

RESOLUTION NO. 2004-198

A RESOLUTION AMENDING RESOLUTION NO. 89-143 OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA ADOPTED JUNE 27, 1989 AND TITLED: "RESOLUTION FURTHER SUPPLEMENTING RESOLUTION NO. 86-132 ADOPTED SEPTEMBER 30, 1986, AS PREVIOUSLY SUPPLEMENTED AND AMENDED; PROVIDING FOR THE ACQUISITION, CONSTRUCTION AND ERECTION OF NEW COURTHOUSE FACILITIES FOR ST. JOHNS COUNTY, FLORIDA; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$24,000,000 PRINCIPAL AMOUNT OF SALES TAX REVENUE BONDS, SERIES 1989, TO FINANCE THE COST THEREOF; PLEDGING THE LOCAL GOVERNMENT HALF-CENT SALES TAX TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; ENTERING INTO CERTAIN COVENANTS AND AGREEMENTS WITH THE HOLDERS OF SAID BONDS; AND PROVIDING AN EFFECTIVE DATE"; FURTHER SUPPLEMENTING RESOLUTION NO. 86-132 OF ST. JOHNS COUNTY, FLORIDA, ADOPTED SEPTEMBER 30, 1986, AS PREVIOUSLY AMENDED AND SUPPLEMENTED; PROVIDING FOR THE ACQUISITION AND CONSTRUCTION OF CERTAIN CAPITAL PROJECTS; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$41,505,000 AGGREGATE PRINCIPAL AMOUNT OF SALES TAX REVENUE BONDS, SERIES 2004A AND SERIES 2004B, TO FINANCE CERTAIN CAPITAL PROJECTS; PLEDGING THE LOCAL GOVERNMENT HALF-CENT SALES TAX TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID SERIES 2004 BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID SERIES 2004 BONDS; ENTERING INTO CERTAIN COVENANTS AND AGREEMENTS WITH THE HOLDERS OF SAID SERIES 2004 BONDS; ACCEPTING THE INSURER'S COMMITMENTS RELATING TO A BOND INSURANCE POLICY AND A RESERVE INSTRUMENT WITH RESPECT TO SAID SERIES 2004 BONDS; AUTHORIZING A NEGOTIATED SALE AND AWARD OF THE SALE OF SAID SERIES 2004 BONDS, APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT TO SAID SERIES 2004 BONDS; APPROVING A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO SAID SERIES 2004 BONDS AND AUTHORIZING A FINAL

OFFICIAL STATEMENT WITH RESPECT THERETO;  
APPROVING THE FORM AND AUTHORIZING THE  
EXECUTION OF A CONTINUING DISCLOSURE  
CERTIFICATE; APPOINTING THE REGISTRAR AND  
PAYING AGENT FOR SAID SERIES 2004 BONDS;  
AUTHORIZING THE EXECUTION AND DELIVERY OF AN  
INTERLOCAL AGREEMENT BETWEEN THE COUNTY AND  
ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT  
AGENCY; 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, as amended.

“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 3.1 of this Instrument, composed of the Series A Bonds and the Series B Bonds.

“Book Entry Form” or “Book Entry System” shall mean, with respect to the Bonds, a form or system, as applicable, under which (1) the ownership of beneficial interests in Bonds and debt service payments on Bonds may be transferred only through a book entry system and (2) physical Bond certificates in fully-registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Bond certificates “immobilized” in the custody of the Depository.

“Capital Appreciation Bonds” shall mean those Bonds so designated by the Chairman or the County Administrator pursuant to Section 5.6 hereof, which may be either Serial Bonds or Term Bonds and which shall bear interest payable at maturity or redemption. In the case of Capital Appreciation Bonds that are convertible to Bonds with interest payable prior to maturity

or prior to redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time prior to such conversion.

“Construction Account” shall mean the account created pursuant to Section 4.4 of this Instrument for the purpose of receiving a portion of the proceeds to be derived from the sale of the Bonds and any other funds required to pay the Costs of the Project.

“Cost” when used in connection with the Project, shall mean all expenses necessary, appurtenant or incidental to the acquisition and construction of the Project, including without limitation the cost of any land or interest therein or of any fixtures, equipment or personal property necessary or convenient therefor, the cost of labor and materials to complete such construction, expenses for needs and feasibility studies, consultant, architectural, engineering and legal expenses, fiscal expenses, expenses for estimates of costs and of revenues, expenses for plans, specifications and surveys, interest during construction, administrative expenses related solely to the acquisition and construction of the Project, all expenses incident to the financing of the Project and the issuance of the Bonds, and any other costs properly attributable to the issuance of the Bonds or such construction or acquisition, as determined by generally accepted accounting principles and shall include reimbursement to the Issuer for any such items of Cost heretofore paid by the Issuer.

“Depository” shall mean any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of beneficial interests in Bonds, and to effect transfers of Bonds, in Book Entry Form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“Draft Preliminary Official Statement” shall mean the draft preliminary official statement relating to the Bonds, substantially in the form attached hereto as Exhibit A and incorporated herein by reference.

“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, Ambac Assurance Corporation, a Wisconsin-domiciled 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.

“Interlocal Agreement” shall mean the Interlocal Reimbursement Agreement to be executed and delivered between the Issuer and St. Johns County Community Redevelopment Agency, substantially in the form attached hereto as Exhibit E and incorporated herein by reference.

“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, collectively, the Issuer’s outstanding Sales Tax Revenue Refunding Bonds, Series 1998 and the Issuer’s outstanding Sales Tax Revenue Refunding Bonds, Series 2002.

“Project” shall mean (i) with respect to the Series A Bonds, the projects listed on Exhibit G hereto and incorporated herein by reference, and (ii) with respect to the Series B Bonds, the redevelopment of Vilano Beach, including but not limited to the reconstruction of Poplar Avenue and Vilano Road and the opening of Loja Street and related parking, drainage, utility and landscaping improvements; all in accordance with certain plans and specifications now or hereafter placed on file with the Issuer, with such changes, deletions, additions or modifications to such projects as shall be designated and approved by supplemental resolution of the Issuer, provided the Issuer receives an opinion of bond counsel to the effect that the exclusion of interest on the Bonds from gross income for federal income tax purposes will not be adversely affected by such supplemental resolution of the Issuer.

“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 and incorporated herein by reference.

“Purchaser” shall mean, collectively, RBC Dain Rauscher Inc. and Banc of America Securities LLC.

“Registrar” shall mean any bank or trust company herein or 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 Guaranty Agreement attached to the commitment of the Insurer relating to the Reserve Instrument for the Bonds.

“S & P” shall mean Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., and any assigns and successors thereto.

“Series A Bonds” shall mean the Bonds designated Series 2004A pursuant to Section 3.1 of this Instrument.

“Series B Bonds” shall mean the Bonds designated Series 2004B pursuant to Section 3.1 of this Instrument.

“Surety Bond” shall mean the Reserve Instrument to be issued by the Insurer guaranteeing certain payments into the Sinking Fund with respect to the Bonds as provided therein and subject to the provisions therein.

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 Board duly adopted the 1989 Resolution, and it is necessary to make an amendment to the 1989 Resolution hereinafter stated in order to more efficiently and economically accommodate the issuance of Additional Bonds.

(B) The Issuer has received from Financial Guaranty Insurance Company and Financial Security Assurance Inc. the respective Insurers of the Parity Obligations, the written consent to the amendment effected hereby, which consents are attached hereto as composite Exhibit D and incorporated herein by reference.

(C) The Project is necessary for the preservation of the health, welfare, convenience and safety of the citizens and inhabitants of St. Johns County, Florida. The Issuer deems it necessary and desirable and in the best interests of the Issuer that the Project be acquired and constructed and that the cost of the Project be financed with the proceeds of the Bonds.

(D) The Issuer deems it necessary and desirable to pledge the Pledged Funds to the payment of the principal of and interest on the Bonds. No part of the Pledged Funds has been pledged or hypothecated to any obligations of the Issuer other than the Bonds, except that the Pledged Funds have been pledged also to the payment of the principal of and interest on the

Parity Obligations. 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. Except as otherwise provided herein, each and every provision of the Original Instrument shall be applicable to the Bonds to the same extent as it is applicable to the Parity Obligations.

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

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

(G) 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 and incorporated herein by reference; Ben W. Adams, Jr., its County Administrator is hereby authorized to accept the Insurer's commitments.

(H) 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.

(I) 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.

(J) 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 3.2 and 5.6 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.

(K) It is appropriate 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 preliminary official statement and a final official statement be authorized in substantially the form of the Draft Preliminary Official Statement attached as Exhibit A hereto and incorporated herein by reference, 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 enter into an Interlocal Agreement with St. Johns County Community Redevelopment Agency pursuant to the terms of which certain tax increment revenues will be paid by such Community Redevelopment Agency to the Issuer in respect of Bond Service Requirements relating to the Series B Bonds.

Section 1.4 Authorization of Project. The acquisition and construction of the Project in the manner herein provided is hereby authorized.

## ARTICLE II

### AMENDMENTS

Section 2.1 Amendments. (A) The second paragraph of Section 3.05 of the 1989 Resolution is hereby amended to read as follows (*the underlined material represents additions*):

“Upon the issuance of any Additional Bonds under the terms, limitations and conditions as provided in the Original Instrument, the Issuer shall increase the sum on deposit in the Reserve Account to the Reserve Account Requirement for all outstanding Bonds and Additional Bonds, including such Additional Bonds. The required deposit to the Reserve Account may be paid in full or in part from the proceeds of such Additional Bonds, may, with the prior written consent of all Reserve Instrument Providers, which consent shall address both the Reserve Instrument Provider of the proposed Reserve Instrument and its structure, be provided in full or in part by a Reserve Instrument, and may, with the prior written consent of all Reserve Instrument Providers, be accumulated in part, to the extent hereinafter provided, in equal monthly payments to the Reserve Account over a period of months from the date of issuance of the Additional Bonds, which shall not exceed the greater of (a) twenty-four (24) months, or (b) the number of months for which interest on such Additional Bonds has been capitalized, as determined by a

resolution adopted prior to the issuance of such Additional Bonds. In the event that any part of the Reserve Account Requirement is to be accumulated, (i) the amount in the Reserve Account immediately after delivery of such Additional Bonds shall not be less than the Reserve Account Requirement on all Bonds and Additional Bonds outstanding (excluding such Additional Bonds) on such date, and (ii) a portion of the Reserve Account Requirement equal to at least one-half of the difference between the Reserve Account Requirement for all Bonds and Additional Bonds, outstanding (excluding such Additional Bonds) on the date of delivery of such Additional Bonds and the Reserve Account Requirement for all such Bonds and Additional Bonds, and such Additional Bonds which shall be funded upon delivery of such Additional Bonds. Notwithstanding the foregoing provisions of this paragraph, the prior consent of all Reserve Instrument Providers shall not be required if the Reserve Instrument Provider of the proposed Reserve Instrument is an entity licensed to issue an insurance policy guarantying the timely payment of debt service on instruments such as Additional Bonds with a claims paying ability rating of 'AAA' or 'Aaa' by Standard & Poor's or Moody's Investors Service, respectively (such a rated Reserve Instrument Provider being referred to as a 'Highest Rated Reserve Instrument Provider').”

(B) The third paragraph of Section 3.05 of the 1989 Resolution is hereby amended to read as follows (*the underlined material represents additions*):

Notwithstanding the foregoing provisions, with the consent of all Insurers, in lieu of the required deposits into the Reserve Account, the Issuer may cause to be deposited into the Reserve Account a Reserve Instrument for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement and the sum, if any, then on deposit in the Reserve Account. Such consent of Insurers shall not be required if the Reserve Instrument is to be issued by a Highest Rated Reserve Instrument Provider. If and to the extent that cash shall also have been deposited in the Reserve Account, all such cash shall be applied by the Issuer (and investments of Reserve Account moneys, if any, liquidated and the proceeds thereof so applied) to the purposes of the Reserve Account prior to any claim upon any Reserve Instrument. The Issuer shall ascertain the need for any claim upon a Reserve Instrument and provide notice thereof to the Reserve Instrument Provider within the time and in the manner required by the Reserve Instrument. If a disbursement is made by a Reserve Instrument Provider under a Reserve Instrument provided pursuant to this paragraph, the Issuer shall, promptly

following such disbursement, but solely from Pledged Funds and after complying with parts (1), (2) and (3) of subsection (B) of Section 3.06 of the Original Instrument, reinstate the limits of such Reserve Instrument to the amount required by the first sentence of this section, or deposit into the Reserve Account funds in an amount sufficient to meet the Reserve Account Requirement, or accomplish a combination of such alternatives; and if compliance with the foregoing part of this sentence does not accomplish the payment and reimbursement to the Reserve Instrument Provider of such disbursement and its expenses and interest in accordance with the Reserve Instrument and any Issuer's reimbursement agreement related thereto, the Issuer shall pay to the Reserve Instrument Provider from Pledged Funds all such sums in full prior to such replenishment of the Reserve Account to the Reserve Account Requirement. If and to the extent that more than one Reserve Instrument shall be provided pursuant to this paragraph, disbursements under all such Reserve Instruments and reimbursements thereof and payments of related expenses and interest to the Reserve Instrument Providers shall be made from Pledged Funds on a pro rata basis, after applying all available cash in the Reserve Account and prior to replenishing the Reserve Account to the Reserve Account Requirement. If the Issuer shall fail to make any payment to a Reserve Instrument Provider as required in this paragraph, such Reserve Instrument Provider shall be entitled to payment to a Reserve Instrument Provider shall be entitled to exercise any and all remedies available at law or under this Resolution for the enforcement of such payment from Pledged Funds only, other than (i) acceleration of the maturity of any Bond or (ii) any remedy which shall adversely affect any Bondholder. Reserve Instrument Providers shall have a security interest in the Pledged Funds subordinate only to that of the Bondholders, to secure all of the Issuer's payment and reimbursement obligations under this Resolution and under the Reserve Instruments and all Issuer reimbursement agreements related thereto, and this Resolution shall not be discharged until all such obligations shall have been met and paid in full by the Issuer.

Section 2.2 1989 Resolution in Full Force and Effect. Except as hereby amended, the 1989 Resolution shall remain in full force and effect.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION

Section 3.1 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 Bonds, Series 2004A,” and “Sales Tax Revenue Bonds, Series 2004B” are hereby authorized to be issued in an aggregate principal amount not exceeding \$41,505,000 for the purpose of providing funds required to pay Costs of the Project. The aggregate principal amount of the Series A Bonds shall not exceed \$35,890,000, and the aggregate principal amount of the Series B Bonds shall not exceed \$5,615,000.

Section 3.2 Description of Bonds. The Bonds shall be issued as fully registered Bonds in two separate series; and shall be numbered consecutively in each series 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-one (31) 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 3.3 Payment of Bonds. The Bonds shall be payable as to both principal and interest at such place or places as is provided in the form of Bonds set out in Section 3.9 hereof, 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 3.4 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 3.4 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,
- (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,
- (6) the date of issue of the Bonds as originally issued,
- (7) the rate of interest borne by each Bond to be redeemed,
- (8) the maturity date of each Bond to be redeemed,
- (9) the CUSIP numbers of the Bonds to be redeemed, and
- (10) any other descriptive information needed to identify accurately the Bonds being redeemed.

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. The notice of redemption may be conditional upon the deposit by the Issuer of the redemption price.

Official notice of redemption having been given as aforesaid and the deposit with the Paying Agent of the redemption price, 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. 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 The Depository Trust Company, 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. 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.

Section 3.5 Book-Entry Only. A Depository may act as securities depository for the Bonds. The ownership of one fully-registered, certified Bond for each maturity of each series, each in the aggregate principal amount of such maturity, may be registered in the name of a Depository or its nominee.

The Bonds in a Book-Entry System registered in the name of a Depository or its nominee shall be payable in lawful money of the United States of America in immediately available funds (i) in the case of principal of such Bonds, delivered or transmitted to the Depository or its authorized representative when due, and (ii) in the case of interest on the Bonds, delivered or transmitted on any date interest is due to the Depository or nominee that was the Holder of that Bond (or one or more predecessor Bonds) at the close of business on the record date applicable to that interest payment date.

The Issuer will recognize the Depository or its nominee as the Holder for all purposes, including notices. Conveyance of notices and other communications by the Depository to participants, by participants to indirect participants, and by participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

In the event that (i) the Depository determines to discontinue providing its services with respect to the Bonds by giving written notice to the Issuer and discharging its responsibilities with respect thereto under applicable law, and the Issuer fails to appoint a successor Depository for the Bonds, or (ii) the Issuer determines (in accordance with DTC's then existing policies and procedures) to discontinue the Book-Entry System through a Depository, then bond certificates are required to be delivered as described in the Bonds. The purchasers of beneficial ownership interest in the Bonds (the "Beneficial Owners"), upon registration of certificates held in the Beneficial Owner's name, will become the registered owner of the Bonds.

Neither the Issuer, the Registrar nor the Paying Agent will have any responsibility or obligation to any beneficial owner or any other person with respect to (i) the accuracy of any records maintained by the Depository or any persons participating by or through the Depository; (ii) the payment by the Depository or any persons participating by or through the Depository of any amount with respect to the principal or interest on the Bonds; (iii) any notice which is permitted or required to be given to Holders pursuant to this Instrument, or (iv) any consent given or other action taken by the Depository as Holder.

Section 3.6 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 3.9 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 3.7 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 series, 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 3.8 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 3.9 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)

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

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

UNITED STATES OF AMERICA  
STATE OF FLORIDA  
ST. JOHNS COUNTY  
SALES TAX REVENUE BOND, SERIES 2004 [A/B]

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 April 1, 2005, 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. 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 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 day preceding the date of mailing.

This bond is one of an authorized issue of Sales Tax Revenue Bonds, Series 2004 [A/B], of the Issuer, in the aggregate principal amount of \$ \_\_,000,000 (the "Series [A/B] Bonds") of like date, tenor and effect, except as to number, denomination, interest rate and date of maturity. The Series [A/B] are being issued on a parity as to the lien described below with the Sales Tax Revenue Bonds, Series 2004 [A/B] of the Issuer, in the aggregate principal amount of \$ \_\_,000,000, issued concurrently with the issuance of the Series [A/B] Bonds (both of such series of bonds are collectively referred to herein as the "Bonds"). The Bonds are issued to finance the cost of the acquisition and construction of certain capital projects of the Issuer 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, as amended, 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. 2004-\_\_ duly adopted by the Issuer on July 27, 2004 (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 Refunding Bonds, Series 1998 and Sales Tax Revenue Refunding Bonds, Series 2002.

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 Issuer, as a whole on October 1, 20 \_\_ 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 October 1, 20 \_\_, or on any date thereafter, at the redemption price of the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date.

The Bonds maturing October 1, \_\_\_\_, are subject to mandatory redemption in part prior to maturity by lot at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, beginning on October 1, \_\_\_\_ and on each October 1, \_\_\_\_ thereafter in the years and in the principal amounts corresponding to the Amortization Installments (as defined in the Resolution) as follows:

<u>Year</u>	<u>Amortization 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 J.P. Morgan Trust Company, National Association 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 series, 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.

