to the Registrar, with the form of Assignment hereon or other written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar. duly executed by the registered owner hereof, or by such owner's attorney duly authorized in writing,

and containing the information identifying the transferee requested hereon. In all cases of the transfer of this bond, the Registrar shall enter the transfer of ownership in such registration books and shall deliver in the name of the transferee or transferees a new bond or bonds of authorized denomination or denominations and of the same maturity, interest rate and aggregate principal amount, at the earliest practicable time. Prior to every such transfer the Registrar shall be entitled to receive from the owner of this bond a sum sufficient only to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer.

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

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

LEGAL OPINION

[Insert appropriate approving opinion of bond counsel.]

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

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

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

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

UNIF TRANS MIN ACT _____ Custodian _____
(Cust) (Minor)

under Uniform Transfers to Minors

Act _____
(State)

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

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER
IDENTIFICATION NUMBER OF TRANSFEREE

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

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints
to transfer the within bond on the books kept for registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed:

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

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

ARTICLE III

COVENANTS, SPECIAL FUNDS AND APPLICATION THEREOF

Section 3.1 Bonds Not to Be General Indebtedness of Issuer. The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from and secured by a prior lien upon and a pledge of the Pledged Funds. No Holder shall ever have the right to compel the exercise of any ad valorem taxing power of the Issuer, the State of Florida or any political subdivision thereof to pay the principal of or interest on any Bond or be entitled to payment of such Bond from any moneys of the Issuer except from the Pledged Funds, in the manner provided herein.

Section 3.2 Security for Bonds. The payment of the principal of and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and prior lien upon the Pledged Funds. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and premium, if any, and interest on the Bonds and for reserves therefor and for all other payments required hereby and by the Original Instrument. The Bonds are payable from the Pledged Funds on a parity, equally and ratably, with the Parity Obligations.

Section 3.3 Application of Bond Proceeds. The proceeds derived from the sale of the Bonds, including accrued interest and premium, if any, thereon shall, simultaneously with the delivery of the Bonds to the purchaser or purchasers thereof, be applied by the Issuer as follows:

- (A) Accrued interest shall be deposited in the Interest Account.
- (B) An amount shall be deposited in the Reserve Account which, together with any moneys and securities on deposit therein and any Reserve Instruments provided in accordance with Section 3.05 of the 1989 Resolution, shall equal the Reserve Account Requirement.
- (C) A sum which, together with other funds deposited in the Escrow Account pursuant to the provisions of the Escrow Deposit Agreement, shall equal the Escrow Requirement, shall be deposited with the Escrow Holder under the Escrow Deposit Agreement and applied only in the manner provided in the Escrow Deposit Agreement.
- (D) The Issuer covenants and agrees to establish a separate account with an Authorized Depository to be known as the "St. Johns County Sales Tax Revenue Refunding Bonds, Series 1998, Costs of Issuance Account" (the "Costs of Issuance Account"), which shall be used only for the payment of costs and expenses described in this subsection. The balance of the Bond proceeds shall be deposited in the Costs of Issuance Account. Such moneys shall

be in an amount sufficient to pay all costs and expenses in connection with the preparation, issuance and sale of the Bonds, including fees of financial advisors, engineering and other consulting fees, legal fees, bond insurance premiums, printing fees, rating agency fees and other similar costs shall be deposited to the credit of the Costs of Issuance Account, and all such costs and expenses shall be promptly paid by the Issuer to the persons respectively entitled to receive the same. When all moneys on deposit to the credit of the Costs of Issuance Account shall have been disbursed by the Issuer for the payment of such costs and expenses, the Costs of Issuance Account shall be closed; provided, however, that if any balance shall remain in the Costs of Issuance Account six months after issuance of the Bonds, such moneys shall be transferred by the Issuer to the Interest Account and the Costs of Issuance Account shall be closed.

Section 3.4 Covenants of the Issuer. So long as any of the principal of or premium, if any, or interest on any of the Bonds shall be outstanding and unpaid, or until provision for payment thereof shall have been made within the meaning of Section 4.1 hereof, except as to any Bonds which shall have not been surrendered for payment at maturity or on the date fixed for redemption as provided in Section 2.3 hereof, the Issuer covenants with the Holders as follows:

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

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

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

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

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

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

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

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

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

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

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

(F) Continuing Disclosure. The Issuer agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, substantially in the form attached hereto as Exhibit F, executed by the Issuer and dated the date of issuance of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof (the "Continuing Disclosure Certificate"). Notwithstanding any other provision of this Instrument, failure of the Issuer to comply with the Continuing Disclosure Certificate shall not be considered an event of default nor give rise to any pecuniary liability; however, any Holder or Beneficial Owner (as hereinafter defined) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Section 3.4(F). For purposes of this Section 3.4(F), "Beneficial Owner" means any person which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, (including persons holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of any Bonds for federal income tax purposes.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.1 Defeasance. If, at any time, the Issuer shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to any of the Bonds, then, and in that event, the pledge of and lien on the Pledged Funds in favor of the Holders of such Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit by the Issuer of cash and/or Federal Securities, or bank certificates of deposit fully secured as to principal and interest by Federal Securities (or deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance), in irrevocable trust with a banking institution or trust company, for the sole benefit of the Holders, in an aggregate principal amount which, together with interest

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

Section 4.2 Modification or Amendment. No material modification or amendment of this Instrument may be made without the consent in writing of the Insurer, which consent shall not be unreasonably withheld, and the Holders of fifty-one percent (51%) or more in principal amount of any Bonds then outstanding and which shall be affected by such modification or amendment; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or reduce the number of such Bonds the written consent of the Holders of which are required by this section for such modification or amendment, without the consent of all Holders.

Section 4.3 Ratification of Acceptance of Insurance Commitments. The Issuer hereby ratifies the acceptance of the Insurer's commitments to provide a municipal bond insurance policy and a Reserve Instrument with respect to the Bonds, copies of which commitments are attached hereto as Exhibit C. The Insurer is hereby designated as the Insurer for the Bonds; and as the Insurer for the Bonds, the Insurer shall have the same rights to receive notices, grant consents and direct actions as the insurer of the Parity Obligations. The Reserve Instrument issued by the Insurer shall be in the amount specified in the Reserve Instrument. Such amount, together with the other amounts on deposit in or credited to the Reserve Account, shall equal not less than the Reserve Account Requirement. Such amount may equal an amount which, together with the other amounts on deposit in or credited to the Reserve Account, is greater than the Reserve Account Requirement in order to comply with the terms of the Insurer's commitments.

The Chairman or Vice Chairman and the Clerk or any deputy clerk are hereby authorized to execute and deliver the Reserve Instrument Agreement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or Vice Chairman and the Clerk or any deputy clerk prior to the delivery thereof, such necessity and/or desirability and approval by the Chairman or Vice Chairman and the Clerk or any deputy clerk to be presumed by their execution and delivery thereof; and all of the provisions of the Reserve Instrument Agreement, when executed and delivered by the Issuer as authorized herein, and by the Insurer, shall be deemed to be a part of this Instrument and the Original Instrument as fully and to the same extent as if incorporated verbatim herein and therein.

Section 4.4. Insurer. Notwithstanding any provision to the contrary contained herein, the following provisions shall apply so long as the Bond Insurance Policy (as hereinafter defined) and the Reserve Instrument with respect to the Bonds issued by the Insurer shall be in full force and effect:

(A) "Bond Insurance Policy" shall mean the municipal bond new issue insurance policy issued by the Insurer that guarantees payment of principal of and interest on the Bonds.

(B) Notice of any redemption of Bonds shall either (i) explicitly state that the proposed redemption is conditioned on there being on deposit in the applicable fund or account on the redemption date sufficient money to pay the full redemption price of the Bonds to be redeemed, or (ii) be sent only if sufficient money to pay the full redemption price of the Bonds to be redeemed is on deposit in the applicable fund or account.

(C) In determining whether a payment default has occurred or whether a payment on the Bonds has been made under this Instrument, no effect shall be given to payments made under the Bond Insurance Policy.

(D) Any acceleration of the Bonds or any annulment thereof shall be subject to the prior written consent of the Insurer (if it has not failed to comply with its payment obligations under the Bond Insurance Policy).

(E) The Insurer shall receive immediate notice of any payment default and notice of any other default known to the Issuer within 30 days of the Issuer's knowledge thereof.

(F) For all purposes of the provisions of the Original Instrument governing events of default and remedies, except the giving of notice of default to Bondholders, the Insurer shall be deemed to be the sole holder of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policy.

(G) The Insurer shall be a party in interest hereunder and a party entitled to (i) notify the Issuer or any applicable receiver of the occurrence of an event of default and (ii) request any receiver to intervene in judicial proceedings that affect the Bonds or the security therefor. The Issuer or any receiver is hereby required to accept notice of default from the Insurer.

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

(1) If, on the third day preceding any interest payment date for the Bonds there is not on deposit with the paying agent sufficient moneys available to pay all principal of and interest on the Bonds due on such date, the paying

agent shall immediately notify the Insurer and State Street Bank and Trust Company, N.A., New York, New York or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. If, by said interest payment date, the Issuer has not provided the amount of such deficiency, the Registrar shall simultaneously make available to the Insurer and to the Fiscal Agent the registration books for the Bonds. In addition:

- (a) The paying agent shall provide the Insurer with a list of the Bondholders entitled to receive principal or interest payments from the Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Insurer and its Fiscal Agent (i) to mail checks or drafts to Bondholders entitled to receive full or partial interest payments from the Insurer and (ii) to pay principal of the Bonds surrendered to the Fiscal Agent by the Bondholders entitled to receive full or partial principal payments from the Insurer; and
- (b) The Issuer shall, at the time the registration books are made available to the Insurer pursuant to (a) above, notify Bondholders entitled to receive the payment of principal of or interest on the Bonds from the Insurer (i) as to the fact of such entitlement, (ii) that the Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy, (iii) that, except as provided in paragraph (2) below, in the event that any Bondholder is entitled to receive full payment of principal from the Insurer, such Bondholder must tender such Bondholder's Bond with the instrument of transfer in the form provided on the Bond executed in the name of the Insurer, and (iv) that, except as provided in paragraph (2) below, in the event that such Bondholder is entitled to receive partial payment of principal from the Insurer, such Bondholder must tender such Bondholder's Bond for payment first to the paying agent, which shall note on such Bond the portion of principal paid by the paying agent, and then, with an acceptable form of assignment executed in the name of the Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Bondholder subject to the terms of the Bond Insurance Policy.

(2) In the event that the Issuer has notice that any payment of principal of or interest on a Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order pertaining to the Issuer of a court having competent

jurisdiction, the Issuer shall, at the time it provides notice to the Insurer, notify all Bondholders that in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Insurer to the extent of such recovery, and the Issuer shall furnish to the Insurer its records evidencing the payments of principal of and interest on the Bonds which have been made by the Issuer and subsequently recovered from Bondholders, and the dates on which such payments were made.

(3) The Insurer shall, to the extent it makes payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (a) in the case of subrogation as to the claims for past due interest, the Insurer's rights as subrogee shall be noted on the registration books for the Bonds upon receipt from the Insurer of proof of the payment of interest thereon to the Bondholders of such Bonds and (b) in the case of subrogation as to claims for past due principal, the Insurer's rights as subrogee shall be noted on the registration books for the Bonds upon receipt of proof of the payment of principal thereof to the Bondholders of such Bonds. Notwithstanding anything in this Instrument or the Bonds to the contrary, the paying agent shall make payment of such past due interest and past due principal directly to the Insurer to the extent that the Insurer is a subrogee with respect thereto.

(I) Any amendment or supplement to this Instrument shall be subject to the prior written consent of the Insurer. Any rating agency rating the Bonds must receive notice of each amendment and a copy thereof at least 15 days in advance of its execution or adoption. The Insurer shall be provided with a full transcript of all proceedings relating to the execution of any such amendment or supplement.

(J) No Additional Bonds may be issued without the Insurer's prior written consent if any policy costs due to the Insurer under the Reserve Instrument Agreement are past due and owing to the Insurer. This Instrument shall not be discharged until all such policy costs owing to the Insurer shall have been paid in full.

(K) Any successor paying agent or Registrar must have combined capital, surplus and undivided profits of at least \$50 million, unless the Insurer shall otherwise approve. No resignation or removal of the paying agent or Registrar shall become effective until a successor has been appointed and has accepted the duties of paying agent or Registrar, as applicable. The Insurer shall be furnished with written notice of the resignation or removal of the paying agent or Registrar and the appointment of any successor thereto.

(L) Only cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS,

TIGRS, STRPS, or defeased municipal bonds rated AAA by Standard & Poor's or Aaa by Moody's Investors Service (or any combination of the foregoing) shall be used to effect defeasance of the Bonds unless the Insurer otherwise approves. In the event of an advance refunding, the Issuer shall cause to be delivered a verification report of an independent nationally recognized certified public accountant. If a forward supply contract is employed in connection with the refunding, (i) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement (or the authorizing document, if no separate escrow agreement is utilized), the terms of the escrow agreement or authorizing document, if applicable, shall be controlling.

(M) Variable Rate Bonds shall be issued under the Original Instrument by the Issuer only upon the prior written consent of the Insurer.

(N) The Insurer shall be provided with the following information:

(1) Within 120 days after the end of each of the Issuer's fiscal years, the budget for the succeeding year, the annual audited financial statements, a statement of the amount on deposit in the Reserve Account as of the last valuation, and, if not presented in the audited financial statements, a statement of the revenues pledged to payment of Bonds in each such fiscal year;

(2) The official statement or other disclosure document, if any, prepared in connection with the issuance of additional debt payable from the Pledged Funds, whether or not on parity with the Bonds within 30 days after the sale thereof;

(3) Notice of any drawing upon or deficiency due to market fluctuation in the amount, if any, on deposit, in the Reserve Account;

(4) Notice of the redemption, other than mandatory sinking fund redemption, of any of the Bonds, or of any advance refunding of the Bonds, including the principal amount, maturities and CUSIP numbers thereof; and

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

(O) The notice address for the Insurer and the Fiscal Agent shall be as follows: Financial Guaranty Insurance Company, 115 Broadway, New York, New York 10006, Attention: Risk Management; and State Street Bank and Trust Company, N.A., 61 Broadway, New York, New York 10006, Attention: Corporate Trust Department.