The Bonds when issued will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the initial securities depository for the Bonds. Individual purchase of the Bonds may be made in book entry form only, and such purchasers will not receive certificates representing their interests in the Bonds. While the Bonds are registered in the name of a securities depository (a "Depository") or its nominee, the Issuer will recognize the Depository or its nominee as the holder of the Bonds for all purposes, including notices. Conveyance of notices and other communications by the Depository to participants, by participants to indirect participants, and by participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

The Bonds are issuable only as fully-registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co., as nominee of DTC, which shall be considered to be the Registered Owner for all purposes of the Resolution, including without limitation, payment by the Issuer of principal of and interest on the Bonds, and receipt of notices and exercise of rights of holders of the Bonds. There shall be a single Bond that shall be

immobilized in the custody of DTC with the beneficial owners having no right to receive the Bonds in the form of physical securities or certificates. Ownership of beneficial interest in the Bonds shall be shown by book entry on the system maintained and operated by DTC and its participants and transfers of ownership or beneficial interests shall be made only by DTC and its participants, by book entry, the Issuer having no responsibility therefor. DTC is expected to maintain records of the positions of participants in the Bonds, and the participants and persons acting through participants are expected to maintain records of the purchasers of beneficial interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Issuer.

If any Depository determines not to continue to act as a Depository for the Bonds for use in a book entry system, the Issuer may attempt to have established a securities depository/book entry system relationship with another qualified Depository under the Resolution. If the Issuer does not or is unable to do so, the Issuer and the Registrar, after the Registrar has made provision for notification of the beneficial owners by the then Depository, shall permit withdrawal of the Bonds from the Depository, and authenticate and deliver Bond certificates in fully registered form (in denominations of \$5,000 or multiples thereof) to the assigns of the Depository or its nominee.

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.

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 \_\_\_\_\_, 2004.

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:

J.P. Morgan Trust Company, National Association, Registrar

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

STATEMENT OF INSURANCE

Financial Guaranty Insurance Policy No. \_\_\_\_\_ (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Obligation acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

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 IV

### COVENANTS, SPECIAL FUNDS AND APPLICATION THEREOF

Section 4.1 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 4.2 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 4.3 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, be applied by the Issuer as follows:

(A) Accrued interest, if any, 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) 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 Bonds, Series 2004, Costs of Issuance Account” (the “Costs of Issuance Account”), which shall be used only for the payment of costs and expenses described in this subsection. A sum sufficient to pay all costs and expenses in connection with the preparation, issuance and sale of the Bonds, including fees of financial advisors, engineering and other consulting fees, legal fees, bond insurance premiums, printing fees, rating agency fees and other similar costs shall be deposited to the credit of the Costs of Issuance Account, and all such costs and expenses shall be promptly paid by the Issuer to the persons respectively entitled to receive the same. When all moneys on deposit to the credit of the Costs of Issuance Account shall have been disbursed by the Issuer for the payment of such costs and expenses, the Costs of Issuance Account shall be closed; provided, however, that if any balance shall remain in the Costs of Issuance Account six months after issuance of the Bonds, such moneys shall be transferred by the Issuer to the Construction Account, and the Costs of Issuance Account shall be closed.

(D) The balance shall be deposited in the Construction Account.

Section 4.4 Construction Account. The Issuer hereby covenants that it will establish with an Authorized Depository a separate account or accounts to be designated collectively as the "St. Johns County Series 2004 Construction Account," into which shall be deposited a portion of the proceeds from the sale of the Bonds and the additional funds, if any, required to assure payment in full of the Cost of the Project.

The Issuer's share of any liquidated damages or other moneys paid by defaulting contractors or other sureties, and all proceeds of insurance compensating for damages to the Project during the period of construction, shall be deposited in the Construction Account to assure completion of the Project.

Moneys in the Construction Account shall be continuously secured by the Authorized Depository in the manner prescribed by the laws of the State of Florida relating to the securing of public funds. The earnings from any investment of Construction Account moneys shall be deposited in the Construction Account.

When the construction of the Project has been completed and all Costs thereof have been paid in full, all funds remaining in the Construction Account shall be deposited in the Sinking Fund created pursuant to the Original Instrument, and the Construction Account shall be closed.

All moneys deposited in the Construction Account shall be and constitute a trust fund created for the purposes stated, and there is hereby created a lien upon such fund in favor of the Holders until the moneys thereof shall have been applied in accordance with this instrument.

Section 4.5 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 5.1 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 3.3 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; provided that any Reserve Instrument may be for the benefit of a particular issue of the Bonds or the Parity Obligations.

(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 and incorporated herein by reference, 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 4.5(F). For purposes of this Section 4.5(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 V

### MISCELLANEOUS PROVISIONS

Section 5.1 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 5.2 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 51 percent 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 5.3 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 and incorporated herein by reference. 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 insurers 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 5.4 Insurer. Notwithstanding any provision to the contrary contained herein, the following provision shall apply so long as the Financial Guaranty Insurance Policy (as hereinafter defined) and the Surety Bond shall be in full force and effect:

(A) “Financial Guaranty Insurance Policy” shall mean the Financial Guaranty Insurance Policy issued by the Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.

(B) Any provision of this Instrument expressly recognizing or granting rights in or to the Insurer may not be amended in any manner which affects the rights of the Insurer hereunder without the prior written consent of the Insurer. There is reserved to the Insurer the right to charge the Issuer a fee for any consent or amendment to the Original Instrument while the Financial Guaranty Insurance Policy or the Surety Bond is outstanding.

(C) Any reorganization or liquidation plan with respect to the Issuer must be acceptable to the Insurer. In the event of any reorganization or liquidation, the Insurer shall have the right to vote on behalf of all Holders who hold the Bonds or additional parity obligations insured by the Insurer absent a default by the Insurer under the applicable Financial Guaranty Insurance Policy insuring the Bonds and such obligations.

(D) Anything in the Original Instrument and this Instrument to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined herein, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders of the Bonds and additional parity obligations insured by the Insurer for the benefit of such Holders under the Original Instrument.

(E) The following notices shall be sent to the Insurer, to the attention of the SURVEILLANCE DEPARTMENT:

- (1) While the Financial Guaranty Insurance Policy or the Surety Bond is in effect, the Issuer shall furnish to the Insurer, upon request, the following:
  - (a) a copy of any financial statement, audit and/or annual report of the Issuer.
  - (b) such additional information it may reasonably request.
- (2) A copy of any notice to be given to the registered owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to the Original Instrument relating to the security for the Bonds.

The following notices shall be sent to the Insurer, to the attention of the GENERAL COUNSEL OFFICE:

- (1) The Issuer shall notify the Insurer of any failure of the Issuer to provide relevant notices, certificates, etc.
- (2) Notwithstanding any other provision of this Instrument, the Registrar or the Issuer (as appropriate) shall immediately notify the Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default hereunder.

The Issuer will permit the Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer. The Issuer will permit the Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

(F) Notwithstanding anything in the Original Instrument to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Insurer pursuant to the Financial Guaranty Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the Pledged Funds and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered owners.

(G) As long as the Financial Guaranty Insurance Policy shall be in full force and effect, the Issuer and any Registrar shall comply with the following provisions:

- (1) At least one business day prior to all interest payment dates the Registrar, will determine whether there will be sufficient funds in the Sinking Funds to pay the principal of or interest on the Bonds on such interest payment date. If the Registrar determines that there will be insufficient funds in such Funds, the Registrar shall so notify the Insurer. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Registrar has not so notified the Insurer at least one business day prior to an interest payment date, the Insurer will make payments of principal or interest due on the Bonds on or before the first business day next following the date on which the Insurer shall have received notice of nonpayment from the Registrar.

- (2) The Registrar shall, after giving notice to the Insurer as provided in (1) above, make available to the Insurer and, at the Insurer's direction, to The Bank of New York, in New York, New York, as insurance trustee for the Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Issuer maintained by the Registrar and all records relating to the funds and accounts maintained under the Original Instrument.
- (3) The Registrar shall provide the Insurer and the Insurance Trustee with a list of registered owners of Bonds entitled to receive principal or interest payments from the Insurer under the terms of the Financial Guaranty Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from the Insurer and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the registered owners of Bonds entitled to receive full or partial principal payments from the Insurer.
- (4) The Registrar shall, at the time it provides notice to the Insurer pursuant to (1) above, notify registered owners of Bonds entitled to receive the payment of principal or interest thereon from the Insurer (i) as to the fact of such entitlement, (ii) that the Insurer will remit to them all or a part of the interest payments next coming due upon proof of Holder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Insurer) for payment to the Insurance Trustee, and not the Registrar and (iv) that should they be entitled to receive partial payment of principal from the Insurer, they must surrender their Bonds for payment thereon first to the Registrar who shall note on such Bonds the portion of the principal paid by the Registrar and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.
- (5) In the event that the Registrar has notice that any payment of principal or interest on a Bond which has become due for payment and which is made to a Holder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner 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 Registrar shall, at the time the Insurer is notified pursuant to (1) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Registrar shall furnish to the Insurer its records evidencing the payments of principal of and interest on the Bonds which have been made by the Registrar and subsequently recovered from registered owners and the dates on which such payments were made.

- (6) In addition to those rights granted the Insurer under this Instrument, the Insurer shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Financial Guaranty Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Registrar shall note the Insurer's rights as subrogee on the registration books of the Issuer maintained by the Registrar upon receipt from the Insurer of proof of the payment of interest thereon to the registered owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Registrar shall note the Insurer's rights as subrogee on the registration books of the Issuer maintained by the Registrar upon surrender of the Bonds by the registered owners thereof together with proof of the payment of principal thereof.

(H) As to the Registrar:

- (1) The Registrar may be removed at any time, at the request of the Insurer, for any breach of the trust set forth herein.
- (2) The Insurer shall receive prior written notice of any Registrar resignation.
- (3) Every successor Registrar appointed pursuant to this Section shall be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$75,000,000.
- (4) Notwithstanding any other provision of this Instrument, no removal, resignation or termination of the Registrar shall take effect until a successor shall be appointed.

(I) To the extent that this Instrument confers upon or gives or grants to the Insurer any right, remedy or claim under or by reason of this Instrument, the Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder. Nothing in this Instrument expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Issuer, the Insurer, the Registrar, and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Instrument or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Instrument contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Insurer, the Registrar, and the registered owners of the Bonds.

Section 5.5 Provisions Relating to the Surety Bond. As long as the Surety Bond shall be in full force and effect, the Issuer and Registrar agree to comply with the following provisions:

(A) In the event and to the extent that moneys on deposit in the Sinking Fund (other than the Reserve Account), plus all amounts on deposit in and credited to the Reserve Account in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and interest coming due, then upon the later of: (i) one day after receipt by the General Counsel of the Insurer of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Registrar certifying that payment due under the Original Instrument has not been made to the Registrar; or (ii) the payment date of the Bonds as specified in the Demand for Payment presented by the Registrar to the General Counsel of the Insurer, the Insurer will make a deposit of funds in an account with the Registrar or its successor, in New York, New York, sufficient for the payment to the Registrar, of amounts which are then due to the Registrar under the Original Instrument (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; *provided, however*, that in the event that the amount on deposit in, or credited to, the Reserve Account, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, Reserve Instrument or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(B) The Registrar, if appropriate, shall, after submitting to the Insurer the Demand for Payment as provided in (A) above, make available to the Insurer all records relating to the funds and accounts maintained under the Original Instrument.

Section 5.6 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 \$41,505,000 (the aggregate principal amount of the Series A Bonds and the Series B Bonds shall not exceed \$35,890,000 and \$5,615,000, respectively) (the "Maximum Principal Amounts"), at an aggregate purchase price (excluding any original issue discount) for each series of not less than 99.45 % of the original principal amount of such Bonds (the "Minimum Purchase Price") and designating certain maturities of each series of the Bonds (if any) as Capital Appreciation Bonds, as approved by the Chairman or

the County Administrator, within the following parameters (the "Parameters"): the all-in true interest cost for each series of the Bonds shall not exceed 6.0%; the final maturity of each series of the Bonds shall not be later than October 1, 2034; the callable Bonds shall be subject to optional redemption no later than October 1, 2014, at a premium of no more than 100% 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 amounts not to exceed the Maximum Principal Amounts, at a purchase price of not less than the Minimum Purchase Price plus accrued interest thereon, if any, 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 and conditions of the sale of the Bonds are within the Parameters shall constitute conclusive proof that all of the terms and conditions set forth in this Section 5.6 have been fully satisfied.

The Bonds of each series 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 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, 2004, 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, 2004.

Section 5.7 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 is hereby authorized to deem the preliminary official statement final for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. The Chairman or the Vice Chairman is 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 5.8 Registrar and Paying Agent. J.P. Morgan Trust Company, National Association 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 5.9 Authorization of Execution and Delivery of Interlocal Agreement. The Chairman or Vice Chairman and the Clerk or any deputy clerk are hereby authorized to execute and deliver the Interlocal 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.

Section 5.10 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 5.11 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 (including the Interlocal Agreement) 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 5.12 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 5.13 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 5.14 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 5.15 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 5.16 Original Instrument in Full Force and Effect. Except as hereby supplemented, the Original Instrument shall remain in full force and effect.

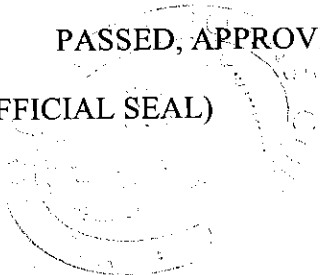
Section 5.17 Table of Contents and Heading not Part Hereof. The Table of Contents preceding the body of this Instrument and the headings preceding the several articles and

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

PASSED, APPROVED AND ADOPTED this 27th day of July, 2004.

(OFFICIAL SEAL)



BOARD OF COUNTY COMMISSIONERS  
OF ST. JOHNS COUNTY, FLORIDA

By: [Signature]  
Its Chairman

ATTEST:

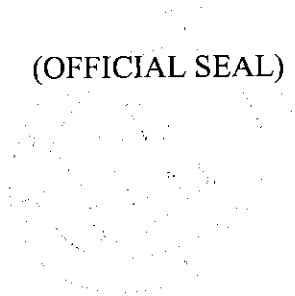
[Signature]  
Its Clerk

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. 2004-198 of said County passed and adopted on July 27, 2004.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said County this \_\_ day of \_\_, 2004.

[Signature]  
Clerk of the Board of County Commissioners

(OFFICIAL SEAL)



**EXHIBIT A**

**Draft of Preliminary Official Statement**

**PRELIMINARY OFFICIAL STATEMENT DATED JULY \_\_, 2004**

NEW ISSUE –BOOK ENTRY ONLY

**ANTICIPATED RATINGS:**

Standard & Poor's: "AAA" (Insured) and "A" (Underlying)

Moody's: "Aaa" (Insured) and "A1" (Underlying)

(Ambac Insured) (See "RATINGS" herein)

*In the opinion of Rogers Towers, P.A., Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2004 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Series 2004 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Bond Counsel is also of the opinion that the Series 2004 Bonds and the interest thereon are exempt from taxation under existing 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. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2004 Bonds. See "TAX MATTERS" herein.*



**ST. JOHNS COUNTY, FLORIDA  
Sales Tax Revenue Bonds**

\$ \_\_\_\_\_ \*  
**Series 2004A**

\$ \_\_\_\_\_ \*  
**Series 2004B**

**Dated: Date of Delivery**

**Due: October 1, as shown below**

The St. Johns County, Florida Sales Tax Revenue Bonds, Series 2004A (the "Series 2004A Bonds") and St. Johns County, Florida Sales Tax Revenue Bonds, Series 2004B (the "Series 2004B Bonds," and together with the Series 2004A Bonds, the "Series 2004 Bonds") are being issued by St. Johns County, Florida (the "County") as fully registered bonds, which initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only through Participants (defined herein) in denominations of \$5,000 and integral multiples thereof. Purchasers of the Series 2004 Bonds (the "Beneficial Owners") will not receive physical delivery of certificates. Transfers of ownership interests in the Series 2004 Bonds will be effected by the DTC

book-entry system as described herein. As long as Cede & Co. is the registered owner as nominee of DTC, principal and interest payments will be made directly to such registered owner which will in turn remit such payments to the Participants for subsequent disbursement to the Beneficial Owners. Interest on the Series 2004 Bonds is payable on April 1, 2005 and semiannually on each October 1 and April 1 thereafter. Principal of, premium, if any, and interest on the Series 2004 Bonds will be payable by J.P. Morgan Trust Company, National Association, Dallas, Texas, as Paying Agent and Registrar.

The Series 2004 Bonds are subject to optional and mandatory redemption prior to their stated maturities as described herein.

This cover page contains certain information for quick reference only. It is not, and is not intended to be, a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2004 Bonds are being issued for the purpose of providing funds to (i) finance the cost of various capital improvements within the County, as more particularly described herein, (ii) fund the Reserve Account with the purchase of a debt service reserve account surety bond, and (iii) pay certain costs of issuance of the Series 2004 Bonds, including the financial guaranty insurance policy premium.

The Series 2004 Bonds are payable 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 pursuant to the provisions of Part VI, Chapter 218, Florida Statutes, as amended, and all moneys on deposit to the credit of the funds and accounts created under the Resolution (as defined herein) and the earnings on the investment thereof (collectively, the "Pledged Funds"). The Series 2004 Bonds are being issued pursuant to the Resolution on parity in all respects with the County's outstanding St. Johns County, Florida Sales Tax Revenue Refunding Bonds, Series 1998 and St. Johns County, Florida Sales Tax Revenue Refunding Bonds, Series 2002 (collectively, the "Parity Obligations"). The Parity Obligations currently are outstanding in the aggregate principal amount of \$17,400,000.

THE SERIES 2004 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE COUNTY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE COUNTY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS, WITH AND TO THE EXTENT SET FORTH IN THE RESOLUTION AND ON PARITY IN ALL RESPECTS WITH THE PARITY OBLIGATIONS. NO HOLDER OF ANY SERIES 2004 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION

THEREOF TO PAY SUCH SERIES 2004 BOND, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2004 BOND FROM ANY MONEYS OF THE COUNTY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

Payment of the principal of and interest on the Series 2004 Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2004 Bonds. See "FINANCIAL GUARANTY INSURANCE POLICY" herein.

**[Insert Ambac Logo]**

*The Series 2004 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval as to legality by Rogers Towers, P.A., Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed on for the County by Edwards Cohen, Counsel for the County, and by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Disclosure Counsel to the County. Public Financial Management, Inc., Orlando, Florida is acting as Financial Advisor to the County. It is expected that the Series 2004 Bonds will be delivered to the Underwriters through the facilities of DTC in New York, New York on or about August 25, 2004.*

**RBC DAIN RAUSCHER**

**Banc Of America Securities LLC**

Dated: August \_\_, 2004

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\*Preliminary, subject to change.