Section 4.5. Sale of the Bonds; Authorization of Execution of Purchase Contract.

A negotiated sale of the Bonds is hereby authorized. The Chairman or the County Administrator is hereby authorized and directed to award the sale of the Bonds to the Purchaser in an aggregate principal amount which shall not exceed \$11,250,000 (the "Maximum Principal Amount"), at an aggregate purchase price (excluding any original issue discount) of not less than 98% of the original principal amount of such Bonds (the "Minimum Purchase Price"), as approved by the Chairman or the County Administrator, within the following parameters (the "Parameters"): the net present value of the savings, after payment of all issuance expenses and costs, which shall result from the issuance of the Bonds shall not be less than 3.0% of the principal amount of the Refunded Obligations; the arbitrage yield of the Bonds shall not exceed 6.0%; the final maturity of the Bonds shall not be later than October 1, 2019; the Bonds shall be subject to optional redemption no later than October 1, 2009, at a premium of no more than 102% of the principal amount thereof to be redeemed; the costs 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 the Bond Insurance Policy and the Reserve Instrument with respect to the 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 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 4.5 have been fully satisfied.

The Bonds shall be dated such date, shall bear interest at such rates, 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 Bonds and the refunding of the Refunded Obligations in accordance with the provisions of the Original Instrument, this Instrument and the Purchase Contract.

Authority for the issuance of such aggregate principal amount of the 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, 1998, the Chairman's and the County Administrator's authority to award the sale of the 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, 1998.

Section 4.6. 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 Chairman or Vice Chairman prior to the release thereof, are hereby approved and each is authorized to be delivered by the Issuer to the Purchaser for distribution prior to or contemporaneously with the issuance and delivery of the Bonds. The Chairman's or the Vice Chairman's approval of the preliminary official statement shall be presumed by the delivery thereof to the Purchaser. The Chairman or the Vice Chairman are hereby authorized to evidence the Issuer's approval of the final official statement by either's endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations may be presumed from such endorsement upon any copy of such final official statement. Bond Counsel is hereby directed to furnish to the Division of Bond Finance of the State Board of Administration of the State of Florida a copy of the final official statement, a notice of the impending sale of the Bonds and the other information required by Section 218.38, Florida Statutes, as amended, within the appropriate time periods specified by such section.

Section 4.7. Registrar and Paying Agent. First Union National Bank, Jacksonville, Florida, is hereby appointed as Registrar and paying agent under the Original Instrument to serve as Registrar and paying agent for the Bonds; and the Chairman or Vice Chairman and the Clerk or any deputy clerk are hereby authorized to execute and deliver on behalf of the Issuer a registrar and paying agency agreement in a form which shall be approved by the Issuer's attorney, such approval to be conclusively presumed by their execution thereof.

Section 4.8. Authorization of Execution and Delivery of Escrow Deposit Agreement. The Chairman or Vice Chairman and the Clerk or any deputy 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 or Vice Chairman and the Clerk or any deputy clerk prior to the delivery thereof, such necessity and/or desirability and approval by the Chairman or Vice Chairman and the Clerk or any deputy clerk to be presumed by their execution and delivery thereof.

Section 4.9. Escrow Holder. First Union National Bank, Jacksonville, Florida is hereby appointed to serve as Escrow Holder under the Escrow Deposit Agreement.

Section 4.10. General Authority. The members of the Board and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this Instrument or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds and this Instrument, and they are hereby authorized to execute and deliver all documents which shall be reasonably required by Bond Counsel or the Purchaser to effectuate the sale and delivery of the Bonds.

Section 4.11. Authorization of Execution of Certificates and Other Instruments. The Chairman or Vice Chairman and the Clerk or any deputy clerk are hereby authorized and directed, either alone or jointly, under the official seal of the Issuer, to execute and deliver certificates of the Issuer certifying such facts as the Issuer's attorney, counsel to the Purchaser or Bond Counsel shall require in connection with the issuance, sale and delivery of the Bonds, and to execute and deliver such other instruments as shall be necessary or desirable to perform the Issuer's obligations under this Instrument, the Original Instrument and the Purchase Contract and to consummate the transactions contemplated hereby and thereby.

Section 4.12 No Personal Liability. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Bonds, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Board, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Bonds or any certificate or other instrument to be executed in connection with the issuance of the Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

Section 4.13 No Third Party Beneficiaries. Except as may be expressly described herein or in the Bonds, nothing in this Instrument, or in the Bonds, expressed or implied, is intended or shall be construed to confer upon any person, firm, corporation or other entity other than the Issuer, the Insurer and the Holders any right, remedy or claim, legal or equitable, under and by reason of this Instrument or any provision hereof, or of the Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer, the Insurer and the Holders.

Section 4.14 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions of this Instrument or of the Bonds should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements and provisions of this Instrument and the Bonds.

Section 4.15. Repeal of Inconsistent Resolutions. All other resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

Section 4.16. Original Instrument in Full Force and Effect. Except as hereby supplemented, the Original Instrument shall remain in full force and effect.

Section 4.17 Table of Contents and Heading not Part Hereof. The Table of Contents preceding the body of this Instrument and the headings preceding the several articles and sections hereof shall be solely for convenience of reference and shall not constitute a part of this Instrument or affect its meaning, construction or effect.

Section 4.18 Effective Date. This Instrument shall take effect immediately upon its passage.

PASSED, APPROVED AND ADOPTED this 12 day of May, 1998.

(OFFICIAL SEAL)

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

By: Moses A. Floyd
Its Chairman

ATTEST: CHERYL STRICKLAND, CLERK

Cheryl Strickland
Its Clerk



I, Cheryl Strickland, 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. 98-100 of said County passed and adopted on May 12, 1998.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said County this 13 day of May, 1998.

Cheryl Strickland
Clerk of the Board of County Commissioners

(OFFICIAL SEAL)

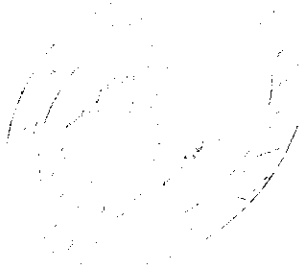


EXHIBIT A

DRAFT PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED MAY __, 1998

NEW ISSUE

RATINGS: Moody's: ____
 Standard & Poor's: ____
 (FGIC 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 1998 Bonds is excluded from gross income for federal income tax purposes, and the 1998 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 1998 Bonds.

\$11,250,000*
ST. JOHNS COUNTY, FLORIDA
Sales Tax Revenue Refunding Bonds
Series 1998

Dated: ____, 1998

Due: October 1, as shown below

The Sales Tax Revenue Refunding Bonds, Series 1998 (the "1998 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, 1998 and on each April 1 and October 1 thereafter) on the 1998 Bonds will be payable by check or draft mailed to the registered owner by First Union National Bank, Jacksonville, Florida, as Registrar and Paying Agent. Principal of the 1998 Bonds is payable to the registered owner upon presentation, when due, at the corporate trust office of the Paying Agent.

The 1998 Bonds are subject to redemption prior to their stated maturities as described herein.

The 1998 Bonds are being issued to provide funds to (i) advance refund the County's outstanding Sales Tax Revenue Bonds, Series 1989, (ii) fund a portion of the Reserve Account established by the Resolution by the purchase of a reserve account surety bond, and (iii) pay the cost of issuance with respect to the 1998 Bonds.

The 1998 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 1998 Bonds are being issued on a parity as to source of payment with the \$10,135,000 outstanding County Sales Tax Revenue and Refunding Bonds, Series 1994.

The payment of the principal of and interest on the 1998 Bonds when due will be insured by a municipal bond insurance policy to be issued by Financial Guaranty Insurance Company simultaneously with the delivery of the 1998 Bonds.

[LOGO]

The 1998 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 1998 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.

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

<u>Maturity</u> <u>October 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>Maturity</u> <u>October 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>
1998	\$	%	%	2004	\$	%	%
1999				2005			
2000				2006			
2001				2007			
2002				2008			
2003							

\$ ____,000 ____ % Term Bonds due October 1, 2019—Price— ____ %
 (Plus Accrued Interest)

The 1998 Bonds are offered when, as and if issued and received by the Underwriter, subject to the unqualified approval of legality by Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by James G. Sisco, Esquire, St. Augustine, Florida, Attorney for the County and for the Underwriter by its counsel, Rogers, Towers, Bailey, Jones & Gay, P.A., Jacksonville, Florida. It is expected that the 1998 Bonds in definitive form will be available for delivery in New York, New York on or about May __, 1998.

William R. Hough & Co.

____, 1998

* 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 an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

ST. JOHNS COUNTY, FLORIDA

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Moses A. Floyd, Chairman
Karen Taylor
Pal West Howell
Mark A. Jacalone
Joanne Cody
James Bryant
David J. Bruner

CONSTITUTIONAL OFFICERS

Neil Perry, Sheriff
Cheryl Strickland, Clerk of Circuit Court
Dennis Hollingsworth, Tax Collector
Sharon P. Outland, Property Appraiser
Penny Halyburton, Supervisor of Elections

COUNTY ADMINISTRATOR

Ben W. Adams, Jr.

FINANCE DIRECTOR

Peggy R. Davis, 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 1998 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 1998 Bonds have not been registered under the Securities Act of 1933 in reliance upon an exemption contained in such Act.

IN CONNECTION WITH THE OFFERING OF THE 1998 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 1998 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 Refunding Bonds, Series 1998 (the "1998 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 1997 population of the County is 102,116.

Purpose of the 1998 Bonds

The 1998 Bonds are being issued to provide funds to (i) advance refund the County's outstanding Sales Tax Revenue Bonds, Series 1989 (the "Refunded Bonds"), (ii) fund a portion of the Reserve Account established by the Resolution by the purchase of a reserve account surety bond, and (iii) pay the cost of issuance with respect to the 1998 Bonds.

Authority and Security for the 1998 Bonds

Authority for the 1998 Bonds. The 1998 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 1998 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 1998 Bonds is on a parity with the pledge of the Pledged Funds to the owners of the County's \$10,135,000 outstanding Sales Tax Revenue and Refunding Bonds, Series 1994 (the "Parity Bonds") which will remain outstanding after the advance refunding.

Reserve Account. Simultaneously with the issuance of the 1998 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 1998 Bonds and Additional Bonds, (ii) 125% of average annual debt service for the Parity Bonds, the 1998 Bonds and Additional Bonds, or (iii) 10% of the proceeds of the Parity Bonds, the 1998 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 Parity Bonds, the 1998 Bonds and Additional Bonds when the other moneys in the Sinking Fund are insufficient therefor and for no other purpose. The portions of the Reserve Account for the Parity Bonds and the 1998 Bonds are funded by separate surety bonds issued by MBIA Insurance Corporation and Financial Guaranty Insurance Company (the latter being herein referred to as the "Insurer"), respectively.

Additional Bonds. The County may issue Additional Bonds payable from the Pledged Funds on a parity with the 1998 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 1998 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 1998 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 1998 Bonds when due will be insured by a municipal bond insurance policy to be issued by the Insurer simultaneously with the delivery of the 1998 Bonds.

OFFICIAL STATEMENT
Relating to
\$11,250,000*
ST. JOHNS COUNTY, FLORIDA
Sales Tax Revenue Refunding Bonds
Series 1998

_____, 1998

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 \$11,250,000* aggregate principal amount of the County's Sales Tax Revenue Refunding Bonds, Series 1998 (the "1998 Bonds"). The 1998 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. 98-____ duly adopted by the County on June 27, 1989, October 24, 1989 and April __, 1998, 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 1997 population of the County is 102,116.

For a complete description of the terms and conditions of the 1998 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 1998 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, Ms. Peggy Davis, C.P.A., St. Johns County Administration Building, 4020 Lewis Speedway, St. Augustine, Florida 32095, telephone (904) 823-2333 (ext. 345), or from the County's Financial Advisor, Public Financial Management, Inc., 5900 Enterprise Parkway, Ft. Myers, Florida 33905, telephone (941) 693-7117.

PURPOSE OF THE 1998 BONDS

The 1998 Bonds are being issued to provide funds to (i) advance refund the County's outstanding \$10,210,000 Sales Tax Revenue Bonds, Series 1989 (the "Refunded Bonds"), (ii) fund a portion of the Reserve Account established by the Resolution by the purchase of a reserve account surety bond, and (iii) pay the cost of issuance with respect to the 1998 Bonds.

* Preliminary; subject to change.

REFUNDING PLAN

A portion of the proceeds of the 1998 Bonds will be used to provide the moneys needed to effect the defeasance of the Refunded Bonds. \$10,135,000 of the County's Sales Tax Revenue and Refunding Bonds, Series 1994 will remain outstanding; such remaining outstanding Bonds are referred to as the "Parity Bonds." Upon issuance of the 1998 Bonds, the County will enter into an Escrow Deposit Agreement with First Union National Bank, as escrow holder (the "Escrow Holder"), providing, among other things, for the deposit of a portion of the proceeds from the sale of the 1998 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, 1999.

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 KPMG Peat Marwick LLP 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.

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 1998 Bonds.

DESCRIPTION OF THE 1998 BONDS

General

The 1998 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 1998 Bonds (first payment due October 1, 1998 and semiannually on each April 1 and October 1 thereafter) will be payable by check or draft of First Union National Bank, 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 1998 Bonds are payable at maturity or redemption to the registered owner upon presentation, when due or when called for redemption, at the designated corporate trust office of the Paying Agent in Jacksonville, Florida.

Optional Redemption

The 1998 Bonds maturing prior to October 1, 20__ shall not be subject to redemption prior to maturity. The 1998 Bonds maturing on October 1, 20__ or thereafter, may be redeemed prior to maturity at the option of the County, as a whole on October 1, 20__, 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, 20__, or on any interest payment date thereafter, at the following redemption prices (expressed as a percentage of the principal amount of the 1998 Bonds to be redeemed) plus accrued interest to the redemption date during the following periods:

Redemption Periods
(both dates inclusive)

Redemption
Prices

October 1, 20__ to September 30, 20__
October 1, 20__ to September 30, 20__
October 1, 20__ and thereafter

%

Mandatory Redemption

The 1998 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, 20__ and on each October 1 thereafter in the years and in the principal amounts corresponding to the Amortization Installments as follows:

Years

Amortization
Installment

\$

2019 (Maturity)

Notice of Redemption

Notice of redemption of the 1998 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 1998 Bonds or portions of 1998 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 1998 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 1998 Bonds to be redeemed. Upon the giving of such notice of redemption, the 1998 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 1998 Bonds or portions thereof shall cease to bear interest.