**AMOUNTS, MATURITIES, INTEREST RATES,  
PRICES OR YIELDS AND INITIAL CUSIP NUMBERS**

**\$ \_\_\_\_\_ SERIES 2004A BONDS**

\$ \_\_\_\_\_ Serial Series 2004A Bonds

<u>Amount</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Initial CUSIP Numbers</u>	<u>Amount</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Initial CUSIP Numbers</u>
\$		%	%		\$		%	%	

\$ \_\_\_\_\_ % Term Series 2004A Bonds due October 1, 20\_\_ - Price or Yield \_\_\_\_% - Initial CUSIP No. \_\_\_\_\_

**\$ \_\_\_\_\_ SERIES 2004B BONDS**

\$ \_\_\_\_\_ Serial Series 2004B Bonds

<u>Amount</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Initial CUSIP Numbers</u>	<u>Amount</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Initial CUSIP Numbers</u>
\$		%	%		\$		%	%	

\$ \_\_\_\_\_ % Term Series 2004B Bonds due October 1, 20\_\_ - Price or Yield \_\_\_\_% - Initial CUSIP No. \_\_\_\_\_

**RED HERRING LANGUAGE:**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2004 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The County has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

**ST. JOHNS COUNTY, FLORIDA**

**MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS**

Karen R. Stern, Chair  
Bruce A. Maguire, Vice-Chair  
James E. Bryant  
Marc A. Jacalone  
Nicholas M. Meiszer

**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**

Richard A. MacDonald, Jr.

**COUNTY ATTORNEY**

Daniel J. Bosanko

**COUNSEL FOR THE COUNTY**

Edwards Cohen  
Jacksonville, Florida

**BOND COUNSEL**

Rogers Towers, P.A.  
Jacksonville, Florida

**DISCLOSURE COUNSEL**

Nabors, Giblin & Nickerson, P.A.  
Tampa, Florida

**FINANCIAL ADVISOR**

Public Financial Management, Inc.  
Orlando, Florida

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations in connection with the Series 2004 Bonds other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the County. 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 Series 2004 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County, The Depository Trust Company, Ambac Assurance Corporation, and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the County with respect to any information provided by others. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters listed on the cover page hereof have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2004 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2004 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2004 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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APPENDIX A - GENERAL INFORMATION CONCERNING THE COUNTY

APPENDIX B - GENERAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY FOR FISCAL YEAR ENDED SEPTEMBER 30, 2003

APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX E - FORM OF BOND COUNSEL OPINION

APPENDIX F - SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

**OFFICIAL STATEMENT**  
*relating to*  
**ST. JOHNS COUNTY, FLORIDA**  
**Sales Tax Revenue Bonds,**

\$ \_\_\_\_\_\*  
**Series 2004A**

\$ \_\_\_\_\_\*  
**Series 2004B**

**INTRODUCTION**

**General**

This introduction is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement and should not be considered to be a complete statement of the facts material to making an informed investment decision. The offering by St. Johns County, Florida (the "County"), of its \$ \_\_\_\_\_\* St. Johns County, Florida Sales Tax Revenue Bonds, Series 2004A (the "Series 2004A Bonds") and \$ \_\_\_\_\_\* St. Johns County, Florida Sales Tax Revenue Bonds, Series 2004B (the "Series 2004B Bonds," and together with the Series 2004A Bonds, the "Series 2004 Bonds") to potential investors is made only by means of the entire Official Statement, including all appendices attached hereto. All capitalized undefined terms used in this introduction shall have the meaning set forth in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" attached hereto.

**The County**

The County was established in 1821. The City of St. Augustine, the County seat, was founded over 400 years ago by Spanish explorers and is the nation's oldest city. The County encompasses approximately 608 square miles and is located in the northeastern region of the State of Florida directly south of the City of Jacksonville 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. The 2003 population of the County was 137,168. For further information concerning the County, see "GENERAL INFORMATION CONCERNING THE COUNTY" attached hereto as APPENDIX A.

**Authority for Issuance**

The Series 2004 Bonds are being issued under the authority of and in full compliance with the Constitution and laws of the State of Florida, including, particularly,

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\*Preliminary, subject to change.

Chapter 125, Florida Statutes, Ordinance No. 86-69 enacted by the County on December 9, 1986, as amended, and other applicable provisions of law, and pursuant to Resolution No. 86-132, duly adopted by the County on September 30, 1986, as amended and supplemented, particularly as amended and supplemented by Resolution No. 2004-\_\_\_\_, duly adopted by the County on July 27, 2004 (collectively, the "Resolution").

### **Purpose of the Series 2004 Bonds**

The County proposes to issue the Series 2004 Bonds for the principal purposes of providing funds to (i) finance the acquisition, construction and equipping of various capital improvements within the County (the "2004 Project"), (ii) pay the premium for a reserve account surety bond in order to fund the Reserve Account, and (iii) pay certain costs of issuance of the Series 2004 Bonds, including the financial guaranty insurance policy premium. See "THE 2004 PROJECT" herein.

### **Security for the Bonds**

The Series 2004 Bonds will be payable 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 pursuant to Chapter 218, Part VI, Florida Statutes, as amended, and all moneys on deposit to the credit of the 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 Series 2004 Bonds are being issued pursuant to the Resolution on parity in all respects with the County's outstanding St. Johns County, Florida Sales Tax Revenue Refunding Bonds, Series 1998 (the "Series 1998 Bonds") and St. Johns County, Florida Sales Tax Revenue Refunding Bonds, Series 2002 (the "Series 2002 Bonds," and together with the Series 1998 Bonds, the "Parity Obligations"). The Parity Obligations are currently outstanding in the aggregate principal amount of \$17,400,000. See "SALES TAX REVENUES" herein.

### **Redemption Provisions**

The Series 2004 Bonds are subject to optional and mandatory redemption prior to their stated maturities as described herein. See "DESCRIPTION OF THE SERIES 2004 BONDS" herein.

### **Financial Guaranty Insurance Policy and Reserve Account Surety Bond**

Payment of the principal of and interest on the Series 2004 Bonds when due will be insured by a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") to be issued by Ambac Assurance Corporation (the "Insurer" or "Ambac Assurance") simultaneously with the delivery of the Series 2004 Bonds. See "FINANCIAL GUARANTY INSURANCE POLICY" herein. In addition, Ambac

Assurance will also issue its debt service reserve account surety bond (the "Surety Bond") for deposit in the Reserve Account to fund the Reserve Account Requirement with respect to the Series 2004 Bonds. See "RESERVE ACCOUNT SURETY BOND" herein.

### **Additional Bonds**

The County may issue Additional Bonds on a parity with the Series 2004 Bonds and the Parity Obligations subject to compliance with certain conditions set forth in the Resolution. The Series 2004 Bonds, the Parity Obligations and any Additional Bonds issued pursuant to the Resolution are collectively referred to herein as the "Bonds." See "SECURITY FOR THE BONDS – Additional Bonds" herein.

### **Tax Matters**

In the opinion of Rogers Towers, P.A., Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2004 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Series 2004 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Bond Counsel is also of the opinion that the Series 2004 Bonds and the interest thereon are exempt from taxation under existing 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. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2004 Bonds. See "TAX MATTERS" herein.

### **Continuing Disclosure**

The County has agreed and undertaken, for the benefit of Series 2004 Bondholders, to provide certain financial information and operating data relating to the County, the Pledged Funds and the Series 2004 Bonds pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE" herein.

### **Additional Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement contains certain information concerning Ambac Assurance, the Financial Guaranty Insurance Policy and the Surety

Bond, and contains certain information concerning The Depository Trust Company, New York, New York ("DTC"), and its book-entry only system of registration. Such information has not been provided by the County and the County does not certify as to the accuracy or sufficiency of the disclosure practices or content of information provided by such parties and is not responsible for the information provided by such parties.

A copy of the Resolution and all documents of the County referred to herein may be obtained from either the office of the Clerk of the Circuit Court, 4020 Lewis Speedway, St. Augustine, Florida 32084, attention: Finance Department, telephone (904) 823-2400 or the County's Financial Advisor, Public Financial Management, Inc., 300 South Orange Avenue, Suite 1170, Orlando, Florida 32801, telephone (407) 648-2208.

Capitalized terms used but not defined herein have the same meaning as when used in the Resolution unless the context clearly indicates otherwise. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" attached hereto. All information included herein has been provided by the County, except where attributed to other sources. Copies of such documents, reports and statements referred to herein that are not included in their entirety in this Official Statement may be obtained from the County.

### **THE 2004 PROJECT**

The 2004 Project generally consists of the following:

- redevelopment of Vilano Beach, including, but not limited to, the construction and reconstruction of certain roads and related parking, drainage, utility and landscaping improvements thereto
- acquisition of various land for parks, recreation, conservation and other governmental purposes
- construction and upgrading of parks and recreation and entertainment facilities
- construction and expansion of libraries
- construction and expansion of boating facilities
- acquisition, construction and expansion of certain government operations facilities

The 2004 Project is more particularly described in the books and records on file with the County.

## DESCRIPTION OF THE SERIES 2004 BONDS

### General

The Series 2004 Bonds will be dated and will mature in the years, and in the amounts and will bear interest at the rates set forth on the inside cover page of this Official Statement, each series shall be numbered consecutively from R-1 upward, and shall be issued in the denominations of \$5,000 or integral multiples thereof.

Interest on the Series 2004 Bonds shall be payable semiannually on April 1 and October 1 of each year commencing April 1, 2005 (each an "Interest Date") and is payable by J.P. Morgan Trust Company, National Association, Dallas, Texas, as registrar and paying agent (the "Registrar" and the "Paying Agent"), to the owners in whose name the Series 2004 Bonds shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding each Interest Date. Principal of the Series 2004 Bonds is payable, when due, to the registered owners upon presentation and surrender at the designated corporate trust office of the Paying Agent.

While in book-entry only form, the foregoing payments will be made only to Cede & Co. as described below.

### Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY ("DTC") AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY BELIEVES TO BE RELIABLE, BUT THE COUNTY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for the Series 2004 Bonds. The Series 2004 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2004A Bonds and for each maturity of the Series 2004B Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the

settlement among Participants of securities transactions such as transfers and pledges, and in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" means securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2004 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the Series 2004 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2004 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2004 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2004 Bonds, except in the event that use of the book-entry system for the Series 2004 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2004 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2004 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2004 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2004 Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Beneficial Owners of the Series 2004 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2004 Bonds, such as redemptions, defaults and proposed amendments to Series 2004 Bond documents. Beneficial Owners of the Series 2004 Bonds may wish to ascertain that the nominee holding the Series 2004 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners

may wish to provide their names and addresses to the Paying Agent and Registrar and request that copies of notices be provided directly to them.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent only to Cede & Co. If less than all of the Series 2004 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Series 2004 Bonds. Under its usual procedures, DTC mails an omnibus proxy to the County as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2004 Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the Series 2004 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County, or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2004 Bonds at any time by giving reasonable notice to the County and/or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2004 Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) upon compliance with applicable DTC rules and procedures. In that event, Series 2004 Bond certificates will be printed and delivered.

**Optional Redemption of the Series 2004A Bonds**

The Series 2004A Bonds maturing prior to October 1, 20\_\_ are not subject to redemption prior to maturity. The Series 2004A 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 date thereafter, at a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the date set for redemption.

**Optional Redemption of the Series 2004B Bonds**

The Series 2004B Bonds maturing prior to October 1, 20\_\_ are not subject to redemption prior to maturity. The Series 2004A 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 date thereafter, at a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the date set for redemption.

**Mandatory Redemption of the Series 2004A Bonds**

The Series 2004A Bonds maturing on 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:

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

---

\* Final maturity

**Mandatory Redemption of the Series 2004B Bonds**

The Series 2004B Bonds maturing on 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:

Year

Amortization Installments

\$

---

\* Final maturity

### **Notice of Redemption**

*Unless DTC's book-entry only system of registration is discontinued, notice of redemption shall only be provided to DTC's nominee, currently Cede & Co.*

Unless waived by any Holder of Series 2004 Bonds to be redeemed, notice of any redemption made pursuant to the Resolution shall be given by the Registrar on behalf of the County by mailing a copy of an official redemption notice by first class mail, postage prepaid at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each Holder of Series 2004 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 the Resolution to any Holder of Series 2004 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 Series 2004 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 Series 2004 Bonds are to be redeemed, the number (and, in the case of a partial redemption of any Series 2004 Bond, the principal amount) of each Series 2004 Bond to be redeemed, (4) that on the redemption date the redemption price will become due and payable upon each such Series 2004 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, (5) that such Series 2004 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, (6) the date of issue of the Series 2004 Bonds as originally issued, (7) the rate of interest borne by each Series 2004 Bond to be redeemed, (8) the maturity date of each Series 2004 Bond to be redeemed, (9) the CUSIP numbers of the Series 2004 Bonds to be redeemed, and (10) any other descriptive information needed to identify accurately the Series 2004 Bonds being redeemed.

Prior to any redemption date, the County shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 2004 Bonds or portions thereof which are to be redeemed on that date. The notice of redemption may be conditional upon the deposit by the County of the redemption price.

## **Interchangeability, Negotiability and Transfer**

*So long as DTC's book-entry only system of registration is in effect the registration and transfer of the Series 2004 Bonds shall be governed by DTC's policies and procedures as generally described under "DESCRIPTION OF THE SERIES 2004 BONDS - Book-Entry only System" herein.*

The Series 2004 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 Series 2004 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 Series 2004 Bonds shall be registered on the Bond Register upon delivery to the Registrar of the Series 2004 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 Series 2004 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 Series 2004 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 Series 2004 Bond or Series 2004 Bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. The County or the Registrar may charge the owner of such Series 2004 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 Series 2004 Bond shall be delivered.

The County and the Registrar shall not be required to issue or transfer any Series 2004 Bonds during the period beginning with the fifteenth (15) day next preceding either any interest payment date or any day on which such Series 2004 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 Series 2004 Bonds delivered upon any transfer shall be valid, limited obligations of the County, evidencing the same debt as the Series 2004 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 Series 2004 Bonds surrendered.

The County and the Registrar may treat the registered owner of any Series 2004 Bond as the absolute owner thereof for all purposes, whether or not such Series 2004

Bond shall be overdue, and any notice to the contrary shall not be binding upon the County or the Registrar.

## **SECURITY FOR THE BONDS**

### **General**

The payment of the principal of and interest on the Series 2004 Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds. As described previously, the Pledged Funds include the Local Government Half-Cent Sales Tax, and all moneys on deposit to the credit of the funds and accounts established under the Resolution and the earnings on the investment thereof, all in the manner and to the extent described in the Resolution. "Local Government Half-Cent Sales Tax" is defined in the Resolution to mean all moneys now or hereafter allocated to the County from the Local Government Half-Cent Sales Tax Clearing Trust Fund pursuant to the provisions of Part VI, Chapter 218, Florida Statutes. The Series 2004 Bonds are payable from the Pledged Funds on a parity, equally and ratably, with the Parity Obligations. For more information regarding the Local Government Half-Cent Sales Tax, see "SALES TAX REVENUES" herein.

THE SERIES 2004 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE COUNTY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE COUNTY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS WITH AND TO THE EXTENT SET FORTH IN THE RESOLUTION AND ON PARITY IN ALL RESPECTS WITH THE PARITY OBLIGATIONS. NO HOLDER OF ANY SERIES 2004 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF TO PAY SUCH SERIES 2004 BOND, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2004 BOND FROM ANY MONEYS OF THE COUNTY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

### **Funds and Accounts**

Pursuant to the Resolution, the County has established the "Revenue Fund" and the "Sinking Fund." The County maintains in the Sinking Fund four accounts: the "Interest Account," the "Principal Account," the "Term Bonds Retirement Account," and the "Reserve Account." The County has also established the St. Johns County Series 2004 Construction Account (the "Construction Account") and the St. Johns County Sales

Tax Revenue Bonds, Series 2004 Costs of Issuance Account. All moneys deposited to the Revenue Fund shall be applied by the County only for and in the manner and order specified in the Resolution and generally described herein.

### **Construction Account**

The County shall deposit a portion of the proceeds from the sale of the Series 2004 Bonds and the additional funds, if any, required to assure payment in full of the cost of the Series 2004 Project, into the Construction Account.

Moneys in the Construction Account shall be continuously secured in the manner prescribed by the laws of the State of Florida relating to the securing of public funds. The earnings from any investment of Construction Account moneys shall remain in the Construction Account.

When the construction of the 2004 Project has been completed and all Costs thereof have been paid in full, all funds remaining in the Construction Account shall be deposited in the Sinking Fund created pursuant to the Resolution, and the Construction Account shall be closed.

All moneys deposited in the Construction Account shall be and constitute a trust fund created for the purposes stated, and the Resolution creates a lien upon such fund in favor of the holders of the Series 2004 Bonds until the moneys thereof shall have been applied in accordance with the Resolution.

### **Reserve Account**

The Resolution requires the establishment and maintenance of a Reserve Account in an amount equal to the Reserve Account Requirement for the benefit of the owners of the Bonds. The Reserve Account Requirement is defined in the Resolution as the lesser of (i) Maximum Bond Service Requirement for all outstanding Bonds and Additional Bonds, (ii) 125% of average annual debt service for all outstanding Bonds and Additional Bonds, or (iii) 10% of the proceeds of all outstanding Bonds and Additional Bonds. The Resolution permits the Reserve Account Requirement to be funded by cash or 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 Bonds issued pursuant to the Resolution when the other moneys in the Sinking Fund are insufficient therefor, and for no other purpose.

Pursuant to the Resolution, upon delivery of the Series 2004 Bonds, the County shall deposit to the Reserve Account, a reserve account surety bond issued by Ambac Assurance (the "Surety Bond"). See "RESERVE ACCOUNT SURETY BOND" herein.

The amount of such Surety Bond is equal to \$ \_\_\_\_\_, which is equal to 125% of the average annual debt service with respect to the Series 2004 Bonds. In addition to the Surety Bond, there is also on deposit in the Reserve Account two reserve account insurance policies (the "Prior Reserve Policies") previously issued by Financial Guaranty Insurance Company and Financial Security Assurance Inc., respectively, which Prior Reserve Policies were deposited into the Reserve Account in connection with the issuance of the Parity Obligations in order to satisfy the Reserve Account Requirements with respect to the Parity Obligations. The Prior Reserve Policies do not secure the Series 2004 Bonds. The Surety Bond shall only secure the Series 2004 Bonds and will not secure the Parity Obligations.

See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" for more information concerning the Reserve Account and use of reserve account credit facilities such as the Surety Bond.

### **Flow of Funds**

All Pledged Funds shall be deposited into the Revenue Fund promptly upon receipt. The Revenue Fund will be administered, held and applied only for the purpose and in the manner set forth in the Resolution.

(A) Moneys on deposit in the Revenue Fund shall be applied by the County on or before the twenty-fifth (25<sup>th</sup>) day of each month only in the following manner and in the following order of priority:

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

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

(3) The County shall next deposit in the Term Bonds Retirement Account, a sum which will be sufficient to pay one-twelfth (1/12) of the Amortization Installment, if any, of the then current Bond Year, plus the full balance of any continuing deficiencies in prior deposits to the Term Bonds Retirement Accounts; and

(4) The County shall next deposit to the credit of the Reserve Account such sum, if any, as will be necessary to immediately restore the funds on deposit therein to an amount equal to the Reserve Account Requirement including the reinstatement of any Reserve Instrument or Reserve Account Surety Bond on deposit therein or the cash replacement thereof. Moneys in the Reserve Account shall be applied to the payment of the principal of or interest on the Bonds to the extent the moneys in the Sinking Fund are insufficient for such purpose.

Moneys in the Interest Account shall be used to pay interest on the Bonds as and when the same shall become due, and for no other purpose. Moneys in the Principal Account shall be used to pay the principal of the Bonds as and when the same shall mature, or upon the redemption of all of the Bonds, and for no other purpose. Moneys in the Reserve Account shall be used to pay maturing principal of or interest on the Bonds when the moneys in the Interest Account, the Principal Account or the Term Bonds Retirement Account, shall be insufficient therefor, or upon the redemption of all of the Bonds, and for no other purpose. The County shall not be required to make any deposit to the Reserve Account when the aggregate amounts on deposit therein, whether in the form of cash, or any Reserve Instrument, equals or exceeds the Reserve Account Requirement. The County shall not be required to make any further deposits to any account in the Sinking Fund when the aggregate of the sums deposited to the several accounts in the Sinking Fund are at least equal to the aggregate principal amount of Bonds issued pursuant to the Resolution then outstanding, plus the amount of interest then due or thereafter to become due on Bonds then outstanding.

Moneys in the Term Bonds Retirement Account shall be used only for the purpose of (i) paying Term Bonds at maturity or retiring the same prior to maturity by optional redemption or by purchase in the open market at purchase prices not exceeding the respective optional redemption prices applicable at the dates of purchase, or (ii) purchasing or redeeming Term Bonds for which mandatory redemption shall be required.

(B) The balance of any moneys remaining in the Revenue Fund on the twenty-fifth (25<sup>th</sup>) day of each month, after all of the above required transfers and deposits have been made, may be used by the County for any lawful County purpose.

The Resolution creates a lien upon the foregoing funds and accounts in favor of the Holders of the Bonds until the moneys deposited therein have been applied in

accordance with the Resolution. All such funds shall be continuously secured in the same manner as county deposits are required to be secured by the laws of the State of Florida. Moneys in the Reserve Account may be invested and reinvested in Authorized Investments maturing not later than the final maturity date of the Bonds. Moneys in the other funds and accounts created by the Resolution may be invested in Authorized Investments maturing not later than the date on which the moneys therein will be needed. "Authorized Investments" has the meaning ascribed thereto in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" attached hereto. Any and all income received by the County from the investment of moneys in the Revenue Fund, Reserve Account and the Term Bonds Retirement Account shall be deposited into the Revenue Fund. Any and all moneys received by the County from the investment of moneys in the Principal Account or Interest Account shall be retained in or deposited into such respective account unless otherwise required by applicable law.

### **Additional Bonds**

No Additional Bonds, payable on a parity with the Bonds then Outstanding pursuant to the Resolution, shall be issued except upon the conditions and in the manner provided in the Resolution. The County may issue Additional Bonds payable from the Pledged Funds on a parity with the Series 2004 Bonds and the Parity Obligations 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 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 payments required to be made under the Resolution during at least the next preceding 24 months, or if at any such time the Bonds shall not have been outstanding for 24 months, then for the period that the 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 Pledged Funds; (ii) setting forth the amount of the Pledged Funds 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 Pledged Funds for such twelve (12) 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 Bonds previously issued then

outstanding and the Additional Bonds with respect to which such statement is made. If, during such twelve (12) consecutive month period, the moneys allocated to the County from the Local Government Half-Cent Sales Tax Clearing 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 stated for such twelve (12) 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 (12) 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 Bonds on the Pledged Funds and which, if expressly provided by the resolution authorizing the issuance thereof, shall achieve parity with the 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 statements specified in paragraph (2) above and demonstrating that the County shall have received for a period of twelve (12) 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 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 (12) consecutive month period, the moneys allocated to the County from the Local Government Half-Cent Sales Tax Clearing 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 (12) consecutive month period may be adjusted, for the purpose of junior and subordinate obligations achieving parity status with the 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 (12) consecutive month period.

### **Receipt of Sales Tax Revenues**

The County has covenanted in the Resolution 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 Local Government Half-Cent Sales Tax Clearing 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 sales tax proceeds it receives in each future Fiscal Year below an amount equal to 1.25 times the principal of and interest on the Bonds due in such year, and will vigorously resist all such attempts by others to eliminate or reduce

the same. The County has agreed in the Resolution to comply at all times with the eligibility requirement for participation in distributions received from the Local Government Half-Cent Sales Tax Clearing Trust Fund. If for any reason the sales tax proceeds are not legally sufficient to produce the full amount of sales tax proceeds which such sales tax might produce in order to meet all of the requirements of the Resolution, the County has covenanted in the Resolution, to the extent permitted by law, to take all action reasonably practicable and feasible to cause the same to be replaced by another equivalent source of available non-ad valorem revenues and will dedicate such revenues to the replacement of the Pledged Funds, to the extent necessary.

## **SALES TAX REVENUES**

### **General**

The State of Florida levies and collects 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 of Florida, subject to certain exceptions and dealer allowances. In 1982, the Florida legislature created the Local Government Half-Cent Sales Tax Program (the "Half-Cent Sales Tax Program") which distributes a portion of the sales tax revenue and money from the State's General Revenue Fund to counties and municipalities that meet certain eligibility requirements. In 1982, when the Half-Cent Sales Tax Program was created, the general rate of sales tax in the State was increased from 4% to 5%, and one-half of the fifth cent was devoted to the Half-Cent Sales Tax Program, thus giving rise to the name "Half-Cent Sales Tax." Although the amount of sales tax revenue deposited into the Half-Cent Sales Tax Program is no longer one-half cent on every dollar of the sales price of an item subject to sales tax, the name "Half-Cent Sales Tax" has continued to be utilized.

Since 1993 and until July 1, 2004, the proportion of sales tax revenues deposited in the Local Government Half-Cent Sales Tax Clearing Trust Fund (the "Trust Fund") has been constant at 9.653% of all State sales tax. Therefore, 9.653% of the entire sales tax remitted to the State of Florida by each sales tax dealer located within a particular county (the "Half-Cent Sales Tax Revenues") has been deposited in the Trust Fund and has been earmarked for distribution to the governing body of such particular county and each participating municipality within that particular county pursuant to a distribution formula. The Half-Cent Sales Tax Revenues are distributed from the Trust Fund on a monthly basis to participating units of local government in accordance with Chapter 218, Part VI, Florida Statutes (the "Sales Tax Act").

During the special legislative session that ended May 27, 2003, the Florida Legislature enacted House Bill 113A, which among other things, amended Section 212.20, Florida Statutes, effective on July 1, 2004, to decrease from 9.653% to 8.814%

the percentage of the proceeds of the sales tax to be deposited in the Trust Fund after certain other required distributions to other funds of the State. The legislative intent of House Bill 113A was to freeze for one fiscal year the total amount of Half-Cent Sales Tax distributions to the counties and municipalities throughout the State at the level of such distributions for the State fiscal year ended June 30, 2004. If the actual effect of House Bill 113A achieves such legislative intent, the Local Government Half-Cent Sales Tax received by the County for the State fiscal year ending June 30, 2005 will be approximately the same as the Local Government Half-Cent Sales Tax received by the County for the State fiscal year ending June 30, 2004, after which the Local Government Half-Cent Sales Tax would be expected to increase or decrease in each subsequent fiscal year relative to total sales throughout the County and the State provided that no other legislative changes are enacted. The general rate of sales tax in the State is currently 6%, and therefore, for every dollar of taxable sales price of an item, approximately 0.529 cents will be deposited into the Trust Fund.

As of October 1, 2001, the Trust Fund began receiving deposits of certain Communications Services Taxes (the "CST Revenues") pursuant to Chapter 202, Florida Statutes (the "CST Law"). The Trust Fund now consists of deposits of both Half-Cent Sales Tax Revenues and CST Revenues. All monies distributed to the County from the Trust Fund (whether derived from sales tax revenues or CST Revenues) constitute proceeds of the Local Government Half-Cent Sales Tax for purposes of the Resolution and therefore secure the Bonds. See the table entitled "Historical Receipts of Local Government Half-Cent Sales Tax by the County" herein for a description of the County's receipt of the Local Government Half-Cent Sales Tax. Moneys received by the County pursuant to the CST Law that are not deposited in the Trust Fund are not pledged to secure the Bonds under the Resolution and do not secure the Bonds in any manner.

### **Eligibility**

To be eligible to participate in the Half-Cent Sales Tax Program, each municipality and county is required to have:

- (i) reported its finances for its most recently completed fiscal year to the State Department of Banking and Finance as required by Florida law;
- (ii) made provisions for annual post audits of financial accounts in accordance with provisions of law;
- (iii) levied, as shown on its most recent financial report, ad valorem taxes, exclusive of taxes levied for debt service or other special millages authorized by the voters, to produce the revenue equivalent to a millage rate of three (3) mills on the dollar based upon 1973 taxable values or, in order to produce revenue equivalent to that which would otherwise be produced by such three (3)

mill ad valorem tax, to have collected an occupational license tax, utility tax, or ad valorem tax, or any combination of those three sources;

(iv) certified that persons in its employ as law enforcement officers meet certain qualifications for employment, and receive certain compensation;

(v) certified that persons in its employ as firefighters meet certain employment qualifications and are eligible for certain compensation;

(vi) certified that each dependent special district that is budgeted separately from the general budget of such county or municipality has met the provisions for annual post audit of its financial accounts in accordance with law; and

(vii) certified to Department of Revenue that it has complied with certain procedures regarding the establishment of the ad valorem tax millage of the county or municipality as required by law.

Although the Sales Tax Act does not impose any limitation on the number of years during which a county or municipality may receive distributions of the Half-Cent Sales Tax revenues from the Trust Fund, there may be amendments to the Sales Tax Act in subsequent years imposing additional requirements of eligibility for counties and municipalities participating in the Half-Cent Sales Tax Program, or the distribution formula in Section 218.62, Florida Statutes may be revised. To be eligible to participate in the Trust Fund in future years, the County must comply with the financial reporting and other requirements of the Sales Tax Act. Otherwise, the County would lose its Trust Fund distributions for twelve (12) months following a "determination of noncompliance" by the State Department of Revenue. Pursuant to the Resolution, the County has covenanted to take all action necessary or required to continue to entitle the County to receive the Local Government Half-Cent Sales Tax in the maximum amount provided by law and will take no action which will impair or adversely affect its receipt of such Local Government Half-Cent Sales Tax. The County has continuously maintained eligibility to receive the Sales Tax Revenues since the inception of the Half-Cent Sales Tax Program in 1982.

**Distribution**

Half-Cent Sales Tax revenues collected within a county are distributed among such county and the eligible municipalities therein in accordance with the following formula:

$$\begin{aligned}
 &\text{County's Share} &= & \frac{\text{unincorporated county population}}{\text{total county population}} + \frac{2/3 \text{ incorporated area population}}{2/3 \text{ incorporated area population}} \\
 &\text{(percentage of total Half-Cent Sales Tax revenues)} & & \\
 \\
 &\text{Municipal Share} &= & \frac{\text{municipality population}}{\text{total county population} + \frac{2/3 \text{ incorporated area population}}{2/3 \text{ incorporated area population}}} \\
 &\text{(percentage of total Half-Cent Sales Tax revenues)} & &
 \end{aligned}$$

**Distribution Percentages**

Below are the approximate distribution percentages with respect to the Half-Cent Sales Tax receipts for St. Johns County and for the municipalities within St. Johns County (St. Augustine, Hastings and St. Augustine Beach) for the past five years:

**St. Johns County and Municipalities  
Percent of Total Half-Cent Sales Tax Revenues  
Last Five Years**

State Fiscal Year Ended <u>June 30,</u>	St. Johns <u>County</u>	<u>Municipalities</u>
2000	85.8	14.2
2001	86.0	14.0
2002	87.5	12.5
2003	87.0	13.0
2004	87.3	12.7

Source: Department of Revenue, State of Florida.

## Historical Receipts of Local Government Half-Cent Sales Tax by the County

The following table shows the Local Government Half-Cent Sales Tax received by the County for the last five years:

<u>Fiscal Year</u> <u>Ended September 30,</u>	<u>Local Government</u> <u>Half-Cent Sales Tax</u>	<u>Percentage Change</u>
1999	\$6,728,580	--
2000	7,404,789	10.05%
2001	8,088,229	9.23
2002	8,843,381	9.34
2003	9,380,692	6.01
2004	_____*	_____*

\* Projected.

Source: St. Johns County Finance Department.

## Pro-Forma Debt Service Coverage

<u>Estimated</u> <u>Maximum Annual</u> <u>Debt Service<sup>(1)</sup></u>	<u>Local Government Half-Cent</u> <u>Sales Tax for the Fiscal</u> <u>Year Ended September 30, 2003</u>	<u>Pro-Forma Debt</u> <u>Service Coverage</u>
\$	\$9,380,692	

<sup>(1)</sup> Includes the Parity Obligations and the Series 2004 Bonds. The estimated debt service on the Series 2004 Bonds was provided by the County's Financial Advisor assuming approximately level annual debt service, based on an estimated issue size of \$ \_\_\_\_\_, a true interest cost rate of \_\_\_%, and a final maturity date of October 1, 20\_\_.

The amount of Local Government Half-Cent Sales Tax revenues distributed to the County is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the County, (ii) legislative changes relating to the sales tax, which may include changes in the scope of taxable sales, changes in the tax rate and changes in the amount of sales tax revenue deposited into the Trust Fund, (iii) changes in the relative population of the County to the relative population of unincorporated St. Johns County and the other municipalities in St. Johns County, which affect the percentage of Local Government Half-Cent Sales Tax distributed to the County, and (iv) other factors which may be beyond the control of the County or the Series 2004 Bondholders, including but not limited to the potential for increased use of electronic commerce and other internet-related sales activity that could have a material adverse impact upon the amount of sales tax collected by the State of Florida and then distributed to the County

## ESTIMATED SOURCES AND USES OF FUNDS

The table that follows summarizes the estimated sources and uses of funds relating to the sale of the Series 2004 Bonds:

**SOURCES:**

Principal Amount of Series 2004A Bonds	\$
Principal Amount of Series 2004B Bonds	
Net Original Issue Discount/Premium	_____
 TOTAL SOURCES	 \$

**USES:**

Deposit to 2004 Construction Account	\$
Costs of Issuance <sup>(1)</sup>	_____
 TOTAL USES	 \$

<sup>(1)</sup> Includes Financial Guaranty Insurance Policy premium, Surety Bond premium and Underwriters' discount, financial advisory and legal fees and expenses, and miscellaneous costs of issuance related to the Series 2004 Bonds.

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## DEBT SERVICE SCHEDULE

Debt service requirements for the Series 1998 Bonds, the Series 2002 Bonds and the Series 2004 Bonds are as follows:

Bond Year Ending October 1	Series 1998 Bonds		Series 2002 Bonds		Series 2004A Bonds			Series 2004B Bonds			Total Annual Debt Service
					Principal	Interest	Annual Debt Service	Principal	Interest	Annual Debt Service	
2004	\$	558,230	\$	971,491							
2005		556,910		972,241							
2006		555,590		972,491							
2007		554,270		968,861							
2008		557,950		972,411							
2009		556,410		968,411							
2010		554,695		971,131							
2011		557,980		966,556							
2012		1,606,020									
2013		1,602,610									
2014		1,601,750									
2015		1,602,000									
2016		1,604,250									
2017		1,603,250									
2018		1,604,000									
2019		<u>1,601,250</u>									
<b>TOTALS</b>	<b>\$</b>	<b>17,277,165</b>	<b>\$</b>	<b>7,763,593</b>							

## **FINANCIAL GUARANTY INSURANCE POLICY**

### **General**

The following information under this heading has been furnished by Ambac Assurance Corporation (the "Insurer" or "Ambac Assurance") for use in this Official Statement.

Payment of the principal of and interest on the Series 2004 Bonds when due will be insured by a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") to be issued by Ambac Assurance simultaneously with the delivery of the Series 2004 Bonds. See "APPENDIX F – SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY."

### **Payment Pursuant to Financial Guaranty Insurance Policy**

Ambac Assurance has made a commitment to issue the Financial Guaranty Insurance Policy relating to the Series 2004 Bonds effective as of the date of issuance of the Series 2004 Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Series 2004 Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the County (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received Notice of Nonpayment from the Paying Agent. The insurance will extend for the term of the Series 2004 Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2004 Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2004 Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Series 2004 Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates.

In the event the Paying Agent has notice that any payment of principal of or interest on a Series 2004 Bond which has become Due for Payment and which is made to a Series 2004 Bondholder by or on behalf of the County has been deemed a preferential

transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does not insure any risk other than Nonpayment, as defined in the Financial Guaranty Insurance Policy. Specifically, the Financial Guaranty Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;
2. payment of any redemption, prepayment or acceleration premium; or
3. nonpayment of principal or interest caused by the insolvency or negligence of any trustee, paying agent or registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Series 2004 Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2004 Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Series 2004 Bondholder entitlement to interest payments and an appropriate assignment of the Series 2004 Bondholder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Series 2004 Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Series 2004 Bond and will be fully subrogated to the surrendering Series 2004 Bondholder's rights to payment.

The insurance provided by the Financial Guaranty Insurance Policy is not covered by the Florida Insurance Guaranty Association.

### **Ambac Assurance Corporation**

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$7,670,000,000 (unaudited) and statutory capital of approximately \$4,683,000,000 (unaudited) as of March 31, 2004. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's

Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its Financial Guaranty Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the County.

Ambac Assurance makes no representation regarding the Series 2004 Bonds or the advisability of investing in the Series 2004 Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under this heading and the heading "RESERVE ACCOUNT SURETY BOND."

#### **Available Information**

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are: One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

#### **Incorporation of Certain Documents by Reference**

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 and filed on March 15, 2004;
2. The Company's Current Report on Form 8-K dated April 21, 2004 and filed on April 22, 2004; and
3. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2004 and filed on May 10, 2004.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above under the subheading "Available Information."

### **RESERVE ACCOUNT SURETY BOND**

Concurrently with the issuance of the Series 2004 Bonds, Ambac Assurance will issue a debt service reserve account surety bond (the "Surety Bond") for deposit into the Reserve Account. A general description of Ambac Assurance is contained under the heading "FINANCIAL GUARANTY INSURANCE POLICY" herein. The following information under this heading has been furnished by Ambac Assurance for use in this Official Statement.

The Resolution requires the funding of the Reserve Account in an amount equal to \$\_\_\_\_\_. The Resolution authorizes the County to obtain the Surety Bond in place of fully funding the Reserve Account. Accordingly, application has been made to Ambac Assurance for the issuance of the Surety Bond for the purpose of funding the Reserve Account (see "SECURITY FOR THE BONDS – Reserve Account" herein). The Series 2004 Bonds will only be delivered upon the issuance of the Surety Bond. The premium on the Surety Bond is to be fully paid at or prior to the issuance and delivery of the Series 2004 Bonds. The Surety Bond provides that upon the later of (i) one (1) day after receipt by Ambac Assurance of a demand for payment executed by the Paying Agent certifying that provision for the payment of principal of or interest on the Series 2004 Bonds when due has not been made or (ii) the interest payment date specified in the Demand for Payment submitted to Ambac Assurance, Ambac Assurance will promptly deposit funds with the Paying Agent sufficient to enable the Paying Agent to make such payments due on the Series 2004 Bonds, but in no event exceeding the Surety Bond Coverage, as defined in the Surety Bond.