AUTHORITY AND SECURITY FOR THE 1998 BONDS

The 1998 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 1998 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 1998 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:

$$\begin{array}{lcl}
 \begin{array}{l} \text{County Share} \\ \text{(percentage of} \\ \text{total Half-cent Sales} \\ \text{Tax receipts)} \end{array} & = & \frac{\begin{array}{l} \text{unincorporated area} \\ \text{population} \end{array} + \frac{2}{3} \frac{\begin{array}{l} \text{incorporated} \\ \text{area population} \end{array}}{\begin{array}{l} \text{total county} \\ \text{population} \end{array}} \\
 \\
 \begin{array}{l} \text{Each Municipality Share} \\ \text{(percentage of} \\ \text{total Half-cent Sales} \\ \text{Tax receipts)} \end{array} & = & \frac{\begin{array}{l} \text{municipality population} \end{array}}{\begin{array}{l} \text{total county} \\ \text{population} \end{array} + \frac{2}{3} \frac{\begin{array}{l} \text{incorporated} \\ \text{area population} \end{array}}{\begin{array}{l} \text{total county} \\ \text{population} \end{array}}}
 \end{array}$$

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, 1997 is 102,116. The population for all of the incorporated areas in the County for the year ended September 30, 1997, is 15,654. The County's share of the Local Government Half-cent Sales Tax collected in the County for the fiscal years ended September 30, 1993 through 1997 has been 83.43%, 83.74%, 84.12%, 84.43% and 84.67%, 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.

A proposal to incorporate portions of northeast St. Johns County known as Ponte Vedra and Palm Valley will be on the November 3, 1998 referendum election ballot. An incorporation would require a favorable vote on the referendum by a majority vote of qualified electors that live in those areas or by a majority vote of such qualified electors excluding the electors in the Palm Valley area, if such Palm Valley electors (by majority vote) vote against the incorporation--in which case the Palm Valley area would not be included in the incorporated area ratified by the referendum. The population estimate of the possible boundaries (including Palm Valley) is approximately 25,000. The financial impact of incorporation of this area is to reduce the County's share of the Local Government Half-cent Sales Tax collected in the County from 84.67% currently to ~~68.19%~~ (assuming an unincorporated population reduction of 25,000). Based on the 1997 distribution of the Local Government Half-cent Sales Tax to the County, distribution would be reduced by \$1,573,858. *68.56%*

St. Johns County, Florida *\$1,035,697*
Sales Tax Collections and Local Government Half-cent
Sales Tax Revenue

Fiscal Year Ended September 30,	County Sales Tax Collections ¹	County Half-cent Sales Tax Revenue ²
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
1994	55,687,212	4,491,063
1995	61,277,493	4,706,732
1996	64,325,861	5,108,072
1997	68,778,954	5,443,358

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

² 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) Fiscal Year Ended September 30,		(Projected) Fiscal Year Ending September 30
	<u>1996</u>	<u>1997</u>	1998
Local Government Half-cent Sales Tax Distribution ¹	\$5,108,072	\$5,443,358	\$5,958,638
Maximum Annual Debt Service for the 1998 Bonds and the Parity Bonds ²			
Estimated Debt Service Coverage ³			

¹ The projected distribution amount has been obtained from the Florida Advisory Council on Intergovernmental Relations Handbook. It does not take into account the effect of any area within the unincorporated County becoming an incorporated municipality.

² The amounts shown for 1996 and 1997 are Maximum Annual Debt Service for the County's outstanding Sales Tax Revenue Bonds, Series 1989 and Sales Tax Revenue and Refunding Bonds, Series 1994.

³ Bond years ending October 1 of indicated year.

Reserve Account

Simultaneously with the issuance of the 1998 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 1998 Bonds and Additional Bonds (as defined below), (ii) 125% of average annual debt service for the Parity Bonds, the 1998 Bonds and Additional Bonds, or (iii) 10% of the proceeds of the Parity Bonds, the 1998 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 1998 Bonds or Additional Bonds when the other moneys in the Sinking Fund are insufficient therefor, and for no other purpose.

Concurrently with the issuance of the Bonds, the Insurer will issue its Municipal Bond Debt Service Fund Policy (the "Reserve Policy"). The Reserve Policy unconditionally guarantees the payment of that portion of the principal and interest on the 1998 Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the County, provided that the aggregate amount paid under the Reserve Policy may not exceed the maximum amount set forth in the Reserve Policy, which maximum amount represents \$2,000,000. The Insurer will make such payments to the Paying Agent on the later of the date on which such principal and interest is due or on the business day next

following the day on which the Insurer shall have received telephonic or telegraphic notice subsequently confirmed in writing or written notice by registered or certified mail from the Paying Agent of the nonpayment of such amount by the County. The term "nonpayment" in respect of a 1998 Bond includes any payment of principal or interest made to an owner of a 1998 Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order pertaining to the County of a court having competent jurisdiction.

The Reserve Policy is non-cancelable and the premium will be fully paid at the time of delivery of the 1998 Bonds. The Reserve Policy covers failure to pay principal of the 1998 Bonds on their respective stated maturity dates, or dates on which the same shall have been called for mandatory sinking fund redemption, and not on any other date on which the 1998 Bonds may have been accelerated, and covers the failure to pay an installment of interest on the stated date for its payment. The Reserve Policy shall terminate on the earlier of the scheduled final maturity date of the 1998 Bonds or the date on which no 1998 Bonds are outstanding under the authorizing document.

Generally, in connection with its issuance of a Reserve Policy, the Insurer requires, among other things, (i) that, so long as it has not failed to comply with its payment obligations under the Reserve Policy, it be granted the power to exercise any remedies available at law or under the authorizing document other than (A) acceleration of the 1998 Bonds or (B) remedies which would adversely affect holders in the event that the County fails to reimburse the Insurer for any draws on the Reserve Policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to the Insurer's consent. The specific rights granted to the Insurer in connection with its issuance of the Reserve Policy are set forth in a Debt Service Reserve Fund Policy Agreement, a copy of which may be obtained from the County.

This Official Statement contains a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the County for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The Reserve Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

For a description of the Insurer, see "MUNICIPAL BOND INSURANCE" herein.

Additional Bonds

The County may issue Bonds (the "Additional Bonds") payable from the Pledged Funds on a parity with the 1998 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 1998 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 1998 Bonds, the Parity Bonds and any Additional Bonds shall not have been outstanding for 24 months, then for the period that the 1998 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 1998 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 1998 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 1998 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 1998 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 1998 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 1998 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 1998 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 1998 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 1998 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 1998 Bonds, the Insurer will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the 1998 Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the County. The Insurer will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the date on which the Insurer shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of 1998 Bonds or the Paying Agent of the nonpayment of such amount by the County. The Fiscal Agent will disburse such amount due on any 1998 Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in the Insurer. The term "nonpayment" in respect of a 1998 Bond includes any payment of principal or interest made to an owner of a 1998 Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order pertaining to the County of a court having competent jurisdiction.

The Policy is non-cancelable and the premium will be fully paid at the time of delivery of the 1998 Bonds. The Policy covers failure to pay principal of the 1998 Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the 1998 Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, the Insurer requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without the Insurer's consent, in each case so long as the Insurer has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to the Insurer's consent. The specific rights, if any, granted to the Insurer in connection with its insurance of the 1998 Bonds are set forth in the description of the principal legal documents appearing elsewhere in this Official Statement. Reference should be made as well to such description

for a discussion of the circumstances, if any, under which the County is required to provide additional or substitute credit enhancement, and related matters.

This Official Statement contains a section regarding the ratings assigned to the 1998 Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the 1998 Bonds. Reference should be made to the description of the County for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

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

The Insurer is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electrical Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against the Insurer. The Insurer is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of December 31, 1997, the total capital and surplus of the Insurer was \$1,255,590,411. The Insurer prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to the Insurer at 115 Broadway, New York, New York 10006, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department, 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the 1998 Bonds, together with other moneys of the County, are expected to be applied as described below:

Sources:

Principal Amount of 1998 Bonds	\$
Less: Original Issue Discount	
Accrued Interest on the 1998 Bonds	
Sinking Fund for the Refunded Bonds	
Total Sources:	\$ <u><u> </u></u>

Uses:

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

DEBT SERVICE SCHEDULE

The following table sets forth the debt service schedule for the 1998 Bonds.

Bond Year Ending October 1,	1998 Bonds		Parity Bonds	Total Debt Service for the 1998 Bonds and the Parity Bonds
	Principal	Interest		
1998	\$	\$ ¹	\$ 1,049,436.28	\$
1999			1,046,336.28	
2000			1,046,811.28	
2001			1,045,448.78	
2002			1,047,186.28	
2003			1,046,717.52	
2004			1,043,967.52	
2005			1,049,717.52	
2006			1,047,742.52	
2007			1,047,462.52	
2008			1,044,262.52	
2009			1,043,062.52	
2010			1,043,281.26	
2011			1,045,687.50	
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
Totals	\$	\$	\$14,647,120.30	\$

¹ Includes accrued interest of \$ _____.

LEGAL MATTERS

Certain legal matters in connection with the authorization, issuance and sale of the 1998 Bonds are subject to the approval of Foley & Lardner, Jacksonville, Florida, Bond Counsel, the form of whose approving opinion is attached hereto as Appendix E. 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, P.A., Jacksonville, Florida.

LITIGATION

The County is the defendant in many lawsuits, most of which are being defended by the County's insurance carrier. Several lawsuits seek damages that significantly exceed the County's policy limits. In one such suit, the County is being sued for over \$24 million by a developer for damages it alleges to have incurred as a result of a dispute with the County over County contracts and land development regulations pertaining to impact fees. Additionally, litigation exists and is also threatened

pertaining to traffic concurrency and if successful could seriously impede or prevent new development within large areas of the County.

Other than as described in the preceding paragraph, in the opinion of the County Attorney there are no legal proceedings pending or threatened which may materially adversely affect the County's ability to perform its obligations to the owners of the 1998 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 1998 Bonds or in any way contesting the validity of the 1998 Bonds or any proceedings of the County taken with respect to the authorization, sale or issuance of the 1998 Bonds or the pledge or application of any moneys provided for the payment of the 1998 Bonds.

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the 1998 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 1998 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 1998 Bonds to be included in gross income retroactive to the date of issuance of the 1998 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 1998 Bonds will be excluded from the gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Reference is made to a proposed form of the Bond Counsel opinion attached hereto as Appendix E for the complete text thereof.

In rendering the opinion, Bond Counsel will rely upon certificates of the County with respect to certain material facts relating to the property financed and refinanced with the proceeds of the 1998 Bonds and the application of the proceeds of the 1998 Bonds.

The Code contains numerous provisions which could affect the economic value of the 1998 Bonds to certain owners of the 1998 Bonds. The following is a brief summary of some of the significant provisions that may be applicable to particular owners of the 1998 Bonds. Prospective owners of the 1998 Bonds, however, should consult their own tax advisors with respect to the impact of such provision on their own tax situations.

The 1998 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 1998 Bonds or, in the case of banks and certain other financial institutions, interest expense allocable to interest on the 1998 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 1998 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 1998 Bonds.

Interest on the 1998 Bonds must be included in the "adjusted current earnings" of corporations (other than S corporations, regulated investment companies, real estate investment trusts, and REMICs), and such corporations are required to include in their calculation of alternative minimum taxable income 75% of the excess of adjusted current earnings over alternative minimum taxable income (determined with regard to this adjustment and prior to reduction of certain net operating losses).

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 1998 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 the tax years beginning after 1986. Interest on tax-exempt obligations, such as the 1998 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 1998 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.

From time to time, legislative proposals are pending in Congress that if enacted would alter or amend from one or more of the federal tax matters referred to above in certain respects or would adversely affect the market value of the 1998 Bonds. It cannot be predicted whether or in what form any such proposals, either pending or that could be introduced, may be enacted and there can be no assurance that such proposals will not apply to the 1998 Bonds.

Florida Tax Matters

It is also the opinion of Bond Counsel that, under existing law, the 1998 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, as defined in Chapter 220, Florida Statutes, as amended.

Original Issue Discount

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each 1998 Bond maturing October 1, ____ and thereafter (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 Bonds 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.*, 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 Bond.

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 of yield relied upon by Bond Counsel in support of its conclusion that the 1998 Bonds are not "arbitrage bonds" under Section 148 of the Code will be verified for the County by KPMG Peat Marwick LLP. Such verification of mathematical accuracy and mathematical computations will be based upon information supplied by Public Financial Management, Inc.

RATINGS

The 1998 Bonds have been rated ____ and ____ by Moody's Investors Service and Standard & Poor's Ratings Services, respectively, with the understanding that upon delivery of the 1998 Bonds, the Policy will be issued by the Insurer. The 1998 Bonds have also been rated A-2 and ____ by such rating agencies, respectively, not taking into account the delivery of the Policy. 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 1998 Bonds.

UNDERWRITING

William R. Hough & Co., (the "Underwriter") has agreed, subject to certain customary conditions to closing, to purchase the 1998 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 1998 Bonds if any such 1998 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 1998 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.

ANNUAL FINANCIAL REPORT

The Component Unit Financial Statements of the Board of County Commissioners of the County for the Fiscal Year ended September 30, 1997, 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 1998 Bonds is limited to the Pledged Funds as described under "AUTHORITY AND SECURITY FOR THE 1998 BONDS."

INVESTMENT POLICIES

The County has detailed written investment policies which it follows. The principal investment objectives of the County are to achieve safety, liquidity, and yield, in that priority.

CONTINUING DISCLOSURE

The County has covenanted in the Resolution to provide certain financial information and operating data relating to the County by not later than 270 days following the end of the County's Fiscal Year (which currently ends September 30) (the "Annual Report"), commencing with the report for the Fiscal Year ending 1998, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the County with each nationally recognized municipal securities information repository and with the appropriate state information depository, if any (the "State Depository"), designated as such by the State of Florida for purposes of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The notices of material events will be filed by the County with (i) each nationally recognized municipal securities information repository or the Municipal Securities Rulemaking Board and (ii) the State Depository. The specific nature of the information to be contained in the Annual Report and the notices of material events is summarized in "APPENDIX D - Summary of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with the Rule.