Pursuant to the terms of the Surety Bond, the Surety Bond Coverage is automatically reduced to the extent of each payment made by Ambac Assurance under the terms of the Surety Bond and the County is required to reimburse Ambac Assurance for any draws under the Surety Bond with interest at a market rate. Upon such

reimbursement, the Surety Bond is reinstated to the extent of each principal reimbursement up to but not exceeding the Surety Bond Coverage. The reimbursement obligation of the County is subordinate to the County's obligations with respect to the Bonds.

In the event the amount on deposit, or credited to the Reserve Account exceeds the amount of the Surety Bond, any draw on the Surety Bond shall be made only after all the funds in the Reserve Account have been expended. In the event that the amount on deposit in, or credited to, the Reserve Account, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, Surety Bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency. The Resolution provides that the Reserve Account shall be replenished in the following priority: (i) principal and interest on the Surety Bond and on the Additional Funding Instruments shall be paid from first available revenues on a pro rata basis; (ii) after all such amounts are paid in full, amounts necessary to fund the Reserve Account to the required level, after taking into account the amounts available under the Surety Bond and the Additional Funding Instruments shall be deposited from next available revenues.

The Surety Bond does not insure against nonpayment caused by the insolvency or negligence of the Paying Agent.

The insurance provided by the Surety Bond is not covered by the Florida Insurance Guaranty Association.

## **INVESTMENT POLICY**

The moneys held in the funds and accounts under the Resolution may only be invested in Authorized Investments. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" attached hereto for the definition of Authorized Investments.

Pursuant to the requirements of Section 218.415, Florida Statutes, the County adopted Resolution No. 2001-58 on March 27, 2001, establishing the County's current written investment policy which applies to all financial assets of the County, excluding pension funds, funds related to debt that are governed by other policies or indentures, funds held by state agencies and financial assets under the direct control of constitutional officers.

The objectives of the investment policy, listed in order in order of importance, are:

1. Safety of principal;
2. Maintenance of liquidity; and
3. Return on investment.

The investment policy limits the types of investments eligible for inclusion in the County's portfolio. The investment policy also establishes criteria for suitable financial institutions with which the County will conduct business. Internal controls and investment procedures are provided for in the policy as are competitive bidding requirements.

To enhance safety, the investment policy requires the diversification of the portfolio to reduce the risk of loss resulting from over-concentration of assets in a specific class of security. The investment policy provides guidelines for diversification, setting forth maximum percentages for the various allowable investments. The policy also provides maturity and liquidity requirements for investments. The responsibility for the administration of the investment program is granted to the County's Finance Director.

The investment policy may be modified by the Board of County Commissioners from time to time.

A copy of the investment policy of the County can be obtained directly from the County. See "INTRODUCTION – Additional Information" herein.

## **LEGAL MATTERS**

Certain legal matters in connection with the issuance of the Series 2004 Bonds are subject to an approving legal opinion of Rogers Towers, P.A., Jacksonville, Florida, Bond Counsel, whose approving opinion (a form of which is attached hereto as "APPENDIX E –FORM OF BOND COUNSEL OPINION") will be available at the time of delivery of the Series 2004 Bonds. Certain legal matters will be passed on for the County by Edwards Cohen, Counsel for the County and Nabors, Giblin & Nickerson P.A., Tampa, Florida, Disclosure Counsel.

Bond Counsel has not been engaged to, nor has it undertaken to, review (1) the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Series 2004 Bonds; provided, however, that Bond Counsel will render an opinion to the Underwriters of the Series 2004 Bonds (upon which opinion only the Underwriters may rely) relating to the fairness of the presentation of certain statements contained herein under the heading "TAX MATTERS" and certain statements which summarize provisions of the Resolution, the Series 2004 Bonds, and State of Florida and federal tax law, and (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2004 Bonds.

## **LITIGATION**

There is no pending or, to the knowledge of the County, any threatened litigation against the County of any nature whatsoever which in any way questions or affects the validity of the Series 2004 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the adoption of the Resolution, or the pledge of the Pledged Funds. Neither the creation, organization or existence, nor the title of the present members of the Board, or other officers of the County is being contested.

The County experiences routine litigation and claims incidental to the conduct of its affairs. In the opinion of Edwards Cohen, Counsel for the County, there are no actions presently pending or threatened which would materially adversely impact the County's ability to receive the Pledged Funds.

## **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the County except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Florida Department of Banking and Finance (the "Department"). Pursuant to Rule 3E-400.003, Florida Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the County, and certain additional financial information, unless the County believes in good faith that such information would not be considered material by a reasonable investor. The County is not and has not been in default on any bond issued since December 31, 1975 which would be considered material by a reasonable investor.

## **TAX MATTERS**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2004 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Series 2004 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Bond Counsel is also of the opinion that the Series 2004 Bonds and the interest thereon are exempt from taxation

under existing 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. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E attached hereto.

The amount by which the respective issue prices of the Series 2004 Bonds maturing after October 1, 20\_\_ (collectively, the "Discount Bonds") is less than the amount to be paid at maturity of such Discount Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Discount Bonds) constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Discount Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of each maturity of the Discount Bonds is the first price at which a substantial amount of the Bonds of such maturity is sold to the public (excluding bond houses, brokers, similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to the Discount Bonds accrues daily over the term to maturity of such Discount Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounded dates). The accruing original issue discount is added to the adjusted basis of such Discount Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Discount Bonds. Beneficial Owners of the Discount Bonds should consult their own tax advisors with respect to the tax consequences of ownership of the Discount Bonds, including the treatment of purchasers who do not purchase such Discount Bonds in the original offering to the public at the first price at which a substantial amount of such Discount Bonds of the same maturity is sold to the public.

Series 2004 Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2004 Bonds. The County has made representations related to certain of these requirements and has covenanted to comply with certain restrictions designed to

insure that interest on the Series 2004 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2004 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2004 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2004 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2004 Bonds.

Certain agreements, requirements and procedures contained or referred to in the Resolution, the Tax Certificate to be executed by the Issuer simultaneously with the issuance of the Series 2004 Bonds and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Series 2004 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in the Resolution. Bond Counsel expresses no opinion as to any Series 2004 Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Bond Counsel.

Although Bond Counsel is of the opinion that interest on the Series 2004 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2004 Bonds may otherwise affect a beneficial owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Series 2004 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Series 2004 Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Series 2004 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service (the "IRS"), including but not limited to regulation, ruling, or selection of the Series 2004 Bonds for audit examination, or the course or result of any IRS examination of the Series 2004 Bonds, or obligations which present similar tax issues, will not affect the market price for the Series 2004 Bonds. The IRS has initiated a program of expanded audits of tax-exempt bonds.

## **RATINGS**

Standard & Poor's Ratings Services ("S&P") and Moody's Investors Service, Inc. ("Moody's") have assigned their municipal bond ratings of "AAA" and "Aaa," respectively, to the Series 2004 Bonds with the understanding that upon delivery of the Series 2004 Bonds, the Financial Guaranty Insurance Policy will be issued by Ambac Assurance. In addition, S&P and Moody's have assigned underlying ratings of "A" and "A1," respectively, without giving any regard to such Financial Guaranty Insurance Policy. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings, may have an adverse effect on the market price of the Series 2004 Bonds. An explanation of the significance of the ratings can be received from the rating agencies, at the following addresses: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041 and Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007-2796.

## **FINANCIAL ADVISOR**

The County has retained Public Financial Management, Inc., Orlando, Florida, as Financial Advisor in connection with the County's financing plans and with respect to the authorization and issuance of the Series 2004 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. The Financial Advisor did not participate in the underwriting of the Series 2004 Bonds. The Financial Advisor may receive a fee for bidding investments for certain proceeds of the Series 2004 Bonds.

## **AUDITED FINANCIAL STATEMENTS**

The General Purpose Financial Statements of the County for the fiscal year ending September 30, 2003, and report thereon dated as of December 22, 2003 of Davis Monk & Company (the "Independent Certified Public Accountant") are attached hereto as "APPENDIX B – GENERAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY FOR FISCAL YEAR ENDED SEPTEMBER 30, 2003." Such statements speak only as of September 30, 2003.

The Series 2004 Bonds are payable solely from the Pledged Funds as described in the Resolution and herein and the Series 2004 Bonds are not otherwise secured by, or

payable from, the general revenues of the County. See "SECURITY FOR THE BONDS" herein. The General Purpose Financial Statements are presented for general information purposes only.

### **UNDERWRITING OF SERIES 2004 BONDS**

The Series 2004 Bonds are being purchased by RBC Dain Rauscher, Inc. and Banc of America Securities LLC (the "Underwriters") at an aggregate purchase price of \$\_\_\_\_\_ (which equals the principal amount of the Series 2004 Bonds, less/plus a net original issue discount/premium of \$\_\_\_\_\_ and less Underwriters' discount of \$\_\_\_\_\_). The Underwriters' obligations are subject to certain conditions precedent contained in a contract of purchase entered into with the County, and they will be obligated to purchase all of the Series 2004 Bonds if any Series 2004 Bonds are purchased. The Series 2004 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2004 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

### **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Series 2004 Bonds upon an event of default under the Resolution, the Financial Guaranty Insurance Policy and the Surety Bond are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Resolution, the Series 2004 Bonds, the Financial Guaranty Insurance Policy and the Surety Bond may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2004 Bonds, including Bond Counsel's approving opinion, will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before of after such delivery. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" attached hereto for a description of events of default and remedies.

### **CONTINUING DISCLOSURE**

The County has covenanted for the benefit of the Series 2004 Bondholders to provide certain financial information and operating data relating to the County and the Series 2004 Bonds in each year, and to provide notices of the occurrence of certain

enumerated material events. The County has agreed to file annual financial information and operating data and its audited financial statements with each nationally recognized municipal securities information repository then approved by the Securities and Exchange Commission (the "NRMSIRs"), as well as any state information depository that is established in the State (the "SID"). Currently, there are no such SIDs. The County has agreed to file notices of certain enumerated material events, when and if they occur, with the NRMSIRs or the Municipal Securities Rulemaking Board, and with the SIDs, if any.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. The Continuing Disclosure Certificate shall be executed by the County prior to the issuance of the Series 2004 Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

With respect to the Series 2004 Bonds, no party other than the County is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. [The County has never failed to comply with any prior agreements to provide continuing disclosure information pursuant to the Rule.]

### **ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT**

The references, excerpts, and summaries of all documents, statutes, and information concerning the County and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2004 Bonds, the security for the payment of the Series 2004 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument. Copies of such documents may be obtained from either the office of the Clerk of the Circuit Court, 4020 Lewis Speedway, St. Augustine, Florida 32084, attention: Finance Department, telephone (904) 823-2400 or the County's Financial Advisor, Public Financial Management, Inc., 300 South Orange Avenue, Suite 1170, Orlando, Florida 32801, telephone (407) 648-2208.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made

verbally or in writing is to be construed as a contract with the owners of the Series 2004 Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

**AUTHORIZATION OF OFFICIAL STATEMENT**

The execution and delivery of this Official Statement has been duly authorized and approved by the County. At the time of delivery of the Series 2004 Bonds, the County will furnish a certificate to the effect that nothing has come to their attention which would lead it to believe that the Official Statement (other than information herein related to Ambac Assurance, the Financial Guaranty Insurance Policy, the Surety Bond, DTC, the book-entry only system of registration and the information contained under the caption "TAX MATTERS" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2004 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

**ST. JOHNS COUNTY, FLORIDA**

By: \_\_\_\_\_  
Chair

**APPENDIX A**

**GENERAL INFORMATION CONCERNING THE COUNTY**

## APPENDIX A

### 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 608 square miles and is located in the northeast region of the State of Florida. The County is located directly south of Duval County, Florida, 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.

#### **Government**

The Board of County Commissioners of St. Johns County is organized under Article VIII of the Constitution of the State of Florida which empowers the creation of counties as a political subdivision of the state. St. Johns County is a nonchartered county and has the power of self government as provided by general and special law through county ordinances. Under the Constitution of the State of Florida, the offices of Clerk of Court, Property Appraiser, Sheriff, Tax Collector and Supervisor of Elections are specifically authorized and empowered to provide their functional services independently of the Board of County Commissioners. 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 School Board of St. Johns County 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 five-member body with its members 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.

## **Population**

St. Johns County currently ranks 29<sup>th</sup> out of Florida's 67 counties in total gross population and ranks 7<sup>th</sup> statewide in the percentage change in population growth from 1990 to 2003.

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

<u>Year</u>	<u>Population</u>
1980	51,303
1990	83,829
2000	123,135
2003	137,168

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Source: University of Florida Bureau of Economic and Business Research.

## **Commerce and Industry**

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

The County is home to a number of state, national and international educational, 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. The World Golf Village, located in the northwestern part of the County, is the home of the world Golf Hall of Fame, World Golf Village Resort Hotel, and the St. Johns County Convention Center.

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 2002 provided the County with on-farm revenue in excess of \$88.95 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 estimated values for 2002 are as follows:

Potatoes	\$28,000,000
Cabbage	9,000,000
Forest Products	900,000
Ornamental Horticulture	50,000,000
Corn, Corn Silage & Hay	200,000
Livestock, Dairying & Poultry	750,000
Equine	<u>100,000</u>
<b>TOTAL</b>	<b><u>\$88,950,000</u></b>

Source: Florida Department of Agriculture St. Johns County Extension Service, as of October 13, 2003.

## Employment

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

<u>Fiscal Year</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>	<u>State Unemployment Rate</u>
1993/94	44,701	2,783	6.2%	6.6%
1994/95	45,552	2,140	4.7%	5.8%
1995/96	51,750	1,552	3.0%	5.1%
1996/97	54,094	1,567	2.9%	4.2%
1997/98	56,374	1,549	2.7%	4.5%
1998/99	60,124	1,563	2.6%	4.0%
1999/00	61,865	1,624	2.6%	3.7%
2000/01	66,325	2,143	3.2%	4.6%
2001/02	63,496	2,277	3.6%	5.3%
2002/03	68,587	2,749	4.0%	5.3%

Source: St. Johns County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2003.

## Major Employers

The following table shows some of the major employers in St. Johns County and their approximate level of employment in 2003.

<u>Establishment</u>	<u>Product</u>	<u>Approximate Employment</u>
St. Johns County School Board	Education	2,500
St. Johns County	County Government	1,700
Flagler Hospital	Health Care	1,000
Northrup Grumman	Aircraft Overhaul and Modification	1,000
Florida School for the Deaf and Blind	Educational Institution	639
V.A.W.	Aluminum Fabrication	550
Luhrs Corporation	Pleasure Crafts/Sport Fishing Boats	400
Tree of Life, Inc.	Health Food Distributor	385
National Guard	Florida National Guard Headquarters	355
Tensolite	High-Tech Wire Manufacturers	275
Ideal/Stant	Automobile Parts Manufacturer	230

Source: St. Johns County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2003.

## 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 38 miles north of the County in Jacksonville.

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 fifteen elementary schools, six middle schools, four high schools, three alternative centers, a bi-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.

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Source: St. Johns County School District - October 20, 2003

**St. Johns County, Florida**  
**Assessed and Estimated Actual Value of Taxable Property**

<u>Fiscal Year</u>	<u>Taxable Value Real Property</u>	<u>Taxable Value Personal Property</u>	<u>Taxable Value Centrally Assessed</u>	<u>Total Taxable Valuations</u>
1994/95	4,000,055,855	317,459,944	12,768,651	4,330,284,450
1995/96	4,336,130,636	338,279,655	12,176,831	4,686,587,122
1996/97	4,597,639,793	353,147,333	11,966,300	4,962,753,426
1997/98	5,151,257,542	380,758,444	15,038,418	5,547,054,404
1998/99	5,755,043,340	459,394,987	14,988,390	6,229,426,717
1999/00	6,614,044,633	539,554,576	15,702,372	7,169,301,581
2000/01	7,563,588,131	588,493,446	17,115,611	8,169,197,188
2001/02	8,934,963,574	629,849,926	17,326,818	9,582,140,318
2002/03	10,220,118,339	631,954,462	18,404,181	10,870,476,982
2003/04	11,798,595,741	666,830,119	20,372,764	12,485,798,624

Source: St. Johns County Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2003; St. Johns County Property Appraiser.

**St. Johns County, Florida**  
**Property Tax Levies and Collections**

<u>Fiscal Year</u>	<u>Property Taxes Levied</u>	<u>Current Tax Collections<sup>(1)</sup></u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collection</u>	<u>% of Levy Collected</u>
1993/94	30,073,155	28,944,275	254,752	29,199,027	97.09%
1994/95	30,857,851	29,763,755	103,244	29,866,999	96.79%
1995/96	32,514,425	32,340,780	99,229	32,440,009	99.77%
1996/97	34,897,004	33,522,098	240,926	33,763,024	96.75%
1997/98	39,162,186	37,767,161	195,502	37,962,663	96.94%
1998/99	43,705,566	42,021,349	78,550	42,099,899	96.33%
1999/00	49,538,943	47,928,518	34,256	47,962,774	96.82%
2000/01	55,872,261	53,891,302	138,271	54,029,573	96.70%
2001/02	65,415,916	63,123,231	197,727	63,320,958	96.80%
2002/03	73,805,999	71,182,650	258,646	71,441,296	96.80%
2003/04					

<sup>(1)</sup> Aggregate current taxes collected as of close of fiscal year which includes statutory discounts actually taken of 4% in the first month declining one percent each month thereafter.

Source: St. Johns County Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2003.

**St. Johns County, Florida  
Principal Taxpayers 2003**

<u>Taxpayer</u>	<u>Real Estate Assessed Valuation</u>	<u>Percentage of Tax Roll</u>	<u>Percentage of Total Assessed Valuation</u>
Florida Power & Light Co.	\$ 88,385,689	0.58%	0.75%
Ponte Vedra Corp.	82,533,854	0.54%	0.70%
Interconn Ponte Vedra Company	72,614,240	0.48%	0.62%
Bellsouth Telecommunications	65,886,106	0.43%	0.56%
St. Augustine Outlet World LTD	37,075,600	0.24%	0.31%
Tournament Players Club at Sawgrass	35,077,580	0.23%	0.30%
CPG Partners LP	31,389,250	0.21%	0.27%
World Golf Resort Hotel and Conference	29,334,435	0.19%	0.25%
FCC Resort LLC	27,646,160	0.18%	0.23%
Harbour Isle at St. Augustine	21,926,812	0.14%	0.19%
Other taxpayers	<u>11,306,726,015</u>	<u>96.78%</u>	<u>95.82%</u>
Total real estate taxable value	\$11,798,595,741	100.00%	100.00%

Source: St. Johns County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2003.

**St. Johns County, Florida  
Debt Statement  
as of September 30, 2003**

<u>General Description</u>	<u>Outstanding Balance</u>
Water and Sewer Revenue Bonds, Series 1991A	\$ 6,450,398
Water and Sewer Revenue Refunding Bonds, Series 1996	14,660,000
Water and Sewer Revenue Bonds, Series 1998	1,925,000
Water and Sewer Revenue Refunding Bonds, Series 1999A (non-taxable) and 1999B (taxable)	12,010,000
Water and Sewer Revenue Refunding Bonds, Series 2002A (non-taxable) and 2002B (taxable)	4,715,000
State Revolving Loan Fund Agreement	1,395,094
Taxable Convention Center Revenue Bonds, Series 1996	16,265,000
Sales Tax Revenue Refunding Bonds, Series 1998	10,630,000
Sales Tax Revenue and Refunding Bonds, Series 2002	6,770,000
Capital Improvement Revenue Bonds, Series 1998	2,050,000
Transportation Improvement Revenue Refunding Bonds, Series 2002	4,160,000
\$10M Commercial Paper Program	<u>5,372,000</u>
<b>Total Debt</b>	<b><u>\$86,402,492</u></b>

Source: St. Johns County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2003.

**Police and Fire Protection**

St. Johns County is served by the Sheriffs Office, which has approximately 480 full- and part-time employees including deputies, the detective division, communications, jail and administrative personnel. There are eighteen fire stations operating within the County, served by a force of 110 professional firefighters/paramedics and a significant volunteer auxiliary. The County operates a special rescue unit manned by trained emergency medical technicians.

**APPENDIX B**

**GENERAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2003**

**APPENDIX C**

**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**APPENDIX E**

**FORM OF BOND COUNSEL OPINION**

**APPENDIX F**

**SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY**

**EXHIBIT B**

**Bond Purchase Agreement**

**BOND PURCHASE AGREEMENT**

**ST. JOHNS COUNTY, FLORIDA  
Sales Tax Revenue Bonds**

\$ \_\_\_\_\_  
Series 2004A

\$ \_\_\_\_\_  
Series 2004B

August \_\_, 2004

Board of County Commissioners of  
St. Johns County, Florida  
County Administration Building  
4020 Lewis Speedway  
St. Augustine, Florida 32084

Ladies and Gentlemen:

RBC Dain Rauscher, Inc. and its successors and assigns (the "Managing Underwriter") on behalf of itself and Banc of America Securities LLC (the "Co-Underwriter" and together with the Managing Underwriter, the "Underwriters") offers to enter into this agreement (the "Purchase Contract") with St. Johns County, Florida (the "County"), which, upon your acceptance of this offer, will be binding upon the County and, jointly and severally, upon the Underwriters. This offer is made subject to your acceptance on or before 11:59 p.m., Eastern Daylight Savings time, on the date hereof and if not so accepted, will be subject to withdrawal by the Managing Underwriter upon notice to the County at any time prior to your acceptance hereof. Capitalized terms not defined herein shall have the meanings ascribed to them in the Resolution (as defined herein).

**SECTION 1. PURCHASE AND SALE.** Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the County for offering to the public, and the County hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the County's \$ \_\_\_\_\_ aggregate principal amount of St. Johns County, Florida Sales Tax Revenue Bonds, Series 2004A (the "Series 2004A Bonds") and all (but not less

than all) of the County's \$\_\_\_\_\_ aggregate principal amount of St. Johns County, Florida Sales Tax Revenue Bonds, Series 2004B (the "Series 2004B Bonds," and together with the Series 2004A Bonds, the "Series 2004 Bonds"). The Series 2004 Bonds shall be dated the date of their respective deliveries, and shall be issued in such principal amounts, bear such rates of interest, and be redeemable upon such terms as set forth in Exhibit A attached hereto. Interest on the Series 2004 Bonds shall be payable April 1 and October 1 of each year, commencing April 1, 2005. The aggregate purchase price of the Series 2004A Bonds is \$\_\_\_\_\_ (representing the principal amount of \$\_\_\_\_\_, less an underwriters' discount of \$\_\_\_\_\_, less/plus net original issue discount/premium of \$\_\_\_\_\_). The aggregate purchase price of the Series 2004B Bonds is \$\_\_\_\_\_ (representing the principal amount of \$\_\_\_\_\_, less an underwriters' discount of \$\_\_\_\_\_, less/plus net original issue discount/premium of \$\_\_\_\_\_). The Series 2004 Bonds shall initially be offered to the public as set forth in Section 3 hereof at such prices or yields as indicated on Exhibit A attached hereto. The Series 2004 Bonds shall be issued pursuant to and under the authority of Chapter 125, Florida Statutes, Ordinance No. 86-69, enacted by the Board of County Commissioners of the County (the "Board") on December 9, 1986, as amended, and other applicable provisions of law (collectively, the "Act"), and under and pursuant to Resolution No. 86-132, adopted by the Board on September 30, 1986, as amended and supplemented, as particularly amended and supplemented by Resolution No. 2004-\_\_, adopted by the Board on July 27, 2004, as each may be amended and supplemented from time to time (collectively, the "Resolution"). The Series 2004 Bonds are special and limited obligations of the County, payable solely from and secured by the Pledged Funds to the extent and in accordance with the Resolution.

The County is proposing to issue the Series 2004 Bonds to: (a) finance the acquisition, construction and equipping of various capital improvements within the County (the "2004 Project"), as more particularly described in the Resolution, (ii) pay the premium for a reserve account surety bond in order to fund the Reserve Account (the "Surety Bond") and (iii) to pay certain costs of issuance of the Series 2004 Bonds, including the premium for a municipal bond insurance policy (the "Bond Insurance Policy") to be issued by Ambac Assurance Corporation (the "Insurer"). The Series 2004 Bonds and the interest thereon will be payable solely from and secured by a pledge of and prior lien upon the Pledged Funds in the manner and to the extent set forth in the Resolution. The Series 2004 Bonds are being issued on a parity with the County's outstanding St. Johns County, Florida Sales Tax Revenue Refunding Bonds, Series 1998 and St. Johns County, Florida Sales Tax Revenue Refunding Bonds, Series 2002.

Concurrently with the execution and delivery of the Series 2004 Bonds, there are to be executed and delivered, among other things, (a) the Continuing Disclosure Certificate of the County dated as of the Closing Date (as hereinafter defined) (the "Continuing Disclosure Certificate"), (b) the Registrar and Paying Agency Agreement dated as of the Closing Date (the "Registrar and Paying Agency Agreement"), between

the County and J.P. Morgan Trust Company, National Association, its successors and assigns, as registrar and paying agent for the Series 2004 Bonds (the "Registrar and Paying Agent"), (c) the Tax Certificate of the County dated as of the Closing Date (the "Tax Certificate"), (d) the Guaranty Agreement, dated as of the Closing Date, between the County and the Insurer relating to the Surety Bond (the "Insurance Agreement") and (e) any other documents related to the transactions contemplated in the Official Statement in connection with the public offering, sale and distribution of the Series 2004 Bonds.

**SECTION 2. UNDERWRITERS' LIABILITY.** Delivered to you herewith, as a good faith deposit, is a federal funds wire transfer from the Managing Underwriter deposited to the account of the County previously designated by the County, in the amount of \$\_\_\_\_\_ as security for the performance by the Underwriters of their obligation to accept and pay for the Series 2004 Bonds at Closing in accordance with the provisions of this Purchase Contract. In the event that you accept this offer, such wired funds shall be held by the County and applied to the purchase price of the Series 2004 Bonds at the closing. In the event you do not accept this offer, such wired funds shall be immediately returned to the Managing Underwriter. If the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Series 2004 Bonds at the Closing as provided herein, the wired funds may be retained by the County as full liquidated damages for the failure of the Underwriters to accept and pay for the Series 2004 Bonds at closing and for any and all defaults hereunder on the part of the Underwriters, and the retention of such amounts shall constitute a full release and discharge of all claims and damages for such failure and for any and all such defaults hereunder on the part of the Underwriters, it being understood by both the County and the Underwriters that actual damages in such circumstances may be difficult or impossible to compute.

In the event that the County fails to deliver the Series 2004 Bonds at the Closing, or if the County is unable at or prior to the Closing Date to satisfy or cause to be satisfied the conditions to the obligations of the Underwriters contained in this Purchase Contract, or if the obligations of the Underwriters contained herein shall be cancelled or terminated for any reason permitted by this Purchase Contract, the County shall be obligated to immediately return the wired funds to the Managing Underwriter and such return shall constitute a full release and discharge of all claims by the County and the Underwriters arising out of the transaction contemplated herein except for the respective obligations of the County and the Underwriters set forth in Section 8 below.

**SECTION 3. OFFERING.** The Underwriters agree to make a public offering of the Bonds at the initial offering prices or yields set forth in Exhibit A attached hereto; provided, however, the Underwriters reserve the right to make concessions to dealers and to change such initial offering prices as the Underwriters shall deem necessary in connection with the marketing of the Series 2004 Bonds.

It shall be a condition of your obligation to sell the Series 2004 Bonds to the Underwriters and to deliver the Series 2004 Bonds to the Managing Underwriter as provided in Section 6 hereof, and the obligation of the Underwriters to purchase and accept delivery of the Series 2004 Bonds, that the entire initial aggregate principal amount of the Series 2004 Bonds shall be sold and delivered by you and accepted and paid for by the Underwriters at the Closing.

**SECTION 4. PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT.** The County hereby confirms that it has made available to the Underwriters a Preliminary Official Statement of the County relating to the Series 2004 Bonds dated July \_\_, 2004 (which, together with the cover page and appendices contained therein, is herein called the "Preliminary Official Statement"). Within seven business days of the acceptance hereof by the County, the County shall deliver to the Managing Underwriter, at the County's expense such reasonable number of conformed copies of the Official Statement (which, together with the cover page, inside cover and appendices contained therein, is herein called the "Official Statement"), as the Managing Underwriter shall reasonably request which shall be sufficient in number to permit the Underwriters to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act of 1934") and with Rule G-32 and all other applicable rules of Municipal Securities Rulemaking Board. The County, by its acceptance hereof ratifies and approves the Preliminary Official Statement as of its date and approves and authorizes the Underwriters to use the Official Statement and all documents described therein in connection with the public offering and the sale of the Series 2004 Bonds. The County agrees to make no amendments to the Official Statement without the prior written consent of the Managing Underwriter, which consent shall not be unreasonably withheld. In addition, the County will undertake, pursuant to the Resolution and the Continuing Disclosure Certificate to provide certain annual financial and operating information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Offering Statement and will also be set forth in the Official Statement.

In accordance with Section 218.385(6), Florida Statutes, the Underwriters hereby disclose the required information as provided in Exhibit B attached hereto. In accordance with 218.385(2) and (3), Florida Statutes, the Underwriters have delivered to the County the Truth-in-Bonding statement, which statement is attached hereto as Exhibit C.

**SECTION 5. REPRESENTATIONS, WARRANTIES AND AGREEMENTS.** The County hereby represents, warrants and agrees as follows:

(a) As of the date of the Preliminary Official Statement and the date of this Purchase Contract, and as of the date of Official Statement and at the time of Closing, the statements and information contained in the Preliminary Official Statement and Official Statement will be true, correct and complete in all material respects and the Preliminary Official Statement and Official Statement will not omit any statement or information which should be included therein for the purposes for which the Preliminary Official Statement and Official Statement are to be used or which is necessary to make the statements or information contained therein, in light of the circumstances under which they were made, not misleading (provided, however, that no representation or warranty is being provided with respect to the Insurer, the Bond Insurance Policy and the Surety Bond, or DTC and its book-entry system of registration).

(b) Between the date of this Purchase Contract and the time of Closing, the County will not execute any bonds, notes or obligations for borrowed money, other than the Series 2004 Bonds, which pledge either the full faith and credit of the County or the Pledged Funds, without giving prior written notice thereof to the Managing Underwriter.

(c) The County is, and will be at the Closing Date, duly organized and validly existing as a political subdivision of the State of Florida, with the powers and authority set forth in the Act.

(d) The County has full legal right, power and authority to: (i) enter into this Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Tax Certificate and the Insurance Agreement, (ii) adopt the Resolution, (iii) sell, issue and deliver the Series 2004 Bonds to the Underwriters under the Act as provided herein, (iv) acquire, construct and equip the 2004 Project, (v) execute the Official Statement and (vi) carry out and consummate the transactions contemplated by this Purchase Contract, the Resolution, the Registrar and Paying Agency Agreement, Continuing Disclosure Certificate, the Insurance Agreement and the Official Statement, and the County has complied, and at the Closing will be in compliance, in all respects, with the terms of the Act and with the obligations on its part in connection with the issuance of the Series 2004 Bonds contained in the Resolution, the Series 2004 Bonds, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Tax Certificate, the Insurance Agreement and this Purchase Contract.

(e) By all necessary official action, the County has (i) duly adopted the Resolution, (ii) duly authorized and approved the Preliminary Official Statement and the Official Statement, and (iii) duly authorized and approved the execution and delivery of, and the performance by the County of, the Series 2004 Bonds, this Purchase Contract, the Resolution, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Tax Certificate, the Insurance Agreement and all other obligations on its

part in connection with the issuance of the Series 2004 Bonds and the consummation by it of all other transactions contemplated by this Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Official Statement, the Insurance Agreement and the Tax Certificate in connection with the issuance of the Series 2004 Bonds; and upon delivery of the Series 2004 Bonds at the Closing, the Resolution, this Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Insurance Agreement and the Tax Certificate will constitute legal, valid and binding obligations of the County, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

(f) When delivered to the Managing Underwriter and paid for by the Underwriters at the Closing in accordance with the provisions of this Purchase Contract, the Series 2004 Bonds shall be entitled to the benefits of the Resolution, including a pledge of and lien upon the Pledged Funds in accordance with the provisions of the Resolution, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

(g) The acquisition, construction and equipping of the 2004 Project, the adoption of the Resolution and the authorization, execution and delivery of this Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Tax Certificate, the Insurance Agreement and the Series 2004 Bonds, and compliance with the provisions hereof and thereof, will not conflict with, or constitute a material breach of or default under any law, administrative regulation, consent decree, ordinance, resolution or any agreement or other instrument to which the County was or is subject, as the case may be, nor will such adoption, execution, delivery, authorization or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County, or under the terms of any law, administrative regulation, ordinance, resolution or instrument, except as expressly provided by the Resolution.

(h) At the time of Closing, the County will be in compliance in all respects with the covenants and agreements contained in the Resolution and no event of default and no event which, with the lapse of time or giving of notice, or both, would constitute an event of default under the Resolution will have occurred or be continuing.

(i) Except as provided in the Official Statement, all approvals, consents, authorizations and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the County of its obligations hereunder and its obligations under the Resolution have been obtained and are in full force and effect.

(j) The County is lawfully empowered to pledge and grant a lien on the Pledged Funds for payment of the principal of, redemption premium, if any, and interest on the Series 2004 Bonds.

(k) Except as expressly disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency or public board or body pending or, to the best knowledge of the County, threatened against the County, affecting or seeking to prohibit, restrain or enjoin the acquisition, construction and equipping of the 2004 Project or the sale, issuance or delivery of the Series 2004 Bonds or the receipt of the Local Government Half-Cent Sales Tax or the pledge of and lien on the Pledged Funds or contesting or affecting as to the County the validity or enforceability in any respect of the Series 2004 Bonds, the Resolution, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Tax Certificate or this Purchase Contract, or contesting the tax-exempt status of interest on the Series 2004 Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or the Board or any authority for the issuance of the Series 2004 Bonds, the adoption of the Resolution or the execution and delivery by the County of the Series 2004 Bonds, this Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Insurance Agreement or the Tax Certificate.

(l) The County will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Managing Underwriter may reasonably request in order to (i) qualify the Series 2004 Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate, and (ii) determine the eligibility of the Series 2004 Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Series 2004 Bonds; provided, however, that the County shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(m) The County will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Series 2004 Bonds to be applied in a manner contrary to that provided for in the Resolution, and as described in the Official Statement.

(n) The County neither is nor has been in default at any time after December 31, 1975, as to principal or interest with respect to an obligation issued or guaranteed by the County as to which County revenues are pledged or payable with respect thereto.

(o) As of its date, the Preliminary Official Statement was deemed "final" by the County for the purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain matters permitted thereby.

(p) If, after the date of this Purchase Contract and until the earlier of (i) 90 days from the end of the "underwriting period" (as defined in SEC Rule 15c2-12) or (ii) the time when the Official Statement is available to any person from a nationally recognized repository, but in no case less than 25 days following the end of the underwriting period, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the County shall notify the Managing Underwriter thereof and, if in the opinion of the Managing Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County will at its own expense forthwith prepare and furnish to the Managing Underwriter a sufficient number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Managing Underwriter) which will supplement or amend the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at such time, not misleading.

(q) Any certificate signed by any official of the County and delivered to the Managing Underwriter shall be deemed a representation and warranty by the County to the Underwriters as to the truth of the statements therein contained.

(r) Except as expressly disclosed in the Official Statement, the County has never failed to comply with any prior continuing disclosure obligation arising out of SEC Rule 15c2-12.

(s) Except as expressly disclosed in the Official Statement, the County has never failed to, and the County hereby covenants and agrees to, take any and all action required to be taken by it pursuant to Part VI, Chapter 218, Florida Statutes, as amended and the Act in order to remain eligible to receive proceeds of the Local Government Half-Cent Sales Tax.

**SECTION 6. CLOSING.** At noon, local time, August \_\_, 2004 (the "Closing Date"), or at such time on such earlier or later date as shall be agreed upon, the County will, subject to the terms and conditions hereof deliver to the Managing Underwriter in care of DTC or its agent, the Series 2004 Bonds in permanent form, duly executed, and will deliver the other documents herein mentioned at a location mutually agreed upon by the County and the Managing Underwriter; and the Underwriters will pay the purchase price of the Series 2004 Bonds as set forth in Section 1 hereof by

immediately available funds, payable to the order of the County. This delivery and payment is herein called the "Closing."

**SECTION 7. CLOSING CONDITIONS.** The Underwriters have entered into this Purchase Contract in reliance upon the representations and warranties of the County herein contained and the performance by the County of its obligations hereunder, both as of the date hereof and as of the time of Closing. The obligations of the Underwriters under this Purchase Contract are and shall be subject to each of the following conditions and the obligations of the County shall be subject to the County being paid the aggregate purchase price of the Series 2004 Bonds and the County receiving the items described in conditions (f)(ii), (f)(iv), (f)(vi) through (f)(xiv) and (f)(xvii) and (f)(viii):

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

(b) The County shall have performed all agreements of the County required to be performed under the Resolution and this Purchase Agreement prior to or on the Closing Date.

(c) At the time of the Closing, the Resolution shall be in full force and effect in accordance with its terms and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Managing Underwriter.

(d) At the time of the Closing, all official action of the County relating to this Purchase Contract, the Resolution, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Tax Certificate, the Insurance Agreement, the Official Statement and the Series 2004 Bonds shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect, except in each case as may have been agreed to by the Managing Underwriter.