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 1998 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 1998 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 1998 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 1998 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 1998 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.

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

By: _____
Chairman

dep\imw\stjohns.Wrh\salestat\pos.004
[May 12, 1998]

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 total gross population and ranks 24th statewide in the percentage change in population growth from 1990 to 1997.

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

<u>Year</u>	<u>Population</u>
1970 U.S. Census	31,035
1980 U.S. Census	51,303
1990 U.S. Census	83,829
1991	86,118
1992	88,417
1993	91,197
1994	94,758
1995	97,695
1996	101,729
1997	102,116

Source: U.S. Bureau of the Census; Florida Executive State Data Center, Office of the Governor, "Florida Population Estimate by County," September 1997.

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 1997 provided the County with on-farm revenue in excess of \$59 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 1997 are as follows:

Potatoes	\$29,500,000
Cabbage	2,800,000
Forest Products	19,600,000
Ornamental Horticulture	4,000,000
Miscellaneous	1,000,000
Corn, Corn Silage & Hay	1,500,000
Livestock, Dairying & Poultry	<u>600,000</u>
Total	\$59,000,000

Source: Florida Department of Agriculture St. Johns County Extension Service, as of January 1997.

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 first quarter ended March, 1997.

St. Johns County

<u>Distribution</u>	<u>Number of Employees</u>	<u>Percentage of Total</u>
Manufacturing	3,317	9.70%
Construction	1,626	4.75
Transportation, Communications & Utilities	653	1.91
Wholesale Trade	1,268	3.71
Retail Trade	8,825	25.80
Finance, Insurance and Real Estate	1,242	3.63
Services	10,685	31.23
Government	5,675	16.59
Agriculture (Except Domestic, Self Employed, Unpaid Family Workers and Seasonal Workers)	852	2.49
Mining	17	0.05
Nonclassifiable	<u>47</u>	<u>.14</u>
TOTAL	34,207	100.00%

Source: State of Florida, Department of Labor and Employment Security.

Major Employers

The following table shows some of the major employers in St. Johns County and their approximate level of employment as of March 1998.

<u>Establishment</u>	<u>Product</u>	<u>Approximate Employment</u>
St. Johns County School Board	Education	2,000
Flagler Hospital	Health Care	1,000
St. Johns County	County Government	1,000
Northrup Grumman	Aircraft Overhaul and Modification	813
Florida School for the Deaf and Blind	Educational Institution	611
V.A.W. of America, Inc.	Aluminum Extrusion	550
Luhrs Corporation	Pleasure Crafts/Sport Fishing Boats	375
Florida Department of Military Affairs	Florida National Guard Headquarters	311
Tree of Life, Inc.	Health Food Distributor	305
Florida East Coast Railway	Intrastate Railroad Freight & Express	190

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

Tourism and Recreation

A combination of favorable climate and available recreational activities including public beaches, tennis courts, golf courses and cultural performances has made tourism a major industry in 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 Mantanzas Bay 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 110 physicians in the area, including specialists in most fields. The County has five nursing homes; two of which are funded by the County and three of which are private establishments. There is also the University of St. Augustine for Health Sciences. Programs offered are physical therapy and occupational therapy.

Education

The public school system is operated by the St. Johns County School Board. There are twelve elementary schools, five middle schools, two high schools, one discipline program school (grades 6-12), two elementary parochial schools, a parochial high school, a tri-county Vocational and Technical Center, St. Johns River Community College, and Flagler College, which is a four-year liberal arts institution in which more than 1,300 students are enrolled. The State operates the Florida School for the Deaf and Blind in St. Augustine, with primary school through senior high school levels.

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

St. Johns County, Florida
Civilian Labor Force
(unadjusted)

<u>Fiscal Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>	<u>State Unemployment Rate</u>
1987/88	38,781	36,761	2,020	5.2%	5.0%
1988/89	39,288	37,030	2,258	5.7	5.6
1989/90	40,011	37,761	2,250	5.6	5.9
1990/91	40,510	37,889	2,621	6.5	7.3
1991/92	39,962	37,048	2,914	7.3	7.1
1992/93	46,078	43,215	2,863	6.2	7.0
1993/94	47,484	44,701	2,783	5.9	6.6
1994/95	47,692	45,552	2,140	4.5	5.8
1995/96	53,302	51,750	1,552	2.9	5.1
1996/97	55,661	54,094	1,567	2.8	4.2

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

St. Johns County, Florida
Taxable Assessed Property Valuations

<u>Fiscal 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>
1987/88	\$2,462,581,761	\$244,414,748	\$13,395,647	\$2,720,392,156
1988/89	2,913,060,062	271,870,308	11,858,243	3,196,788,613
1989/90	3,200,364,647	299,669,118	12,107,655	3,512,141,420
1990/91	3,399,910,947	307,882,418	11,995,281	3,719,788,646
1991/92	3,504,853,905	300,136,448	8,979,760	3,813,970,113
1992/93	3,746,646,651	301,885,084	9,448,364	4,057,980,099
1993/94	4,000,055,855	317,459,944	12,768,651	4,330,284,450
1994/95	4,336,130,363	338,279,655	12,176,831	4,686,586,849
1995/96	4,597,639,793	353,147,333	11,966,300	4,962,753,426
1996/97	6,019,174,459	380,781,639	15,038,418	6,414,994,516

Source: St. Johns County Property Appraiser

St. Johns County, Florida
Ad Valorem Tax Levies and Collections

<u>Tax Roll Year</u>	<u>Property Taxes Levied</u>	<u>Total Tax Collections¹</u>	<u>% of Levy Collected²</u>	<u>Delinquent Tax Uncollected</u>
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	72,993,958	72,455,946	99.26	538,012
1993	75,800,471	75,566,764	99.79	157,336
1994	84,136,894	83,741,187	99.53	186,968
1995	91,051,729	90,542,605	99.64	200,288
1996	94,114,247	93,612,311	99.47	267,063
1997	106,030,927			

¹ Aggregate amount of tax collections as of close-out of fiscal year ended 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.

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

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

ST. JOHNS COUNTY, FLORIDA
NET DEBT STATEMENT
as of May 1, 1998
(Adjusted to give effect to the issuance of the 1998 Bonds
and the refunding of the Refunded Bonds)¹

<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	\$ 7,900,000		
Water and Sewer Revenue Bonds, Series 1989			\$ 6,305,000
Water and Sewer Revenue Bonds, Series 1990B-I and Series 1990B-II			15,475,000
Water and Sewer Revenue Bonds, Series 1991A			7,130,398
Water and Sewer Subordinated Revenue Bond, Series 1991			2,115,000
Water and Sewer Revenue and Refunding Bonds, Series 1996			19,795,000
State Revolving Loan Fund Agreement			1,839,379
Sales Tax Revenue Bonds, Series 1989		10,210,000	
Sales Tax Revenue and Refunding Bonds, Series 1994		9,635,000	
Capital Improvement Revenue Bonds, Series 1987A (\$1,515,000 less \$189,269 in Reserve Account)		975,000	
Transportation Improvement Revenue Refunding Bonds, Series 1992		8,935,000	
Taxable Convention Center Revenue Bonds, Series 1996		<u>16,990,000</u>	
Total Direct Debt	\$ 7,900,000	\$46,745,000	\$52,659,777

¹ Assessment debt not included.

<u>Underlying Debt</u>	<u>General Obligation Bonds</u>	<u>Non-Self Supporting Revenue Bonds</u>	<u>Self Supporting Revenue Bonds</u>
City of St. Augustine, Florida			
Water and Sewer Revenue Refunding Bonds, Series 1995(A)			\$16,000,000
Water and Sewer Revenue Refunding Bonds, Series 1995(B)			760,000
Water and Sewer Revenue Refunding Bonds, Series 1996			8,230,000
Public Service Tax and Guaranteed Entitlement Revenue Bonds, Series 1992		\$ 6,815,000	
Public Service Tax and Guaranteed Entitlement Revenue Refunding Bonds, Series 1995		2,400,000	
Town of Hastings, Florida			
Water and Sewer Bonds (\$982,700 less \$47,419 in Reserve Account)			935,281
School District of St. Johns County, Florida			
General Obligation Refunding Bonds, Series 1993	<u>\$39,215,000</u>	<u> </u>	<u> </u>
Total Underlying Debt	\$39,215,000	\$ 9,215,000	\$25,925,281
Total Direct and Underlying Debt	\$47,115,000	\$55,960,000	\$78,585,058

DEBT RATIOS

Direct and Underlying General Obligation Debt	\$	
Per Capita	\$	%
As a Percent of Taxable Assessed Valuation		%
As a Percent of Total Assessed Valuation		
Direct and Underlying General Obligation and Non-Self Supporting Revenue Debt	\$	
Per Capita	\$	%
As a Percent of Taxable Assessed Valuation		%
As a Percent of Total Assessed Valuation		
1994 St. Johns County Population Estimate		
1994 Taxable Assessed Valuation for St. Johns County	\$	
1994 Total Assessed Valuation for St. Johns County	\$	

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. **[update if necessary depending upon results of March 31 charter vote]** 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.

APPENDIX E

FORM OF BOND COUNSEL LEGAL OPINION

June __, 1998

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

Ladies and Gentlemen:

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

\$ _____
ST. JOHNS COUNTY, FLORIDA
SALES TAX REVENUE REFUNDING BONDS
SERIES 1998
Dated as of _____, 1998

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, and St. Johns County Ordinance No. 86-89, and Resolution No. 89-132 duly adopted by the Board on September 30, 1989, as previously amended and supplemented, particularly as supplemented by Resolution No. 89-143 duly adopted by the Issuer on June 27, 1989, as amended and supplemented, and Resolution No. 98-__ duly adopted by the Board on _____, 1998 (collectively the "Resolution"), to finance the cost of refunding the Issuer's outstanding Sales Tax Revenue Bonds, Series 1989, the cost of a reserve account insurance policy relating to the Bonds and the costs of issuance of 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 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 Issuer's outstanding Sales

The Honorable Chairman and
Members of the Board of County
Commissioners of St. Johns County
June __, 1998
Page 2

Tax Revenue and Refunding Bonds, Series 1994 ("Parity Obligations"), in the manner provided in the Resolution.

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

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

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

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

1. The Issuer is a duly created and validly existing political subdivision of the State of Florida with the power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer in accordance with its terms.
3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer enforceable in accordance with their terms.
4. The Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, as defined by Chapter 220, Florida Statutes, as amended.
5. Interest on the Bonds (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

The Honorable Chairman and
Members of the Board of County
Commissioners of St. Johns County
June __, 1998
Page 3

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 & LARNDER

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001



A GE Capital Company

Municipal Bond New Issue Insurance Policy

Issuer:	Policy Number:
	Control Number: 0010001
Bonds:	Premium:

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

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

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

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

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001



A GE Capital Company

Municipal Bond New Issue Insurance Policy

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

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

A handwritten signature in black ink, appearing to be "A. L. H.", with a long horizontal stroke extending to the right.

President

Effective Date:

Authorized Representative

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

A handwritten signature in black ink, appearing to be "Quincy Thomas", with a long horizontal stroke extending to the right.

Authorized Officer

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001

A GE Capital Company



Endorsement
To Financial Guaranty Insurance Company
Insurance Policy

Policy Number:

Control Number: 0010001

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

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

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

A handwritten signature in black ink, appearing to be "A. L. H.", written over a horizontal line.

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

A handwritten signature in black ink, appearing to be "Quincy Brown", written over a horizontal line.

Authorized Officer
State Street Bank and Trust Company, N.A., as Fiscal Agent

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001



A GE Capital Company

Endorsement To Financial Guaranty Insurance Company Insurance Policy

Policy Number:

Control Number: 0010001

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

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

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

A handwritten signature in black ink, appearing to be "A. L. H.", written over a horizontal line.

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

COUNTERSIGNATURE:

A handwritten signature in black ink, appearing to be "Quay", written over a horizontal line.

Authorized Officer
State Street Bank and Trust Company, N.A., as Fiscal Agent

Licensed Resident Agent

EXHIBIT B

BOND PURCHASE AGREEMENT

Draft of May 12, 1998

BOND PURCHASE AGREEMENT

_____, 1998

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 Refunding Bonds, Series 1998

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 LLP, 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 Refunding Bonds, Series 1998. 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 _____, 1998;

(m) "Refunded Bonds" means the County's \$10,210,000 outstanding Sales Tax Revenue Bonds, Series 1989;

(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. 98-___, 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, P.A.;

(q) "Verification Report" means the report, dated the date of the Closing, of KPMG Peat Marwick LLP 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 _____, 1998 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 \$_____ [approximately 1% of par] 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 _____ 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., _____, 1998, 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' 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 E 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 1998 Bonds," "REFUNDING PLAN," "DESCRIPTION OF THE 1998 BONDS," "AUTHORITY AND SECURITY FOR THE 1998 BONDS," "LEGAL MATTERS," "TAX MATTERS," "MISCELLANEOUS" (pertaining to Section 517.051, Florida Statutes, as amended), "APPENDIX C--Summary of Pertinent Provisions of the Resolution" and "APPENDIX D--Summary of Continuing Disclosure Certificate" 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 Financial Guaranty Insurance Company insuring the payment of the principal of and interest on the Bonds when due;

(k) A Reserve Instrument (as defined in the Resolution) issued by Financial Guaranty Insurance Company 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 Aaa by Moody's Investors Service and AAA by Standard & Poor's Ratings Services;

(m) The Verification Report manually signed by KPMG Peat Marwick LLP;

(n) A report of Deloitte & Touche LLP 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) An executed continuing disclosure certificate of the County in form and substance acceptable to the Underwriter; and

(s) 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 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., One Independent Drive, Suite 2602, Jacksonville, Florida 32202.

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 \$_____,000,000 of debt for the purpose of (i) advance refunding the Refunded Bonds, (ii) funding a portion of the Reserve Account deposit, and (iii) paying the cost of issuance with respect to such debt. This debt is expected to be repaid over a period of 21 years at a forecasted interest rates of ____% to ____%. 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 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 Commissioners of St. Johns County, Florida on _____, 1998

(SEAL)

By: _____
Chairman

ATTACHMENT 1

WILLIAM R. HOUGH & CO.
One Independent Drive, Suite 2602
Jacksonville, Florida 32202

_____, 1998

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
Refunding Bonds, Series 1998

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
MSRB, PSA, CUSIP.....	\$_____	per \$1,000
Federal Funds and day loan.....	\$_____	per \$1,000
DTC-Munifacts.....	\$_____	per \$1,000
Travel/Out-of-Pocket.....	\$_____	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., One Independent Drive, Suite 2602, Jacksonville, Florida 32202.

Very truly yours,

WILLIAM R. HOUGH & CO.

By: _____

Senior Vice President

ANNEX A

MATURITIES, AMOUNTS AND INTEREST RATES
\$ __,000,000 Serial Bonds

<u>Maturity</u> <u>June 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>June 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
1998	\$	%	2004	\$	%
1999			2005		
2000			2006		
2001			2007		
2002			2008		
2003					

\$ __,000 __ % Term Bonds due June 1, 2019
(Plus Accrued Interest)

REDEMPTION PROVISIONS

The Bonds maturing prior to October 1, 20__ shall not be subject to redemption prior to maturity. The Bonds maturing on October 1, 20__ or thereafter, may be redeemed prior to maturity at the option of the County, as a whole on October 1, 20__, 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, 20__, or on any interest payment date thereafter, at the following redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) plus accrued interest to the redemption date during the following periods:

<u>Redemption Periods</u> <u>(both dates inclusive)</u>	<u>Redemption</u> <u>Prices</u>
October 1, 20__ to September 30, 20__	%
October 1, 20__ to September 30, 20__	
October 1, 20__ and thereafter	

Mandatory Redemption

The 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, 20__ 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

dep\imw\stjohns.Wrh\salestax\bpa.002
[May 12, 1998]

EXHIBIT C

INSURER'S COMMITMENTS

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001



A GE Capital Company

May 6, 1998

Mr. Mike Givens
St. Johns County
4020 Lewis Speedway
St. Augustine, Florida 32095

Re: \$11,570,000 St. Johns County, Florida Sales Tax Revenue Refunding Bonds, Series 1998

Dear Mr. Givens:

Enclosed please find one original and one copy of our commitments to provide municipal bond insurance and a debt service reserve fund policy for the above-referenced bond issue. There are no other fees or expenses charged by Financial Guaranty other than those outlined in the commitment letters. With respect to the rating agencies and rating agency fees on insured transactions, please read the enclosure attached to the new issue commitment letter and familiarize yourself with its contents prior to printing the preliminary official statement. Payment of any such fees is not the responsibility of Financial Guaranty; it is a matter solely between the issuer and the rating agencies. Financial Guaranty will utilize its inside counsel, as needed.

Various Exhibits are attached to the new issue commitment letter and the reserve policy commitment letter. These Exhibits contain provisions that must be printed on the Bonds or incorporated into the authorizing document for the Bonds and the official statement, as appropriate. Note, too, that Exhibit B is a form of the Debt Service Reserve Fund Policy Agreement which is to be executed in connection with the issuance of the Bonds.

All inquiries regarding the commitment letter conditions, the bond documents, and closing procedures, as well as proofs of the bond form and official statement (prior to their final printing), should be directed to Raquel J. Suarez (212-312-3223), at the same address. Also, it is essential that you inform us as soon as possible of the closing date for this bond issue.

At bond closing, the premium payment should be made to Financial Guaranty via a Federal funds wire transfer. Wire transfer instructions are enclosed.

Please fax to 212-312-3268 a copy of the signature page of the original commitment letter executed by the appropriate official by May 13, 1998. Also, return the original executed commitment letter to Raquel J. Suarez by regular mail at the address set forth on the first page of the commitment letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "H. Cure", is written over the word "Sincerely,".

Howard Cure
Public Finance

hm

cc: Raquel J. Suarez - FGIC
Jean Mangu, Esq. - Foley & Lardner
Patti Garrett - Public Financial Management, Inc.
Mitch Owens - William R. Hough & Co.
Irvin M. Weinstein - Roger, Towers, Bailey, Jones & Gay

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001

A GE Capital Company



Commitment For Municipal Bond Insurance

Issuer: St. Johns County, Florida

Date of Commitment: May 6, 1998

Expiration Date: July 6, 1998*

Bonds Insured: Not to exceed \$11,570,000 in principal amount of Sales Tax Revenue Refunding Bonds, Series 1998

Premium: 25% of total debt service on the Bonds Insured**

FINANCIAL GUARANTY INSURANCE COMPANY ("Financial Guaranty")

A Stock Insurance Company

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

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

THE MUNICIPAL BOND NEW ISSUE INSURANCE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

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

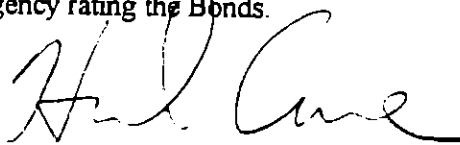
* Subject to written acceptance of this Commitment being furnished to Financial Guaranty by the earlier of the date on which the disclosure document relating to the Bonds is circulated and May 13, 1998.

** The amount of Bond proceeds deposited with the Trustee or Paying Agent at closing for the payment of accrued interest shall not be applied as a credit in calculating total debt service on the Bonds Insured.

2. No event shall occur which would permit any purchaser of the Bonds, otherwise required, not to be required to purchase the Bonds on the date scheduled for the issuance and delivery thereof.
3. There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the official statement (or any similar disclosure documents) to be executed and delivered in connection with the issuance and sale of the Bonds from the descriptions or forms thereof approved by Financial Guaranty.
4. The Bonds shall contain no reference to Financial Guaranty, the Policy or the municipal bond insurance evidenced thereby except as may be approved by Financial Guaranty.
5. Financial Guaranty shall be provided with the following:
 - (a) (i) Executed copies of all financing documents, the official statement (or any similar disclosure document), and all Bond documentation evidencing the Issuer's ability and intent to comply with the Internal Revenue Code of 1986, as amended (if in the opinion of bond counsel (described below) ongoing compliance would be necessary to maintain the exemption from federal income taxation of interest on the Bonds), which shall be in form and substance acceptable to Financial Guaranty; (ii) the various legal opinions delivered in connection with the issuance and sale of the Bonds, including, without limitation, the unqualified approving opinion of bond counsel rendered by a law firm acceptable to Financial Guaranty and addressed to (or with a reliance letter addressed to) Financial Guaranty, which opinion shall include a statement to the effect that the interest on the Bonds is excludable from gross income of the holders thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended (if the Bonds are issued as tax-exempt obligations); and (iii) opinion(s) of counsel, addressed to and in form and substance satisfactory to Financial Guaranty, as to the due authorization, validity and enforceability of all financing and bond documentation. Copies of all drafts of such documents and legal opinions (blacklined as appropriate) prepared subsequent to the date of this Commitment shall be furnished to Financial Guaranty. Final drafts of such documents shall be provided to Financial Guaranty at least five (5) business days prior to the issuance of the Policy unless Financial Guaranty shall approve a shorter period and such documents shall be satisfactory to Financial Guaranty in all respects.
 - (b) Evidence of wire transfer in federal funds in an amount equal to the insurance premium, unless alternative arrangements for the payment of the premium acceptable to Financial Guaranty have been made prior to the delivery date of the Bonds.
 - (c) On or prior to the date of delivery of the Policy, Financial Guaranty shall receive a letter from bond counsel stating that all requirements of Exhibit D to this Commitment have been satisfied and incorporated into the appropriate bond documents.

6. All drafts of the preliminary official statement, official statement or any other disclosure documents and the form of the Bonds should be directed to the attention of Raquel J. Suarez (212-312-3223) at Financial Guaranty for approval. All other documentation and any inquiries concerning this Commitment should be directed to Howard Cure (212-312-3286), the Financial Guaranty analyst assigned to this transaction.
7. All authorizing documents shall be subject to Financial Guaranty's review and approval and shall incorporate all of the terms and conditions set forth in Exhibit D hereto, all of which provisions may, at bond counsel's election, be incorporated into one article of, or as an exhibit to, the appropriate authorizing documents, or may be incorporated into the appropriate specific sections of the appropriate authorizing documents.
8. The following refunding conditions shall apply:
 - (a) The Escrow Agreement (the "Escrow Agreement") providing for the refunding of the bonds to be refunded with the proceeds of the Bonds] (the "Prior Bonds") shall permit the deposit solely of cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination thereof) ("Direct Obligations") and shall permit substitution of Direct Obligations for other Direct Obligations solely upon the receipt by the escrow agent of (i) a new verification of the sufficiency of the escrowed securities (assuming such substitution has been made) to provide for the payment of the Prior Bonds in accordance with the terms of the escrow agreement and (ii) an opinion of bond counsel to the effect that such substitution shall not affect the tax-exempt status of interest on the Prior Bonds or the Bonds. Modification of the Escrow Agreement shall not be permitted unless the holders of all of the Prior Bonds consent to such modification.
 - (b) At least five business days prior to the proposed date for delivery of the Policy, Financial Guaranty shall receive for its review and approval (i) the verification by independent certified public accountants satisfactory to Financial Guaranty of the accuracy of the mathematical computation of the adequacy of the escrow established to provide for the payment of the Prior Bonds in accordance with the terms and provisions of the Escrow Agreement, (ii) as applicable, copies of the subscription forms for the purchase and issue of U.S. Treasury Securities - State and Local Government Series which have been stamped as received by the Federal Reserve Bank or copies of the confirmations of purchase of open market Direct Obligations, and (iii) the form of an opinion of bond counsel addressed to Financial Guaranty (or a reliance letter relating thereto) to the effect that, upon the making of the required deposit to the escrow, the legal defeasance of the Prior Bonds shall have occurred. An executed copy of such opinion shall be forwarded to Financial Guaranty, together with the documentation requested by Condition 5 hereof.

- (c) The Escrow Agreement may provide that cash received by the escrow agent not required for purchase of the initial investments that are referenced in the verification report may be invested, in accordance with an opinion of bond counsel as described in Condition (a)(ii) above, by the escrow agent, but only in noncallable Direct Obligations that mature in an amount at least equal to the purchase price of such Direct Obligations prior to the next scheduled interest payment date for the Prior Bonds. The escrow agent shall be responsible for determining compliance with this requirement.
 - (d) A forward supply contract relating to the provision of such investments which is acceptable to Financial Guaranty may be entered into at closing if (i) the terms thereof are consistent with the foregoing requirements, (ii) the Escrow Agreement provides that in the event of any discrepancy or difference between the terms of the forward supply contract and the Escrow Agreement, the terms of the Escrow Agreement shall be controlling, and (iii) the verification report shall expressly state that the adequacy of the escrow to accomplish the refunding project relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract.
- 9. The Bonds shall bear a Statement of Insurance in the form attached hereto as Exhibit B. **BOND PROOFS SHALL BE APPROVED BY FINANCIAL GUARANTY PRIOR TO PRINTING.**
 - 10. The preliminary official statement and the official statement shall (a) be satisfactory in form and substance to Financial Guaranty and (b) shall contain the language attached hereto as Exhibit C and only such other references to Financial Guaranty as we shall supply or approve.
 - 11. Promptly after the closing of the Bonds, Financial Guaranty shall receive three completed sets of executed documents (one original and two photocopies), copies of which we will deliver to each agency rating the Bonds.



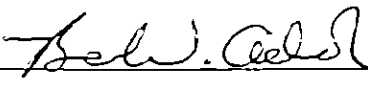
Howard Cure
Senior Analyst

Cure\commit\SUJohnST.doc

To keep this commitment in effect to the Expiration Date set forth on the first page, Financial Guaranty must receive a duplicate of this Commitment executed by an appropriate officer of the Issuer by the earlier of the date on which the disclosure document relating to the Bonds is circulated and May 13, 1998.

The undersigned agrees that if the Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by Financial Guaranty in accordance with the terms of this Commitment.

Accepted as of May 8, 1998 by St. Johns County, Florida.

By: 

Name: Ben W. Adams, Jr.

Title: County Administrator

UNDERWRITER'S CONSENT

The undersigned representative of William R. Hough & Co., the underwriter of the St. Johns County, Florida Sales Tax Revenue Refunding Bonds, Series 1998 (the "Bonds") hereby agrees that if the Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by Financial Guaranty Insurance Company in accordance with the terms and provisions of the Commitment for Municipal Bond Insurance dated May 6, 1998 provided by Financial Guaranty Insurance Company with respect to the Bonds.

William R. Hough & Co.

By: _____

Title: _____

Dated: _____



Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001

A GE Capital Company

Municipal Bond New Issue Insurance Policy

Issuer:

Policy Number:

Control Number: 0010001

Bonds:

Premium:

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

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

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

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

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001



A GE Capital Company

Municipal Bond New Issue Insurance Policy

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

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

A handwritten signature in black ink, appearing to be "A. L. H.", followed by a horizontal line.

President

Effective Date:

Authorized Representative

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

A handwritten signature in black ink, appearing to be "Quincy Brown", followed by a horizontal line.

Authorized Officer

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001



A GE Capital Company

Endorsement To Financial Guaranty Insurance Company Insurance Policy

Policy Number:

Control Number: 0010001

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

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

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

A handwritten signature in black ink, appearing to be "A. L. H.", written over a horizontal line.

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

A handwritten signature in black ink, appearing to be "Quincy Brown", written over a horizontal line.

Authorized Officer

State Street Bank and Trust Company, N.A., as Fiscal Agent

FGIC is a registered service mark used by Financial Guaranty Insurance Company under license from its parent company, FGIC Corporation.

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001



A GE Capital Company

Endorsement
To Financial Guaranty Insurance Company
Insurance Policy

Policy Number:

Control Number: 0010001

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

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

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

A handwritten signature in black ink, appearing to be "Andrew", with a long horizontal stroke extending to the right.

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

COUNTERSIGNATURE:

A handwritten signature in black ink, appearing to be "Quincy Brown", with a long horizontal stroke extending to the right.

Authorized Officer
State Street Bank and Trust Company, N.A., as Fiscal Agent

Licensed Resident Agent

(To be printed on the Bonds)

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to St. Johns County, Florida, Sales Tax Revenue Refunding Bonds, Series 1998 (the "Bonds"), such policy being on file at the principal office of [the] [Paying Agent], as paying agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which the payment of principal of the Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty 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., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer or the borrower(s) of bond proceeds who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

[Disclosure Language For Official Statement]

Bond Insurance

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

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

Generally, in connection with its insurance of an issue of municipal securities, Financial Guaranty requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without Financial Guaranty's consent, in each case so long as Financial Guaranty has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the Bonds are set forth in the description of the principal legal documents appearing elsewhere in this [Official Statement]. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the Issuer is required to provide additional or substitute credit enhancement, and related matters.