(e) The Managing Underwriter may terminate the Underwriters' obligations hereunder by written notice to the County if, at any time subsequent to the date hereof and on or prior to the Closing Date:

(i) legislation shall have been introduced in or enacted by the Congress of the United States or enacted by the State of Florida, or legislation pending in the Congress of the United States shall have been amended, or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the

Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives or legislation shall have been proposed for consideration by either such Committee, by the Staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or the State of Florida, including the Tax Court of the United States, or a ruling shall have been made or a regulation shall have been proposed or a form of notice shall have been issued by the Treasury Department of the United States, or the Internal Revenue Service or other federal or State of Florida authority, with respect to Federal or State of Florida taxation upon interest on obligations of the general character of the Series 2004 Bonds, which (A) may have the purpose or effect, directly or indirectly, of affecting the tax status of the County, its property or income, its securities (including the Series 2004 Bonds) or the interest thereon, or any applicable tax exemption granted or authorized by the State of Florida and, (B) which in the reasonable opinion of the Managing Underwriter, affects adversely the market for the Series 2004 Bonds, or the market price generally of obligations of the general character of the Series 2004 Bonds; or

(ii) (A) in the Managing Underwriter's reasonable judgment, the market price of the Series 2004 Bonds is materially adversely affected because: (I) additional material restrictions not in force as of the effective date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (II) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Series 2004 Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force; or (III) a general banking moratorium shall have been established by federal, New York or Florida authorities; or (B) there shall have occurred any material change, or any other event which in the Managing Underwriter's reasonable opinion and concurrence by appropriate representatives of the County, materially adversely affects the marketability of the Series 2004 Bonds at the purchase price set forth in Section 1, herein; or (C) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Series 2004 Bonds or in any way contesting or affecting any authority for or the validity of the Series 2004 Bonds, any of the proceedings of the County taken with respect to the issuance or sale thereof, the pledge or application of any moneys or securities provided for the payment of the Series 2004 Bonds or the existence or powers of the County; or

(iii) (A) in the Managing Underwriter's reasonable judgment, and concurrence by the appropriate representatives of the County, the purchase price

of the Series 2004 Bonds set forth in Section 1 herein is adversely affected because a war involving the United States of America shall have been declared, or (B) any other national or international calamity shall have occurred (economic or otherwise), or any conflict involving the armed forces of the United States of America shall have escalated to such magnitude as to materially affect the Underwriters' physical or technical ability to market the Series 2004 Bonds;

(iv) a stop order, release, regulation, or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made to the effect that the issuance, offering, or sale of the Series 2004 Bonds, including all the underlying obligations as contemplated hereby or by the Official Statement, or any document relating to the issuance, offering or sale of the Series 2004 Bonds is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); or

(v) there shall be established any new restriction on transactions in securities materially affecting the free market for securities (including the imposition of any limitation on interest rates); or

(vi) legislation shall be enacted or be proposed or actively considered for enactment, or a decision by a court of the United States shall be rendered, or a ruling, or regulation, by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that the Series 2004 Bonds or any securities of the County, any obligations of the general character of the Series 2004 Bonds, and the Resolution, are not exempt from the registration, qualification or other requirements of the Securities Act, and as then in effect or of the Trust Indenture Act, as then in effect, or otherwise, or would be in violation of any provision of the federal securities laws.

In the event that (i) any amendment or supplement to the Official Statement is proposed or deemed necessary by the Managing Underwriter, and (ii) the County notifies the Managing Underwriter that it has determined not to undertake such amendment or supplement, accompanied by a letter from its Bond Counsel and Disclosure Counsel that such firms are prepared to deliver, at the Closing of the Series 2004 Bonds, their respective opinions in the forms described herein, then the proposed amendment or supplement to the Official Statement shall be immediately disclosed by the County and the Managing Underwriter to the Rating Agencies (as defined herein) and the Insurer. In the event that as a result of such disclosure (A) any of such Ratings Agencies notify the County and the Managing Underwriter that they will provide a lower underlying rating on the Series 2004 Bonds than that specified in Section 7(f)(ix) hereof or place the Series 2004 Bonds on a "credit watch" or the equivalent, and/or (B) the Insurer notifies the

County and the Managing Underwriter that it will not deliver the Bond Insurance Policy or the Surety Bond or that it will increase the premium for such policies as a result of such disclosure, this Purchase Contract may be terminated by the Managing Underwriter without liability on the part of the Underwriters.

(f) At or prior to the Closing Date, the Managing Underwriter shall receive the following documents:

(i) The Resolution certified by the Clerk under seal as having been duly adopted by the County and as being in effect, with such supplements, modifications or amendments as may have been agreed to by the Managing Underwriter.

(ii) A final approving opinion of Rogers Towers, P.A., Bond Counsel, addressed to the County, dated the date of the Closing, in substantially the form included in the Official Statement as Appendix E.

(iii) A letter of Bond Counsel addressed to the Underwriters and the Insurer, and dated the Closing Date, to the effect that their final approving opinion referred to in Section 7(f)(ii) hereof may be relied upon by the Underwriters and the Insurer to the same extent as if such opinion were addressed to the Underwriters and the Insurer.

(iv) An opinion of Edwards Cohen, Counsel for the County, addressed to the County, the Underwriters and the Insurer, and dated the date of the Closing, substantially to the effect that:

(A) the Resolution has been duly adopted by the County and the Series 2004 Bonds, this Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Insurance Agreement and the Tax Certificate have been duly authorized, executed and delivered by the County, and the Resolution, the Continuing Disclosure Certificate, the Tax Certificate, the Series 2004 Bonds, when duly authenticated, and the Purchase Contract, the Registrar and Paying Agency Agreement and the Insurance Agreement when duly executed by the other parties thereto constitute valid, legal and binding agreements of the County enforceable in accordance with their respective terms; provided, however, the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally;

(B) the County is a political subdivision duly existing under the Constitution and laws of the State of Florida and has good right and lawful authority to issue the Series 2004 Bonds, to secure the Series 2004 Bonds in

the manner and to the extent provided in the Resolution, to carry out its powers under the Act (as defined in the Resolution) and to perform all of its obligations under the Resolution, the Series 2004 Bonds, the Purchase Contract, the Continuing Disclosure Certificate, the Insurance Agreement and the Registrar and Paying Agency Agreement;

(C) no consent, waiver or any other action by any person, board or body, public or private, other than the approval of the County which has been duly and validly obtained, is required as of the date hereof for the County to issue the Series 2004 Bonds or adopt the Resolution, or to execute and deliver the Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Insurance Agreement or Tax Certificate, or to perform its obligations under any of the foregoing;

(D) to the best of their knowledge, the adoption of the Resolution and the execution and delivery of this Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Tax Certificate, the Insurance Agreement and the Series 2004 Bonds and compliance with the provisions of each do not and will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State of Florida, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the County is a part or is otherwise subject;

(E) except as otherwise disclosed in the Official Statement, there is no litigation or proceeding, pending or, to the best of their knowledge, threatened, challenging the creation, organization or existence of the County, the receipt of the Local Government Half-Cent Sales Tax by the County or the validity of the Series 2004 Bonds, the Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Insurance Agreement or the Tax Certificate or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or which, in any manner, questions the right of the County to issue the Series 2004 Bonds or to pledge the Pledged Funds for repayment of the Series 2004 Bonds;

(F) nothing has come to their attention that would lead them to believe that the Official Statement as of its date or as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(G) the use of the Preliminary Official Statement by the Underwriters for the purpose of offering the Series 2004 Bonds for sale has been duly authorized by the County; and

(H) the Official Statement has been duly authorized, executed and delivered by the County, and the County has consented to the use thereof by the Underwriters; and

(I) the County is lawfully empowered to pledge and grant a lien on the Pledged Funds, for the payment of the principal of, redemption premium, if any, and interest on the Series 2004 Bonds.

(J) for purposes of the opinion, they have assumed that the County has obtained or will be able to obtain all permits and consents that are necessary for the 2004 Project, that the interest on the Series 2004 Bonds is excluded from gross income for federal income tax purposes and that neither the Series 2004 Bonds, the Purchase Contract, the Registrar and Paying Agency Agreement the Official Statement, the Resolution, the Continuing Disclosure Statement, the Tax Certificate, the Insurance Agreement nor any other matter or documents need to be registered or qualified under the Securities Act, the Florida Securities Act, Chapter 517 Florida Statutes, as amended, the Trust Indenture Act, or the securities or blue sky laws of any jurisdiction.

(v) A certificate, which shall be true and correct at the time of Closing, signed by the Chair and the Clerk or such other officials satisfactory to the Managing Underwriter, and in form and substance satisfactory to the Managing Underwriter, to the effect that, to the best of their knowledge and belief:

(A) the representations, warranties and covenants of the County contained herein are true and correct in all material respects as of the Closing Date and that the County has satisfied all conditions to be performed or satisfied hereunder at or prior to Closing;

(B) the Official Statement did not as of its date, and does not as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purposes for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in light of the circumstances in which they were made, not misleading (provided, that no opinion need be expressed regarding the information contained therein relating to the Insurer, the Bond Insurance Policy, the Surety Bond, DTC and its book-entry only system);

(C) that, except as disclosed in the Official Statement, no litigation or other proceedings are pending or, to his or her knowledge, threatened against the County in any court or other tribunal of competent jurisdiction, State or Federal, in any way (I) restraining or enjoining the issuance, sale or delivery of any of the Series 2004 Bonds, or (II) questioning or affecting the validity of this Purchase Contract, the Series 2004 Bonds, the Resolution, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Tax Certificate, the Insurance Agreement or the pledge by the County to the Bondholders of the Pledged Funds, or (III) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, issuance or delivery of the Series 2004 Bonds or (IV) questioning or affecting (1) the organization or existence of the County or the title to office of the officers thereof, (2) the acquisition, construction and equipping of the 2004 Project, or (3) the power or authority of the County to receive the proceeds of the Local Government Half-Cent Sales Tax or (V) asserting that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(D) that except as disclosed in the Official Statement, the County is not in default nor has been in default at anytime after December 31, 1975 as to the payment of principal or interest with respect to any obligation issued or guaranteed by the County as to which County revenues are pledged or payable with respect thereto;

(E) that no event affecting the County has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purposes for which it is to be used or that is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect; and

(F) that since the date of the financial statements included in the Official Statement, (I) no material adverse change has occurred in the financial condition of the County and (II) the County has not incurred any material liabilities other than in the ordinary course of business, except as set forth in or contemplated by the Official Statement; and

(G) except as disclosed in the Official Statement, the County has continuously maintained eligibility under applicable law to receive the proceeds of the Local Government Half-Cent Sales Tax.

(vi) An opinion of Rogers Towers, P.A., as Bond Counsel, addressed to the County and the Underwriters, and dated the Closing Date, to the effect that:

(A) with respect to the information in the Official Statement and based upon said firm's review of the Official Statement, as Bond Counsel, and without having undertaken to determine independently the accuracy or completeness of the contents of the Official Statement, it is of the opinion that the information in the Official Statement under the headings "INTRODUCTION" (other than the information under the subheadings "The County," "Municipal Bond Insurance Policy and Reserve Account Insurance Policy," "Continuing Disclosure" and "Additional Information"), "DESCRIPTION OF THE SERIES 2004 BONDS," (other than the information under the subheading "Book-Entry Only System"), "SECURITY FOR THE BONDS," "TAX MATTERS" (except for the financial and statistical data contained in any such headings, as to which no view need be expressed) and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" insofar as such information purports to be descriptions or summaries of the Resolution, the Series 2004 Bonds or state and federal laws to the extent indicated therein, are accurate and fair statements or summaries of the matters set forth or the documents referred to therein; and

(B) the Series 2004 Bonds are exempt from registration under the Securities Act and the Resolution is exempt from qualification as an indenture under the Trust Indenture Act.

(vii) An opinion of Nabors, Giblin & Nickerson, P.A., as Disclosure Counsel, addressed to the County and the Underwriters, and dated the Closing Date, substantially to the effect that (1) the Series 2004 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, (2) based upon their participation and their review of the Official Statement as Disclosure Counsel for the County and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to their attention causing them to believe that the Official Statement contains any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the financial and statistical information contained in the Official Statement and the information related to the Insurer, the Insurance Policy, the Surety Bond, DTC or its book-entry only system as to which no view need be expressed), and (3) the Continuing Disclosure Certificate, together with the Official Statement and the Purchase Contract, satisfy the requirements contained in Rule 15c2-12(b)(5) promulgated by the United States Securities and Exchange

Commission for an undertaking for the benefit of the owners of the Series 2004 Bonds to provide the information at the times and in the manner required by said Rule.

(viii) A certificate of an authorized representative of the Registrar, as Paying Agent to the effect that:

(A) the Registrar and Paying Agent is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America and is duly authorized to exercise trust powers within Florida,

(B) the Registrar and Paying Agent has all the requisite authority, power, licenses, permits and franchises, and has full corporate power and legal authority to execute and perform its functions under the Resolution and the Registrar and Paying Agency Agreement;

(C) the performance by the Registrar and Paying Agent of its functions under the Resolution and the Registrar and Paying Agency Agreement will not result in any violation of the Articles of Association or Bylaws of the Registrar and Paying Agent, any court order to which the Registrar and Paying Agent is subject or any agreement, indenture or other obligation or instrument to which the Registrar and Paying Agent is a party or by which the Registrar and Paying Agent is bound, and no approval or other action by any governmental authority or agency having supervisory authority over the Registrar and Paying Agent is required in order for the Registrar and Paying Agent to perform its functions under the Resolution and the Registrar and Paying Agency Agreement;

(D) the Registrar and Paying Agency Agreement constitutes a valid and binding obligation of the Registrar and Paying Agent in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity; and

(E) to the best of such authorized representative's knowledge, there is no action, suit, proceeding, or investigation at law or in equity before any court, public board or body pending or, to his or her knowledge, threatened against or affecting the Registrar and Paying Agent wherein an unfavorable decision, ruling or finding on an issue raised by any party thereto is likely to materially and adversely affect the ability of the Registrar to perform its obligations under the Resolution and the Registrar and Paying Agency Agreement.

(ix) Letters of Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P," and together with Moody's, the "Rating Agencies") to the effect that the Series 2004 Bonds have been assigned a rating no less favorable than "Aaa" and "AAA," respectively, and underlying ratings of "\_\_\_" and "A," respectively, which ratings shall be in effect as of the Closing Date.

(x) Duly executed copies of the Bond Insurance Policy, the Surety Bond, the Insurance Agreement, the Registrar and Paying Agency Agreement, the Tax Certificate and the Continuing Disclosure Certificate in form acceptable to the Managing Underwriter and Bond Counsel.

(xi) An opinion of general counsel to the Insurer and a certificate of an officer of the Insurer dated the date of the Closing and addressed to the Underwriters and the County, concerning the Insurer, the Bond Insurance Policy, the Surety Bond and the information relating to the Insurer, the Bond Insurance Policy and the Surety Bond, contained in the Official Statement, in form and substance satisfactory to the Managing Underwriter.

(xii) Duly executed consents from Financial Guaranty Insurance Company and Financial Security Assurance Inc. with respect to the amendments to the Resolution set forth in Resolution No. \_\_\_\_\_.

(xiii) A letter of representations of the County to DTC.

(xiv) A consent letter of the County's independent auditor.

(xv) Internal Revenue Service Form 8038-G.

(xvi) State of Florida Division of Bond Finance Form BF2003/2004-B.

(xvii) A certificate from the County's financial advisor that the aggregate purchase price set forth in this Purchase Contract is not less than the Minimum Purchase Price, that the final terms of the Series 2004 Bonds are within the Parameters and that the costs of issuance of the Series 2004 Bonds is comparable to or less than the current average issuance costs of Series 2004 Bonds of similar terms and amount.

(xviii) A certificate from an independent certified public accountant as required by Section 3.06(E) of the Resolution for the issuance of Additional Bonds.

(xix) such additional legal opinions, certificates, instruments and other documents as the Managing Underwriter may reasonably request, to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the

County's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the County on or prior to the Closing Date of all the agreements then to be performed and conditions then to be satisfied by it.

If the County shall be unable to satisfy the conditions to the obligations of the Managing Underwriter to accept delivery of the Series 2004 Bonds and the Underwriters to purchase and to pay for the Series 2004 Bonds contained in this Purchase Contract and the Managing Underwriter does not waive such inability in writing (except that the delivery of the Continuing Disclosure Certificate cannot be waived), or if the obligations of the Managing Underwriter to accept delivery of the Series 2004 Bonds and the Underwriters to purchase and to pay for the Series 2004 Bonds shall be terminated for any reason permitted by this Purchase Contract, or if the Series 2004 Bonds are not issued and delivered by the County in the year 2004, this Purchase Contract shall terminate, the good faith deposit described in Section 2 hereof shall be returned to the Managing Underwriter and neither the Underwriters nor the County shall be under any further obligation hereunder, except that the respective obligations of the County and the Underwriters set forth in Section 8 hereof shall continue in full force and effect.

**SECTION 8. EXPENSES.** The Underwriters shall be under no obligation to pay, and the County shall pay, any expense incident to the performance of the County's obligations hereunder including, but not limited to: (a) the cost of preparation, printing and delivery of the Resolution; (b) the cost of preparation and printing of the Series 2004 Bonds, (c) the fees and expenses of Bond Counsel, Disclosure Counsel and Edwards Cohen, Counsel for the County, (d) the fees and disbursements of the County's certified public accountants; (e) the fees and expenses of Public Financial Management, Inc., the County's financial advisor for the Series 2004 Bonds; (f) any other experts, consultants or advisors retained by the County; (g) fees for bond ratings; (h) the fees and expenses of the Registrar and Paying Agent; and (i) the costs of preparing, printing and delivering the Preliminary Official Statement and the Official Statement and any supplements or amendments thereto. The Underwriters shall pay: (a) the cost of printing and delivery of this Purchase Contract; (b) the cost of all "Blue Sky" and legal investment memoranda and related filing fees; (c) all advertising expenses, (d) fees and expenses of its counsel and (e) all other expenses incurred by it in connection with the public offering of the Series 2004 Bonds. In the event that either party shall have paid obligations of the other as set forth in this Section 8, adjustment shall be made at the time of the Closing.

**SECTION 9. NOTICES.** Any notice or other communication to be given to you under this Purchase Contract may be given by mailing the same to the attention of the County Administrator, at the address set forth on the first page hereof, and any such notice or other communication to be given to the Underwriters may be mailed to RBC Dain Rauscher, Inc., One Independent Drive, Suite 3204, Jacksonville, Florida 32202, Attention: Mitchell N. Owens.

**SECTION 10. PARTIES IN INTEREST.** This Purchase Contract is made solely for the benefit of the County and the Underwriters and no other party or person shall acquire or have any right hereunder or by virtue hereof. All of the County's representations, warranties and agreements in this Purchase Contract shall remain operative and in full force and effect and shall survive the delivery of the Series 2004 Bonds.

**SECTION 11. WAIVER.** Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Managing Underwriter, and the approval of the Underwriters when required hereunder or the determination of their satisfaction as to any document referred to herein shall be evidenced by the purchase of the Series 2004 Bonds; provided, however, the Managing Underwriter may not waive the delivery of the Continuing Disclosure Certificate.

**SECTION 12. NO LIABILITY.** Neither the Board of County Commissioners of the County, nor any of the members thereof, nor any officer, agent or employee thereof shall be charged personally by the Underwriters with any liability, or held liable to the Underwriters under any term or provision of this Purchase Contract because of its execution or attempted execution, or because of any breach or attempted or alleged breach thereof.

**SECTION 13. GOVERNING LAW.** This Purchase Contract, and the terms and conditions herein, shall constitute the full and complete agreement between the County and the Underwriters with respect to the purchase and sale of the Series 2004 Bonds. This Purchase Contract shall be governed by and construed in accordance with the laws of the State of Florida.

**SECTION 14. OPERATION OF WARRANTIES, ETC.** All the representations, warranties, covenants and agreements of the County in this Purchase Contract shall remain operative and in full force and effect as if made on the date hereof and the Closing Date, regardless of (i) any investigation made by or on behalf of the Underwriters or by Disclosure Counsel, or (ii) delivery of and any payment for the Series 2004 Bonds hereunder.