This [Official Statement] contains a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the Issuer for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

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

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of December 31, 1997, the total capital and surplus of Financial Guaranty was \$1,255,590,411. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 115 Broadway, New York, New York 10006, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

NOTE TO DRAFTER OF DISCLOSURE DOCUMENT:

The above disclosure statement uses the term "Official Statement." If the disclosure document has a different descriptive title, the disclosure statement should be modified accordingly.

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
212) 312-3000
800) 352-0001

A GE Capital Company



Commitment For Municipal Bond Insurance

Issuer: St. Johns County, Florida

Date of Commitment: May 6, 1998

Expiration Date: July 6, 1998*

Bonds Insured: Sales Tax Revenue Refunding Bonds, Series 1998, issued under the document authorizing the issuance of the Bonds, as amended and supplemented

Premium: 2.0% of Maximum Amount of Policy

Maximum Amount: \$2,000,000

FINANCIAL GUARANTY INSURANCE COMPANY ("Financial Guaranty")

A Stock Insurance Company

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

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

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

1. The documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any purchaser of the Bonds, otherwise required, not to be required to purchase the Bonds on the date scheduled for the issuance and delivery thereof.

* Subject to written acceptance of this Commitment being furnished to Financial Guaranty not later than May 13, 1998.

3. There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the official statement (or any similar disclosure documents) to be executed and delivered in connection with the issuance and sale of the Bonds from the descriptions or forms thereof approved by Financial Guaranty.
4. The Bonds shall contain no reference to Financial Guaranty, the Reserve Policy or the reserve fund insurance evidenced thereby except as may be approved by Financial Guaranty.
5. Financial Guaranty shall be provided with:
 - (a) Executed copies of all financing documents, the official statement (or any similar disclosure document), and all Bond documentation evidencing the Issuer's ability and intent to comply with the Internal Revenue Code of 1986 (if in the opinion of bond counsel (described below) on-going compliance would be necessary to maintain the exemption from federal income taxation of interest on the Bonds), which shall be in form and substance acceptable to Financial Guaranty, and the various legal opinions delivered in connection with the issuance and sale of the Bonds, including, without limitation, the unqualified approving opinion of bond counsel rendered by a law firm acceptable to Financial Guaranty, which opinion shall include a statement to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (if the Bonds are issued as tax-exempt obligations).
 - (b) A letter from bond counsel addressed to Financial Guaranty to the effect that Financial Guaranty may rely on the approving opinion of bond counsel as if such opinion were addressed to Financial Guaranty.
 - (c) An opinion of bond counsel, addressed to and in form and substance satisfactory to Financial Guaranty, as to the due authorization, validity and enforceability of the authorizing document (as hereinafter defined) and all other principal financing documents.
 - (d) Evidence of wire transfer in Federal funds in an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to Financial Guaranty have been made prior to the delivery date of the Reserve Policy.
6. The document authorizing the issuance of the Bonds, as amended and supplemented (the "authorizing document") shall include the following terms and conditions:
 - (a) The flow of funds shall be revised to provide that the Issuer's repayment of any draws under the Reserve Policy and related reasonable expenses incurred by Financial Guaranty (together with interest thereon at a rate equal to the lower of (i) the prime rate of Morgan Guaranty Trust Company of New York

in effect from time to time plus 2% per annum and (ii) the highest rate permitted by law) shall enjoy the same priority as the obligation to maintain and refill the reserve fund. Repayment of draws, expenses and accrued interest (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. If and to the extent that cash has also been deposited in the reserve fund, all such cash shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing under the Reserve Policy, and repayment of any Policy Costs shall be made prior to replenishment of any such cash amounts. If, in addition to the Reserve Policy, any other reserve fund substitute instrument ("Additional Reserve Policy") is provided, drawings under the Reserve Policy and any such Additional Reserve Policy, and repayment of Policy Costs and reimbursement of amounts due under the Additional Reserve Policy, shall be made on a pro rata basis (calculated by reference to the Maximum Amounts available thereunder) after applying all available cash in the reserve fund and prior to replenishment of any such cash draws, respectively.

- (b) If the Issuer shall fail to repay any Policy Costs in accordance with the requirements of Paragraph 6(a) hereof, Financial Guaranty shall be entitled to exercise any and all remedies available at law or under the authorizing document other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect Bondholders.
- (c) The authorizing document shall not be discharged until all Policy Costs owing to Financial Guaranty shall have been paid in full.
- (d) As security for the Issuer's repayment obligations with respect to the Reserve Policy, Financial Guaranty shall be granted a security interest (subordinate only to that of the Bondholders) in all revenues and collateral pledged as security for the Bonds.
- (e) The additional bonds test and the rate covenant, if any, in the authorizing document shall expressly provide for at least one times coverage of the Issuer's obligations with respect to repayment of Policy Costs then due and owing. Furthermore, no additional bonds may be issued without Financial Guaranty's prior written consent if any Policy Costs are past due and owing to Financial Guaranty.
- (f) The authorizing document shall require the Trustee or Paying Agent, as applicable (the "Trustee") to ascertain the necessity for a claim upon the Reserve Policy and to provide notice to Financial Guaranty in accordance with the terms of the Reserve Policy at least two business days prior to each interest payment date.
- (g) The authorizing document shall not be modified or amended without the prior written consent of Financial Guaranty.

- (h) Financial Guaranty shall be provided with written notice of the resignation or removal of the Trustee and the appointment of a successor thereto and of the issuance of additional indebtedness of the Issuer at 115 Broadway, New York, New York 10006, Attention: Risk Management.
 - (i) All of the conditions set forth in Financial Guaranty's Commitment for Municipal Bond Insurance in connection with the issuance of the Bonds shall have been met.
- 7. The Trustee, the Paying Agent or such other third party as shall be acceptable to Financial Guaranty shall be the custodian of the Reserve Policy and act as fiduciary for the Bondholders in respect thereof.
 - 8. No policy of municipal bond insurance other than a policy issued by Financial Guaranty shall be provided as security for the payment of principal and interest on the Bonds.
 - 9. The Reserve Policy shall terminate on the earlier of the scheduled final maturity date of the Bonds or the date on which no Bonds are outstanding under the authorizing document.
 - 10. Prior to delivery of the Reserve Policy, the Issuer shall deliver to Financial Guaranty an executed Debt Service Reserve Fund Policy Agreement in substantially the form of Exhibit B hereto (the "Agreement") and an opinion of counsel to the Issuer in form and substance satisfactory to Financial Guaranty as to the due authorization, validity and enforceability of the Agreement.
 - 11. Any official statement or similar disclosure document relating to the Bonds Insured shall contain only (i) the language included in Exhibit C hereto and (ii) such other references to Financial Guaranty and the Reserve Policy as we shall supply or approve.
 - 12. Promptly after the issuance of the Reserve Policy, Financial Guaranty shall receive a completed set of executed documents.



Howard Cure
Senior Analyst

Cure\commit\StJohnST.doc

To keep this commitment in effect to the Expiration Date set forth on the first page, Financial Guaranty must receive by May 13, 1998, a duplicate of this Commitment executed by an appropriate officer of the Issuer.

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

Accepted as of May 8, 1998 by St. Johns County, Florida.

By: Ben W. Adams, Jr.

Name: Ben W. Adams, Jr.

Title: County Administrator

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001

A GE Capital Company

Exhibit A
FGIC

Municipal Bond Debt Service Reserve Fund Policy

Issuer:	Policy Number:
	Control Number: 0010001
Bonds: , issued under the authorizing document, as amended and supplemented	Premium
	Maximum Amount:
Paying Agent:	Termination Date:

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

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

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

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

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Company
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Municipal Bond Debt Service Reserve Fund Policy

sufficient funds to the Paying Agent for payment in full of all principal and interest Due for Payment on such Bond and includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from the Paying Agent for the Bonds to Financial Guaranty or from Financial Guaranty to the Paying Agent, as the case may be. "Business Day" means any day other than a Saturday, Sunday or a day on which the Paying Agent is authorized by law to remain closed.

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

A handwritten signature in black ink, appearing to be "A. L. H.", written over a horizontal line.

President

Effective Date:

Authorized Representative

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

A handwritten signature in black ink, appearing to be "Quincy Brown", written over a horizontal line.

Authorized Officer

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001



A GE Capital Company

Endorsement
To Financial Guaranty Insurance Company
Insurance Policy

Policy Number:

Control Number: 0010001

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

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

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

A handwritten signature in black ink, appearing to be "A. L. H.", written over a horizontal line.

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

COUNTERSIGNATURE:

A handwritten signature in black ink, appearing to be "Quincy Brown", written over a horizontal line.

Authorized Officer
State Street Bank and Trust Company, N.A., as Fiscal Agent

Licensed Resident Agent

DEBT SERVICE RESERVE FUND POLICY AGREEMENT

AGREEMENT, dated as of , by and between St. Johns County, Florida (the "Issuer") and Financial Guaranty Insurance Company (the "Insurer").

In consideration of the issuance by the Insurer of its Municipal Bond Debt Service Reserve Fund Policy (the "Reserve Policy") with respect to the Issuer's Sales Tax Revenue Refunding Bonds, Series 1998 (the "Bonds") issued under the document authorizing the issuance of the Bonds, as amended and supplemented (the "Authorizing Document") and the Issuer's payment to the Insurer of the insurance premium for the Reserve Policy, the Insurer and the Issuer hereby covenant and agree as follows:

1. Upon any payment by the Insurer under the Reserve Policy, the Insurer shall furnish to the Issuer written instructions as to the manner in which repayment of amounts owed to the Insurer as a result of such payment shall be made.
2. The Issuer shall repay the Insurer the principal amount of any draws under the Reserve Policy and related reasonable expenses incurred by the Insurer and shall pay interest thereon at a rate equal to the lower of (i) the prime rate of Morgan Guaranty Trust Company of New York in effect from time to time plus 2% per annum and (ii) the highest rate permitted by law.
3. Repayment of draws, expenses and the interest thereon (collectively, "Policy Costs") shall enjoy the same priority as the obligation to maintain and refill the reserve fund.
4. Payment of Policy Costs shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12th of the aggregate of Policy Costs related to such draw.
5. Amounts paid to the Insurer shall be credited first to interest due under the Reserve Policy and hereunder, then to the expenses due hereunder and then to principal due under the Reserve Policy and hereunder. As and to the extent that payments are made to the Insurer on account of principal due under the Reserve Policy and hereunder, the coverage under the Reserve Policy will be increased by a like amount.
6. If the Issuer shall fail to repay any Policy Costs in accordance with the requirements of the Authorizing Document and this Agreement, the Insurer shall be entitled to exercise any and all remedies available at law or under the Authorizing Document other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect Bondholders.
7. The Issuer shall ascertain the necessity for a claim upon the Reserve Policy and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least two business days prior to each date upon which interest or principal is due on the Bonds.
8. All cash and investments in the reserve fund shall be utilized for making required transfers to the debt service fund for payment of debt service on the Bonds before

making any draws on any alternative credit instrument. Repayment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all alternative credit instruments on which there is available coverage shall be made on a pro rata basis (calculated by reference to coverage then available under each such alternative credit instrument) after applying available cash and investments in the reserve fund. Repayment of Policy Costs and reimbursement of amounts with respect to alternative credit instruments shall be made on a pro rata basis (calculated by reference to the coverage then available under each such alternative credit instrument) prior to replenishment of any cash draws on the reserve fund.

9. The Authorizing Document shall not be modified or amended without the prior written consent of the Insurer.
10. The Authorizing Document shall not be discharged until all Policy Costs owing to Financial Guaranty shall have been paid in full.
11. As security for the Issuer's repayment obligations with respect to the Reserve Policy, the Insurer is hereby granted a security interest (subordinate only to that of the Bondholders) in all revenues and collateral pledged as security for the Bonds.
12. The rate covenant and the additional bonds test (in each case, if applicable) in the Authorizing Document shall be calculated with at least one times coverage of the Issuer's obligations with respect to repayment of Policy Costs then due and owing. Furthermore, no additional bonds may be issued under the Authorizing Document without the Insurer's prior written consent if any Policy Costs are past due and owing to the Insurer.
13. The Issuer shall provide Financial Guaranty with the following information:
 - (a) Budget for each year and annual audited financial statements, within 120 days after the end of its fiscal year.
 - (b) Official statement or similar disclosure document, if any, prepared in connection with the issuance of additional debt.
 - (c) Notice of the redemption, other than mandatory sinking fund redemption, of any of the Bonds.
 - (d) Such additional information as Financial Guaranty may reasonably request from time to time.
14. Notices to the Insurer shall be sent to the following address (or such other address as the Insurer may designate in writing): Financial Guaranty Insurance Company, 115 Broadway, New York, New York 10006, Attention: Risk Management.
15. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.

16. If any one or more of the agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.
17. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Authorizing Document.
18. This Agreement and the rights and obligations of the parties of the Agreement shall be governed by and construed and interpreted in accordance with Florida law.

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

St. Johns County, Florida

By: _____
Name: _____
Title: _____

Financial Guaranty Insurance Company

By: 
Name: Howard Curre
Title: SR Agent

DISCLOSURE LANGUAGE FOR INCLUSION IN O.S., IF ANY
(As used herein, "Bonds" means all Bonds to which FGIC's Reserve Policy applies)

Debt Service Reserve Fund Policy

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond Debt Service Reserve Fund Policy (the "Reserve Policy"). The Reserve Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the Issuer, provided that the aggregate amount paid under the Reserve Policy may not exceed the maximum amount set forth in the Reserve Policy, which maximum amount represents \$2,000,000. Financial Guaranty will make such payments to the paying agent (the "Paying Agent") for the Bonds on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice subsequently confirmed in writing or written notice by registered or certified mail from the Paying Agent of the nonpayment of such amount by the Issuer. The term "nonpayment" in respect of a Bond includes any payment of principal or interest made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final nonappealable order of a court having competent jurisdiction.

The Reserve Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Reserve Policy covers failure to pay principal of the Bonds on their respective stated maturity dates, or dates on which the same shall have been called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been accelerated, and covers the failure to pay an installment of interest on the stated date for its payment. The Reserve Policy shall terminate on the earlier of the scheduled final maturity date of the Bonds or the date on which no Bonds are outstanding under the authorizing document.

Generally, in connection with its issuance of a Reserve Policy, Financial Guaranty requires, among other things, (i) that, so long as it has not failed to comply with its payment obligations under the Reserve Policy, it be granted the power to exercise any remedies available at law or under the authorizing document other than (A) acceleration of the Bonds or (B) remedies which would adversely affect holders in the event that the issuer fails to reimburse Financial Guaranty for any draws on the Reserve Policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its issuance of the Reserve Policy are set forth in the description of the principal legal documents appearing elsewhere in this [Official Statement]. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the issuer of the Bonds is required to provide additional or substitute credit enhancement, and related matters.

This [Official Statement] contains a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the Issuer for a

discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The Reserve Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of December 31, 1997, the total capital and surplus of Financial Guaranty was \$1,255,590,411. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 115 Broadway, New York, New York 10006, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

NOTE TO DRAFTER OF DISCLOSURE DOCUMENT:

The above disclosure statement uses the term "Official Statement." If the disclosure document has a different descriptive title, the disclosure statement should be modified accordingly.

(LEGAL DOCUMENTATION REQUIREMENTS)

1. Definitions

- (a) A definition of "Bond Insurance Policy" shall be included, to read as follows: "the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Bonds*."
- (b) A definition of "Bond Insurer" shall be included, to read as follows: "Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto."

2. Redemption Notices

- (a) Notice of any redemption of Bonds shall either (i) explicitly state that the proposed redemption is conditioned on there being on deposit in the applicable fund or account on the redemption date sufficient money to pay the full redemption price of the Bonds to be redeemed, or (ii) be sent only if sufficient money to pay the full redemption price of the Bonds to be redeemed is on deposit in the applicable fund or account.

3. Default-Related Provisions

- (a) The Trustee shall, to the extent there are no other available funds held under the authorizing document, use the remaining funds in the project fund to pay principal of or interest on the Bonds in the event of a payment default.
- (b) The applicable authorizing document provisions describing events of default shall specify that in determining whether a payment default has occurred or whether a payment on the Bonds has been made under the authorizing document(s), no effect shall be given to payments made under the Bond Insurance Policy.
- (c) Any acceleration of the Bonds or any annulment thereof shall be subject to the prior written consent of the Bond Insurer (if it has not failed to comply with its payment obligations under the Bond Insurance Policy).
- (d) The Bond Insurer shall receive immediate notice of any payment default and notice of any other default known to the Trustee or the Issuer within 30 days of the Trustee's or the Issuer's knowledge thereof.
- (e) For all purposes of the authorizing document provisions governing events of default and remedies, except the giving of notice of default to Bondholders, the Bond Insurer shall be deemed to be the sole holder of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policy.

* As used in this Exhibit D, "Bonds" means the Series of Bonds referred to in the Commitment Letter.

- (f) The Bond Insurer shall be included as a party in interest and as a party entitled to (i) notify the Issuer, the Trustee, if any, or any applicable receiver of the occurrence of an event of default and (ii) request the Trustee or receiver to intervene in judicial proceedings that affect the Bonds or the security therefor. The Trustee or receiver shall be required to accept notice of default from the Bond Insurer.
- (g) The following provisions shall be included:
 - (i) If, on the third day preceding any interest payment date for the Bonds there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the Bonds due on such date, the Trustee shall immediately notify the Bond Insurer and State Street Bank and Trust Company, N.A., New York, New York or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. If, by said interest payment date, the Issuer has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Bonds maintained by the Trustee. In addition:
 - (A) The Trustee shall provide the Bond Insurer with a list of the Bondholders entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to Bondholders entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the Bonds surrendered to the Fiscal Agent by the Bondholders entitled to receive full or partial principal payments from the Bond Insurer; and
 - (B) The Trustee shall, at the time it makes the registration books available to the Bond Insurer pursuant to (A) above, notify Bondholders entitled to receive the payment of principal of or interest on the Bonds from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy, (3) that, except as provided in paragraph (ii) below, in the event that any Bondholder is entitled to receive full payment of principal from the Bond Insurer, such Bondholder must tender his Bond with the instrument of transfer in the form provided on the Bond executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (ii) below, in the event that such Bondholder is entitled to receive partial payment of principal from the Bond Insurer, such Bondholder must tender his Bond for payment first to the Trustee, which shall note on such Bond the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion

of principal to the Bondholder subject to the terms of the Bond Insurance Policy.

- (ii) In the event that the Trustee has notice that any payment of principal of or interest on a Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Bondholders that in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Bonds which have been made by the Trustee and subsequently recovered from Bondholders, and the dates on which such payments were made.
- (iii) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (A) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Bondholders of such Bonds and (B) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the Bonds maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Bondholders of such Bonds. Notwithstanding anything in this [BOND COUNSEL: insert correct name for authorizing document] or the Bonds to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

4. Amendments and Supplements

- (a) Any amendment or supplement to the authorizing document or any other principal financing documents shall be subject to the prior written consent of the Bond Insurer. Any rating agency rating the Bonds must receive notice of each amendment and a copy thereof at least 15 days in advance of its execution or adoption. The Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any such amendment or supplement.

5. Successor Trustees, Etc.

- (a) Any successor trustee or co-trustee must have combined capital, surplus and undivided profits of at least \$50 million, unless the Bond Insurer shall otherwise approve. No resignation or removal of the Trustee, Paying Agent or Bond Registrar shall become effective until a successor has been appointed and has accepted the duties of Trustee, Paying Agent or Bond Registrar, as applicable. The Bond Insurer

shall be furnished with written notice of the resignation or removal of the Trustee, Paying Agent or Bond Registrar and the appointment of any successor thereto.

6. Defeasance Provisions

- (a) Only cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination of the foregoing) shall be used to effect defeasance of the Bonds unless the Bond Insurer otherwise approves. In the event of an advance refunding, the Issuer shall cause to be delivered a verification report of an independent nationally recognized certified public accountant. If a forward supply contract is employed in connection with the refunding, (i) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement (or the authorizing document, if no separate escrow agreement is utilized), the terms of the escrow agreement or authorizing document, if applicable, shall be controlling.

7. Variable Rate Indebtedness

- (a) For purposes of calculating the debt service reserve fund requirement, variable rate indebtedness shall be assumed to bear interest at (A) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published Bond Buyer "Revenue Bond Index" (or comparable index if no longer published) plus 50 basis points, or (B) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus 50 basis points. For all other purposes, including the additional bonds test, variable rate indebtedness shall be assumed to bear interest at the maximum permissible rate.
- (b) In the case of variable rate issues in which financial covenants are based on the synthetic fixed rate under a swap, utilization of the synthetic fixed rate under a Swap for purposes of performing any required calculations under the applicable legal documentation shall be permitted only if such documentation and the applicable Swap satisfy the requirements of the applicable Exhibit attached hereto.
- (c) In the case of FGIC-insured variable rate bond issues, the liquidity facility requirements attached as Exhibit [H] attached hereto shall be incorporated into all appropriate sections of the authorizing documents.

8. Reporting Requirements

- (a) The Bond Insurer shall be provided with the following information:
 - (i) Within 120 days after the end of each of the Issuer's, and, if applicable, the Borrower's, fiscal years, the budget for the succeeding year, the annual audited financial statements, a statement of the amount on deposit in the debt service reserve fund as of the last valuation, and, if not presented in the audited financial statements, a statement of the tax revenues pledged to payment of Bonds in each such fiscal year;
 - (ii) The official statement or other disclosure document, if any, prepared in connection with the issuance of additional debt, whether or not on parity with the Bonds within 30 days after the sale thereof;
 - (iii) Notice of any drawing upon or deficiency due to market fluctuation in the amount, if any, on deposit, in the debt service reserve fund;
 - (iv) Notice of the redemption, other than mandatory sinking fund redemption, of any of the Bonds, or of any advance refunding of the Bonds, including the principal amount, maturities and CUSIP numbers thereof; and
 - (v) Such additional information as the Bond Insurer may reasonably request from time to time.

9. Payments Unconditional

- (a) In the case of bond issues payable from amounts received under a loan agreement, lease, or other payment contract ("Payment Agreement"), the payment obligations under said Payment Agreement shall be absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever.

10. Notice Addresses

- (a) The notice addresses for the Bond Insurer and the Fiscal Agent shall be included in the authorizing document as follows: Financial Guaranty Insurance Company, 115 Broadway, New York, New York 10006, Attention: Risk Management; and State Street Bank and Trust Company, N.A., 61 Broadway, New York, New York 10006, Attention: Corporate Trust Department.

RESERVE FUND SURETY GUIDELINES

The Issuer may satisfy the requirement (the "Reserve Fund Requirement") to deposit a specified amount in the debt service reserve fund (the "Reserve Fund") by the deposit of a surety bond, insurance policy or letter of credit as set forth below. The following requirements shall be incorporated in the authorizing document for the Bonds (the "Authorizing Document") in the event the Reserve Fund Requirement is fulfilled by a deposit of a credit instrument (other than a credit instrument issued by Financial Guaranty) in lieu of cash:

1. A surety bond or insurance policy issued to the entity serving as trustee or paying agent (the "Fiduciary"), as agent of the bondholders, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Bonds (a "municipal bond insurer") may be deposited in the Reserve Fund to meet the Reserve Fund Requirement if the claims paying ability of the issuer thereof shall be rated "AAA" or "Aaa" by S&P or Moody's, respectively.
2. A surety bond or insurance policy issued to the Fiduciary, as agent of the bondholders, by an entity other than a municipal bond insurer may be deposited in the Reserve Fund to meet the Reserve Fund Requirement if the form and substance of such instrument and the issuer thereof shall be approved by Financial Guaranty.
3. An unconditional irrevocable letter of credit issued to the Fiduciary, as agent of the bondholders, by a bank may be deposited in the Reserve Fund to meet the Reserve Fund Requirement if the issuer thereof is rated at least "AA" by S&P. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify the Issuer and the Fiduciary, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.
4. If such notice indicates that the expiration date shall not be extended, the Issuer shall deposit in the Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the Reserve Fund together with any other qualifying credit instruments, to equal the Reserve Fund Requirement on all outstanding Bonds, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the Reserve Fund credit instrument is replaced by a Reserve Fund credit instrument meeting the requirements in any of 1-3 above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Authorizing Document shall, in turn, direct the Fiduciary to draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Reserve Fund is fully funded in its required amount.
5. The use of any Reserve Fund credit instrument pursuant to this Paragraph shall be subject to receipt of an opinion of counsel acceptable to Financial Guaranty and in form and substance satisfactory to Financial Guaranty as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to

Financial Guaranty. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to Financial Guaranty and in form and substance satisfactory to Financial Guaranty to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against the issuer of the bonds (or any other account party under the letter of credit).

6. The obligation to reimburse the issuer of a Reserve Fund credit instrument for any fees, expenses, claims or draws upon such Reserve Fund credit instrument shall be subordinate to the payment of debt service on the bonds. The right of the issuer of a Reserve Fund credit instrument to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the Reserve Fund, and, subject to the second succeeding sentence, its right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Reserve Fund. The Reserve Fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Reserve Fund credit instrument to reimbursement will be further subordinated to cash replenishment of the Reserve Fund to an amount equal to the difference between the full original amount available under the Reserve Fund credit instrument and the amount then available for further draws or claims. If (a) the issuer of a Reserve Fund credit instrument becomes insolvent or (b) the issuer of a Reserve Fund credit instrument defaults in its payment obligations thereunder or (c) the claims-paying ability of the issuer of the insurance policy or surety bond falls below a S&P "AAA" or a Moody's "Aaa" or (d) the rating of the issuer of the letter of credit falls below a S&P "AA", the obligation to reimburse the issuer of the Reserve Fund credit instrument shall be subordinate to the cash replenishment of the Reserve Fund.
7. If (a) the revolving reinstatement feature described in the preceding paragraph is suspended or terminated or (b) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below a S&P "AAA" or a Moody's "Aaa" or (c) the rating of the issuer of the letter of credit falls below a S&P "AA", the Issuer shall either (i) deposit into the Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the Reserve Fund to equal the Reserve Fund Requirement on all outstanding Bonds, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of 1-3 above within six months of such occurrence. In the event (a) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A" or (b) the rating of the issuer of the letter of credit falls below "A" or (c) the issuer of the Reserve Fund credit instrument defaults in its payment obligations or (d) the issuer of the Reserve Fund credit instrument becomes insolvent, the Issuer shall either (i) deposit into the Reserve Fund an amount sufficient to cause the cash or permitted investments on deposit in the Reserve Fund to equal to Reserve Fund Requirement on all outstanding Bonds, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of 1-3 above within six months of such occurrence.
8. Where applicable, the amount available for draws or claims under the Reserve Fund credit instrument may be reduced by the amount of cash or permitted investments deposited in the Reserve Fund pursuant to clause (i) of the preceding subparagraph 6.
9. If the Issuer chooses the above described alternatives to a cash-funded Reserve Fund, any amounts owed by the Issuer to the issuer of such credit instrument as a result of a draw

thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Authorizing Document for any purpose, *e.g.*, rate covenant or additional bonds test.

10. The Authorizing Document shall require the Fiduciary to ascertain the necessity for a claim or draw upon the Reserve Fund credit instrument and to provide notice to the issuer of the Reserve Fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Reserve Fund credit instrument) prior to each interest payment date.
11. Cash on deposit in the Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Fund credit instrument. If and to the extent that more than one Reserve Fund credit instrument is deposited in the Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Logo Presentation for Official Statement

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

"FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government agency."

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

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

Official Statement and Tombstone Logotype Configuration



FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government agency.



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In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Series 1995 Bonds is not included in gross income for Federal income tax purposes assuming compliance by the City with certain covenants and procedures, and is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended. See however, "TAX TREATMENT" herein for a further discussion of certain other tax aspects. Bond Counsel is further of the opinion that the Series 1995 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations, as defined therein.

\$22,500,000
THE CITY OF MIAMI, FLORIDA
GENERAL OBLIGATION BONDS,
SERIES 1995
(SANITARY SEWER SYSTEM)



Date: June 15, 1995

Due January 1, as shown below

Interest on the Series 1995 Bonds is payable semi-annually on January 1 and July 1 in each year, commencing January 1, 1996 (the "Interest Payment Dates"). The Series 1995 Bonds are being issued in registered book-entry only form in denominations of \$5,000 principal amount, or any integral multiple thereof. When executed and delivered, the Series 1995 Bonds will be registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"). Beneficial owners of the Series 1995 Bonds will not receive certificates representing their interests in the Series 1995 Bonds purchased. Principal and interest on the Series 1995 Bonds will be paid to DTC or its nominee, as the registered owner thereof, by the Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida, as Registrar and Paying Agent, and DTC is responsible for returning such payments to its participants for subsequent disbursement to the beneficial owners. The registered owner will remit such payments to DTC participants. The DTC participants will, in turn, remit such payments to the beneficial owners of the Series 1995 Bonds. See "THE SERIES 1995 BONDS — Book-Entry Only System" herein.

The Series 1995 Bonds are being issued to pay the cost of various sanitary sewer projects located within the municipal boundaries of the City, and to pay the cost of issuance related to the Series 1995 Bonds.

The Series 1995 Bonds are subject to optional redemption as provided herein.

The Series 1995 Bonds are general obligations of the City, for which its full faith, credit and taxing power are pledged and are payable from unlimited ad valorem taxes on all taxable property within the City (excluding homestead exemptions as required by Florida law).

Payment of the principal of and interest on the Series 1995 Bonds when due will be guaranteed by a municipal bond insurance policy issued simultaneously with the delivery of the Series 1995 Bonds by Financial Guaranty Insurance Company.



**Financial Guaranty Insurance
Company**

FGIC is a registered service mark used by Financial Guaranty Insurance Company, a service company not affiliated with any U.S. government agency.

This cover page contains certain information for quick reference only. It is not a summary. Potential purchasers should not rely upon this page independent of the body of this Official Statement which must be read in its entirety before making an informed investment decision.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS
(Assumed interest to be added)

Maturity Date January 1	Principal Amount	Interest Rate	Yield	Maturity Date January 1	Principal Amount	Interest Rate	Yield
1996	\$ —	— %	— %	2006	\$ 100,000	5.100%	5.150%
1997	—	—	—	2007	100,000	5.200	5.250
1998	100,000	4.300	4.150	2008	100,000	5.300	5.350
1999	100,000	4.500	4.300	2009	1,000,000	5.375	5.450
2000	100,000	4.500	4.450	2010	1,000,000	5.375	5.550
2001	100,000	4.600	4.600	2011	2,000,000	5.400	5.600
2002	100,000	4.700	4.700	2012	3,700,000	5.400	5.650
2003	100,000	4.800	4.800	2013	3,700,000	5.400	5.700
2004	100,000	4.900	4.900	2014	4,200,000	5.500	5.800
2005	100,000	5.000	5.000	2015	5,800,000	5.500	5.800

The Series 1995 Bonds are offered subject to prior sale, when, as and if issued by the City, subject to the receipt of the approving opinions of Adorno & Zeder, P.A., Miami, Florida, Bond Counsel, as to the validity and federal tax status of interest on the Series 1995 Bonds. Certain legal matters in connection with the Series 1995 Bonds will be passed upon for the City by A. Quinn Jones III, City Attorney, Howard Gary & Company, Miami, Florida, and Raymond James & Associates, Inc., St. Petersburg, Florida, are serving as Financial Advisors to the City. It is expected that the Series 1995 Bonds will be available for delivery in New York, New York, on or about June 27, 1995.

Merrill Lynch & Co.

Prudential Securities, Inc.

Date: June 20, 1995

Insured Issue Rating Fee Schedule

PUBLIC FINANCE

<u>Issue Size (\$ Mil.)</u>	<u>Tax-Backed</u>	<u>Notes/ Short-Term Debt</u>	<u>Revenue</u>	<u>Health Care</u>
Under 5	\$1,500	\$1,500	\$2,000	\$3,000
5-20	\$3,000	\$2,000	\$3,750	\$5,000
20-50	\$4,000	\$3,500	\$5,000	\$8,000
50-100	\$6,500	\$5,000	\$7,500	\$11,000
Over 100	\$10,000	\$7,500	\$10,000	\$16,000

Secondary market 1.5 basis points of par, \$3,000 maximum

MUNICIPAL STRUCTURED FINANCE

Asset-Backed/Mortgage-Backed C.P.	\$15,000	first year
	\$10,000	per year thereafter
Long-Term Transactions	1.25	basis points
	\$40,000	maximum

Variable-Rate Transactions with Tender Options

Insurance fee based on issue size and type of transaction listed above under Public Finance plus \$5,000. E.g. \$25 million Health Care deal with a tender option will be \$8,000 + \$5,000 for a total of \$13,000.

To request a rating, please call Insured Market Services at (307) 754-2012 or (800) 85-FITCH.

Schedule effective March 11, 1996.



Moody's Investors Service

Statement on Ratings and Fees for Insured Issues

Disclosure to Issuers of Moody's Rating Practices and Obligations for FGIC Insured Issues

Assignment of FGIC's Claims-Paying Rating to Insured Issues

Moody's Investors Service currently rates the insurance claims-paying ability of Financial Guaranty Insurance Company (FGIC) **Aaa** for long-term obligations. In connection with FGIC's commitment to insure your upcoming issuance of debt, FGIC has applied to Moody's to assign a credit rating to the issue. Pursuant to FGIC's application, Moody's has undertaken to assign such a rating, and to maintain and revise the rating as may from time to time be appropriate.

Prior to assigning a rating to your insured obligation, Moody's will review whether, in its judgment, FGIC's insurance policy for the issue guarantees full and timely payment of all principal and interest when due, and is permanent and unconditional for the life of the insured obligation.

After Moody's assigns a rating, written confirmation of that action will be provided to you, with a copy provided to FGIC. Your issue and its rating will then be included in appropriate Moody's published ratings directories and rating verification services.

Moody's Review of Information From Issuers

As part of Moody's overall evaluation of the insured portfolio of FGIC, Moody's may review the underlying credit quality of your insured obligation. In the course of such review, you may be contacted by a Moody's analyst to answer questions and to verify information in hand.

In accordance with its general practices, Moody's may also publish the underlying credit rating of your issue.

Rating Fees for Insured Issues

Pursuant to Moody's agreement with FGIC, Moody's billing practices for insured obligations are:

- a) for each fully insured obligation rated by Moody's, Moody's will bill you (or the purchaser of the insurance, if different) directly;
- b) If an issue has received a Moody's rating on an uninsured basis and the issue (or a portion thereof) is subsequently insured on a secondary market basis (a 'secondary market obligation'), Moody's will bill FGIC without an additional charge to you for the insured rating; or
- c) If an issue has received a Moody's rating and the insurance contract covers less than the entire amount of principal and interest due (a 'partially insured obligation'), Moody's will bill FGIC, if appropriate, without an additional charge to you for the rating.

The invoice for your fully insured issue will be forwarded to you from Moody's Financial Guarantee Services desk or can be quoted to you by calling Moody's at (212) 553-1631.

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The credit ratings, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling. Pursuant to Section 17(b) of the Securities Act of 1933, MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,000 to \$450,000.

IN168-A7

RATING AGENCIES AND PAYMENT OF RATING AGENCY FEES ON INSURED TRANSACTIONS

The claims-paying ability of Financial Guaranty Insurance Company ("Financial Guaranty") has been rated "AAA" by Fitch Investors Service, Inc. ("Fitch"), "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's Ratings Group ("S&P"). We have enclosed certain materials prepared by Moody's and S&P, respectively, at their request for the issuer's convenience. Financial Guaranty assumes no responsibility for such information and, makes no representation as to the accuracy or completeness of such information.

Financial Guaranty notifies and provides information to each of the rating agencies as to each series of securities which Financial Guaranty commits to insure.

Ratings for an insured issue and payment of the fees charged by any rating agency for rating an insured issue are a matter solely between the issuer and the respective rating agency. Financial Guaranty is not responsible for any such fees and will not seek to confirm the issuer's payment of such fees. The release of Financial Guaranty's bond insurance policy or surety bond is not subject to the payment of such fees. If an issuer has any questions relating to such ratings or the payment of rating agency fees, the issuer should contact the applicable rating agency directly.

EXHIBIT D

CONSENT OF MBIA RELATING
TO RESERVE INSTRUMENT

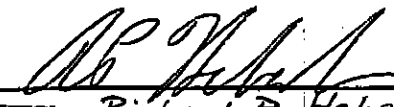
MBIA INSURANCE CORPORATION CONSENT

The undersigned authorized representative of MBIA Insurance Corporation hereby consents, as the bond insurer for the St. Johns County, Florida, Sales Tax Revenue and Refunding Bonds, Series 1994, to the deposit of a municipal bond debt service reserve policy issued by Financial Guaranty Insurance Company into the reserve account in connection with the issuance of the St. Johns County, Florida, Sales Tax Revenue Refunding Bonds, Series 1998.

Dated: May 11, 1998

MBIA INSURANCE CORPORATION

By


Name: Richard P. Heberton
Title: Director

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EXHIBIT E

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 First Union National Bank, 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.

"Bonds" shall mean the Issuer's Sales Tax Revenue Refunding Bonds, Series 1998, authorized pursuant to the Resolution.

"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.

"Resolution" shall mean Resolution No.98-____ adopted by the Issuer on _____, 1998, as amended and supplemented from time to time, authorizing issuance of the Bonds and the execution and delivery of this Agreement.

"Verification Report" shall mean the Verification Report dated _____, 1998, issued by KPMG Peat Marwick, Birmingham, Alabama, independent certified public accountants, in connection with the issuance of the 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 authorizing the issuance of the 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 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 or Vice Chairman of the Board of County Commissioners of the Issuer, 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 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, expenses and moneys payable by the Issuer under Sections 9 and 10 hereof and 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 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, to 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 for redemption on October 1, 1999, at a redemption price of 100% (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, 1999.

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 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 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 expense, loss, costs, disbursements, damages or liability resulting from its own negligence or misconduct. 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: First Union National Bank
225 Water Street, 3rd Floor
Jacksonville, Florida 32202

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 ____, 1998.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

By _____
Chairman of its Board County
Commissioners

ATTEST:

Clerk of its Board of
County Commissioners

FIRST UNION NATIONAL BANK,
as Escrow Holder

(SEAL)

By _____
Title: _____

ATTEST:

Title: _____

EXHIBIT A

VERIFICATION REPORT

EXHIBIT B

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

Notice is hereby given by First Union National Bank, Jacksonville, Florida, as Escrow Holder for St. Johns County, Florida, Sales Tax Revenue Bonds, Series 1989 (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 interest on the Bonds payable on or before October 1, 1999, as the same shall become payable in accordance with their terms, and for the payment on October 1, 1999, of the principal of all Bonds, which Bonds have been called for redemption on October 1, 1999.

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>
2013	\$2,150,000	
2019	8,060,000	

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, 1999, the Issuer will not accelerate the maturity of the Bonds, or 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: _____, 1998.

FIRST UNION NATIONAL BANK,
as Escrow Holder

By _____
Title:

EXHIBIT F

CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by St. Johns County, Florida (the "Issuer"), in connection with the issuance of \$ _____ in aggregate principal amount of St. Johns County, Florida, Sales Tax Revenue Refunding Bonds, Series 1998 (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Issuer on _____, 1998 (the "Resolution"). The Issuer agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer in order to assist the Participating Underwriter (as hereinafter defined) in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission, and a method of obtaining hereafter the most current listing of approved National Repositories, are set forth in Exhibit B.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the date which shall be 270 days after the end of the Issuer's Fiscal Year (presently September 30), commencing with the report for the 1997-1998 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the Repositories an Annual Report (other than the audited financial statements described in Section 3(a)) by the date required in Section 3(a), the Issuer shall send a notice to (i) each National Repository or the Municipal Securities Rule Making Board and (ii) the State Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An update of the following portions of the Official Statement relating to the Bonds: the financial information and operating data of the Issuer contained in the tables under the captions "Historical and Projected Local Government Half-cent Sales Tax Distribution and Debt Service Coverage" and "Net Debt Statement." Such update shall include only financial information for the prior Fiscal Year and shall not include any projections for future Fiscal Years.

The information provided under Section 4(b) may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Modifications to rights of Bondholders.
- (4) Bond calls.
- (5) Defeasances.
- (6) Rating changes.

(7) Adverse tax opinions or events affecting the tax-exempt status of the Bonds.

(8) Unscheduled draws on debt service reserves reflecting financial difficulties.

(9) Unscheduled draws on credit enhancements reflecting financial difficulties.

(10) Substitution of credit or liquidity providers or their failure to perform.

(11) Release, substitution or sale of property securing repayment of the Bonds.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) the State Repository. Notwithstanding the foregoing, notice of Listed Events described in Sections 5(a)(4) and 5(a)(5) need not be given under this Section 5 any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c) and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action

to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to the extent allowed by Florida law to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section II shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12 Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 1998.

ST. JOHNS COUNTY, FLORIDA

By _____
Chairman of its Board of County
Commissioners

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: St. Johns County, Florida

Name of Bond Issue: St. Johns County, Florida, Sales Tax Revenue Refunding Bonds, Series 1998, dated as of _____, 1998

Date of Issuance: _____, 1998

NOTICE IS HEREBY GIVEN that the Issuer has not provided an annual report with respect to the above-referenced Bonds as required by Section 3.4(F) of the resolution duly adopted by the Issuer on _____, 1998, authorizing the issuance of the Bonds, and Sections 3 and 4(b) of the Continuing Disclosure Certificate dated _____, 1998, executed and delivered by the Issuer pursuant to Section 3.4(F) of said resolution. [The Issuer anticipates that the annual report will be filed by _____.]

Dated: _____

ST. JOHNS COUNTY, FLORIDA

By: _____
Name:
Title:

EXHIBIT B

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of May 8, 1998:

Bloomberg Municipal Repository
P.O. Box 840
Princeton, NJ 08542-0840
Internet address: MUNIS@bloomberg.com
(609) 279-3200
FAX (609) 279-5962

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Internet address: NRMSIR@dpcdata.com
(201) 346-0701
FAX (201) 947-0107

Thomson NRMSIR
Municipal Disclosure
395 Hudson Street, 3rd Floor
New York, NY 10014
Internet address: Disclosure@muller.com
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