**SECTION 15. SECTION HEADINGS.** Section headings have been inserted in this Purchase Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Contract and will not be used in the interpretation of any provisions of this Purchase Contract.

**SECTION 16. SEVERABILITY.** If any provision of this Purchase Contract shall be held or deemed to be, or shall in fact be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in

all jurisdictions because it conflicts with any provisions of any constitution, statute, or rule of public policy, or for any other reasons, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

**SECTION 17. EXECUTION OF COUNTERPARTS.** This Purchase Contract may be executed in any number of counterparts, all of which taken together shall be one and the same instrument, and any parties hereto may execute this Purchase Contract by signing any such counterpart. The execution of this Purchase Contract has been duly authorized by the Board of County Commissioners of the County.

**SECTION 18. EFFECTIVENESS.** This Purchase Contract shall become effective upon the execution by the appropriate County officials of the acceptance hereof by the County and shall be valid and enforceable at the time of such acceptance.

Very truly yours,

**RBC DAIN RAUSCHER, INC.,** as  
Managing Underwriter

By: \_\_\_\_\_  
Mitchell N. Owens, Managing Director

Accepted this \_\_\_ day of \_\_\_\_\_, 2004  
by the Board of County Commissioners of  
St. Johns County, Florida

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

**EXHIBIT A**

**MATURITY SCHEDULE**

**ST. JOHNS COUNTY, FLORIDA  
Sales Tax Revenue Bonds**

**\$ \_\_\_\_\_ SERIES 2004A BONDS**

\$ \_\_\_\_\_ Serial Series 2004A Bonds

<u>Amount</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Initial CUSIP Numbers</u>	<u>Amount</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Initial CUSIP Numbers</u>
\$		%	%		\$		%	%	

\$ \_\_\_\_\_ % Term Series 2004A Bonds due October 1, 20\_\_ - Price or Yield \_\_\_\_% - Initial CUSIP No. \_\_\_\_\_

**\$ \_\_\_\_\_ SERIES 2004B BONDS**

\$ \_\_\_\_\_ Serial Series 2004B Bonds

<u>Amount</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Initial CUSIP Numbers</u>	<u>Amount</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Initial CUSIP Numbers</u>
\$		%	%		\$		%	%	

\$ \_\_\_\_\_ % Term Series 2004B Bonds due October 1, 20\_\_ - Price or Yield \_\_\_\_% - Initial CUSIP No. \_\_\_\_\_

**Optional Redemption of Series 2004A Bonds**

The Series 2004A Bonds maturing prior to October 1, 20\_\_ are not subject to redemption prior to maturity. The Series 2004A 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 date thereafter, at a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the date set for redemption.

**Optional Redemption of the Series 2004B Bonds**

The Series 2004B Bonds maturing prior to October 1, 20\_\_ are not subject to optional redemption prior to maturity. The Series 2004A Bonds maturing after 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 date thereafter at a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the date set for redemption.

**Mandatory Redemption of the Series 2004A Bonds**

The Series 2004A Bonds maturing on 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:

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

---

\* Final maturity

## **Mandatory Redemption of the Series 2004B Bonds**

The Series 2004B Bonds maturing on 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:

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

---

\* Final maturity

## EXHIBIT B

### DISCLOSURE STATEMENT

Board of County Commissioners of  
St. Johns County, Florida  
County Administration Building  
4020 Lewis Speedway  
St. Augustine, Florida 32084

Re: \$\_\_\_\_\_ St. Johns County, Florida Sales Tax Revenue Bonds, Series 2004A and \$\_\_\_\_\_ St. Johns County, Florida Sales Tax Revenue Bonds, Series 2004B

Ladies and Gentlemen:

In connection with the proposed issuance by St. Johns County, Florida of the above-referenced Bonds (the "Series 2004 Bonds"), RBC Dain Rauscher, Inc. (the "Managing Underwriter") and Banc of America Securities (collectively, the "Underwriters") are underwriting a public offering of the Series 2004 Bonds. The purpose of this letter is to furnish on behalf of the Underwriters, pursuant to the provisions of Section 218.385(6), Florida Statutes, certain information in respect of the arrangements contemplated for the underwriting of the Series 2004 Bonds as follows:

(a) The nature and estimated amount of expenses to be incurred by the Underwriters in connection with the purchase and reoffering of the Series 2004 Bonds are set forth in Schedule I attached hereto.

(b) No person has entered into an understanding with the Underwriters, or to the knowledge of the Underwriters, with the County, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the County and the Underwriters or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Series 2004 Bonds.

(c) The underwriting spread, the difference between the price at which the Series 2004 Bonds will be initially offered to the public by the Underwriters and the price to be paid to the County for the Series 2004 Bonds will be \$\_\_\_\_ per \$1,000 of Series 2004 Bonds issued.

(d) As part of the estimated underwriting spread set forth in Paragraph (c) above, the Underwriters will charge a management fee of \$\_\_\_\_ per \$1,000 of Series 2004 Bonds issued.

No other fee, bonus or other compensation is estimated to be paid by the Underwriters in connection with the issuance of the Series 2004 Bonds to any person not regularly employed or retained by the Underwriters (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Underwriters, as set forth in Paragraph (a) above.

(e) The names and addresses of the Underwriters are set forth below:

RBC Dain Rauscher, Inc.  
One Independent Drive  
Suite 3204  
Jacksonville, Florida 32202

Banc of America Securities LLC  
1640 Gulf-to-Bay Boulevard  
Clearwater, Florida 32755

We understand that you do not require any further disclosure from the Underwriters, pursuant to Section 218.385(6), Florida Statutes.

**RBC DAIN RAUSCHER, INC.**, as  
Managing Underwriter

By: \_\_\_\_\_  
Mitchell N. Owens, Managing Director

**SCHEDULE I**

**UNDERWRITERS' ESTIMATED EXPENSES**

	<u>(per \$1,000)</u>	<u>Amount</u>
DTC, CUSIP, PSA		
Travel and Communications		
Dalcomp		
Day Loan		
BMA		
Total Expenses		

## EXHIBIT C

### TRUTH-IN BONDING STATEMENT

The following truth-in-bonding statement is prepared pursuant to Section 218.385(2) and (3), Florida Statutes, and is for informational purposes only. It shall not affect or control the actual terms and conditions of the debt or obligations.

St. Johns, Florida (the "County") is proposing to issue \$ \_\_\_\_\_ of St. Johns County, Florida, Sales Tax Revenue Bonds, Series 2004A (the "Series 2004A Bonds") and \$ \_\_\_\_\_ of St. Johns County, Florida, Sales Tax Revenue Bonds, Series 2004B (the "Series 2004B Bonds," and together with the Series 2004A Bonds, the "Series 2004 Bonds") for the principal purposes of (1) financing the cost of acquisition, construction and equipping of various capital improvements within the County, (2) paying the premium for a reserve account insurance policy in order to fund the reserve account requirement and (3) paying certain costs and expenses related to the issuance of the Series 2004 Bonds including the cost of a municipal bond insurance policy. The Series 2004 Bonds are expected to be repaid over a period of approximately \_\_\_ years. At the interest rates set forth in Exhibit A of the Purchase Contract, total interest paid over the life of the Series 2004 Bonds will be \$ \_\_\_\_\_.

The Series 2004 Bonds and the interest thereon will be payable solely from and secured by a pledge of and prior lien upon the Pledged Funds, which Pledged Funds include proceeds of the Local Government Half-Cent Sales Tax, as such terms are defined in Resolution No. 86-132 of the County adopted on September 30, 1986, as amended and supplemented, particularly as amended and supplemented by Resolution No. 2004-\_\_ adopted by the County on July 27, 2004. Authorizing the Series 2004 Bonds will result in an average of \$ \_\_\_\_\_ of the not being available to finance other projects of the County each year for \_\_\_ years.

## **EXHIBIT C**

### **Insurer's Commitments**

**Ambac Assurance Corporation**  
One State Street Plaza  
New York, NY 10004  
212.668.0340

*A member of Ambac Financial Group, Inc.*

## **COMMITMENT FOR FINANCIAL GUARANTY INSURANCE**

Obligor: **ST. JOHNS COUNTY, FLORIDA**

Commitment Number: 27025

Commitment Date: July 13, 2004

Expiration Date: October 12, 2004

Obligations: \$30,080,000\* in aggregate principal amount of Sales Tax Revenue Bonds, consisting of \$25,510,000 Series 2004A maturing on October 1 in the years 2020 through 2034, both inclusive; and \$4,570,000 Series B maturing on October 1 in the years 2020 through 3032, both inclusive, each dated their Date of Delivery.

**Insurance premium: 0.359% of the total principal and interest due on the Obligations (Fitch, Inc., Moody's Investors Service and Standard & Poor's Credit Markets Services assess separate rating fees which are payable directly to them. Each rating agency will bill separately and all questions regarding the payment of such fees must be addressed to the applicable agency.)**

**Ambac Assurance Corporation ("Ambac"), a Wisconsin Stock Insurance Corporation,**

hereby commits to issue a Financial Guaranty Insurance Policy (the "Policy") relating to the above-described debt obligations (the "Obligations"), substantially in the form imprinted in this Commitment, subject to the terms and conditions contained herein or added hereto (see conditions set forth herein).

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

**The Financial Guaranty Insurance Policy shall be issued if the following conditions are satisfied:**

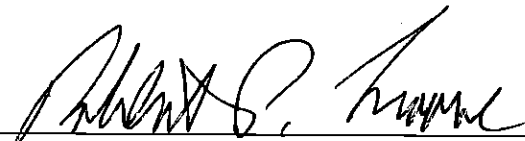
1. The documents to be executed and delivered in connection with the issuance and sale of the Obligations shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any purchaser of the Obligations, otherwise required, not to be required to purchase the Obligations on the date scheduled for the issuance and delivery thereof.
3. There shall be no material change in or affecting the Obligations (including, without limitation, the security for the Obligations or the proposed debt service structure for the Obligations) or the financing documents or the official statement (or any similar disclosure document) to be executed and delivered in connection

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\* Subject to change, with Ambac's approval.

with the issuance and sale of the Obligations from the descriptions or schedules thereof heretofore provided to Ambac.

4. The Obligations shall contain no reference to Ambac, the Policy or the financial guaranty insurance evidenced thereby except as may be approved by Ambac.
5. Ambac shall be provided with:
  - (a) Executed copies of all financing documents, the official statement (or any similar disclosure document) and the various legal opinions delivered in connection with the issuance and sale of the Obligations, including, without limitation, the unqualified approving opinion of bond counsel rendered by a law firm acceptable to Ambac. The form of Bond Counsel's approving opinion shall also indicate, if applicable, that the Obligations are exempt from federal income taxation, that the Obligor must comply with certain covenants under and pursuant to the new tax law and that the Obligor has the legal power to comply with such covenants. Such opinion of bond counsel shall be addressed to Ambac or, in lieu thereof, a letter shall be provided to Ambac to the effect that Ambac may rely on such opinion as if it were addressed to Ambac.
  - (b) Evidence of a wire transfer in an amount equal to the insurance premium at the time of the issuance and delivery of the Obligations.
6. Unless expressly waived in whole or in part by Ambac, the financing documents and the Official Statement shall contain (a) the terms and provisions provided in Ambac's STANDARD PACKAGE transmitted herewith, and (b) any additional oral or written provisions or comments submitted by Ambac.
7. Ambac shall receive a copy of any insurance policy, surety bond, guaranty or indemnification or any other policy, contract or agreement which provides for payment of all or any portion of the debt, the costs of reconstruction, the loss of business income or in any way secures, ensures or enhances the income stream anticipated to pay the Obligations.
8. Any provisions or requirements of the Purchase Contract or Bond Purchase Agreement referencing Ambac must be sent to the attention of Danielle Packer not less than five (5) business days prior to closing. If such provisions or requirements are not received within that time, compliance may not be possible.

  
\_\_\_\_\_  
Authorized Officer

Ambac Assurance Corporation  
One State Street Plaza  
New York, NY 10004  
212.668.0340

*A member of Ambac Financial Group, Inc.*

## COMMITMENT FOR SURETY BOND

Obligor: **ST. JOHNS COUNTY, FLORIDA**

Commitment Number: SB27024

Commitment Date: July 13, 2004

Expiration Date: October 12, 2004

Obligations: \$30,080,000 Sales Tax Revenue Bonds, Series 2004A&B, dated their Date of Delivery maturing on October 1, 2034.

Surety Amount: \$2,750,000 \*

**Insurance premium: 1.80% of the surety amount.**

**Ambac Assurance Corporation (Ambac) A Wisconsin Stock Insurance Corporation** hereby commits to issue a Surety Bond (the "Commitment") relating to the Debt Service Reserve Fund for the above-described debt obligations (the "Obligations"), substantially in the form attached hereto, subject to the terms and conditions contained herein or added hereto (see conditions set forth herein).

To extend this Commitment after the expiration date set forth above, an oral (subsequently confirmed in writing) or written request for renewal must be submitted to Ambac at least one business day prior to such expiration date. Ambac reserves the right to refuse to grant a renewal or may renew this Commitment subject to additional terms and conditions.

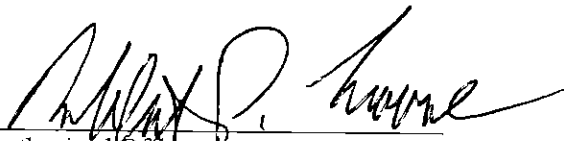
The Surety Bond (the "Surety") shall be issued if the following conditions are satisfied:

1. Ambac shall receive an opinion of counsel or a certificate of an officer of the Obligor or ultimate obligor stating that the information supplied to Ambac in order to obtain the Surety and the documents to be executed and delivered in connection with the issuance and sale of the Obligations do not contain any untrue or misleading statement of a material fact and do not fail to state a material fact required to be stated therein or necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any purchaser of the Obligations, otherwise required, not to be required to purchase the Obligations on the date scheduled for the issuance and delivery thereof.
3. There shall be no material change in or affecting the Obligations, the Obligor or ultimate obligor (including, but not limited to, the security for the Obligations or the proposed debt service structure for the Obligations), the Official Statement, if any (or any similar disclosure document), including any financial statements therein contained, the financing documents or any legal opinions to be executed and delivered in connection with the issuance and sale of the Obligations, or any other information submitted to Ambac in order to obtain the Surety, from the descriptions or schedules thereof heretofore provided to Ambac at any time prior to the issuance of the Obligations and there shall not have occurred

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\* Subject to change, with Ambac's approval.

- or come to the attention of the Obligor or purchaser any material change of fact or law adverse to the interests of Ambac, unless approved by Ambac in writing.
4. Unless expressly waived in whole or in part by Ambac, the financing documents shall contain **a)** the terms and provisions provided in the Ambac STANDARD PACKAGE transmitted herewith, and **b)** any provisions or comments given orally by Ambac.
  5. Ambac will prepare, and the Obligor will execute, a Guaranty Agreement in the form (with such revisions of Ambac and the Obligor agree to) contained in the Standard Package.
  6. **NO LATER THAN FIVE (5) BUSINESS DAYS PRIOR TO CLOSING**, Ambac shall be provided with:
    - a) the final debt service schedule; and
    - b) proposed copies of all financing documents; and
    - c) the proposed official statement (or any similar disclosure document); and
    - d) the proposed various legal opinions delivered in connection with the issuance and sale of the Obligations, including, without limitation, the unqualified approving opinion of bond counsel rendered by a law firm acceptable to Ambac. The form of bond counsel's approving opinion must be acceptable to Ambac. The form of bond counsel's approving opinion shall indicate that the Obligor must comply with certain covenants under and pursuant to the Internal Revenue Code of 1986, as amended and that the Obligor has the legal power to comply with such covenants. Ambac shall also be provided with executed copies of all financing documents, including but not limited to the Official Statement (or any similar disclosure document) and the various legal opinions rendered. The executed opinion of bond counsel shall be addressed to Ambac or in lieu thereof, a letter shall be provided to Ambac to the effect that Ambac may rely on such opinion as if it were addressed to Ambac and such letter shall be delivered with an executed opinion; and
    - e) any provisions of the Purchase Contract or Bond Purchase Agreement referencing Ambac or the Obligor of the Surety in general. If such provisions are not received in a timely manner or if provisions are inserted in the Purchase Contract or Bond Purchase Agreement without Ambac's knowledge, compliance with such provisions may not be possible; and
    - f) a letter from bond counsel or counsel to the purchaser or otherwise from another counsel acceptable to Ambac to the effect that the financing documents, the Official Statement (or any similar disclosure document) and the various legal opinions executed and delivered in connection with the issuance and sale of the Obligations, are substantially in the forms previously submitted to Ambac for review, with only such amendments, modifications or deletions as may be approved by Ambac; and
    - g) a copy of any insurance policy, surety bond, guaranty or indemnification or any other policy, contract or agreement which provides for payment of all or any portion of the debt, the costs of reconstruction, the loss of business income or in any way secures, ensures or enhances the income stream anticipated to pay the Obligations.
  7. Evidence of wire transfer of an amount equal to the payment for the Surety at the time of the issuance and delivery of the Obligations.
  8. An opinion addressed to Ambac by counsel acceptable to Ambac that the Guaranty Agreement is a legal, valid and binding obligation of the Obligor thereof, enforceable in accordance with its terms.

  
Authorized Officer

**EXHIBIT D**

**Consents of Financial Security and FGIC Relating to Amendment**

### Consent of Bond Insurer

The undersigned is the Insuror of and the provider of a reserve instrument for the St. Johns County, Florida (the "County") Sales Tax Revenue Refunding Bonds, Series 1998. Capitalized terms used herein and not defined are used as defined in the County's Resolution No. 86-132 adopted on September 30, 1986. Consent is hereby given to the County's adoption of a resolution amending the second and third paragraphs of Section 3.05 of the County's Resolution No. 89-143 adopted June 27, 1989, as amended by the County's Resolution No. 89-247 adopted on October 24, 1989 as follows:

"Upon the issuance of any Additional Bonds under the terms, limitations and conditions as provided in the Original Instrument, the Issuer shall increase the sum on deposit in the Reserve Account to the Reserve Account Requirement for all outstanding Bonds and Additional Bonds, including such Additional Bonds. The required deposit to the Reserve Account may be paid in full or in part from the proceeds of such Additional Bonds, may, with the prior written consent of all Reserve Instrument Providers, which consent shall address both the Reserve Instrument Provider of the proposed Reserve Instrument and its structure, be provided in full or in part by a Reserve Instrument, and may, with the prior written consent of all Reserve Instrument Providers, be accumulated in part, to the extent hereinafter provided, in equal monthly payments to the Reserve Account over a period of months from the date of issuance of the Additional Bonds, which shall not exceed the greater of (a) twenty-four (24) months, or (b) the number of months for which interest on such Additional Bonds has been capitalized, as determined by a resolution adopted prior to the issuance of such Additional Bonds. In the event that any part of the Reserve Account Requirement is to be accumulated, (i) the amount in the Reserve Account immediately after delivery of such Additional Bonds shall not be less than the Reserve Account Requirement on all Bonds and Additional Bonds outstanding (excluding such Additional Bonds) on such date, and (ii) a portion of the Reserve Account Requirement equal to at least one-half of the difference between the Reserve Account Requirement for all Bonds and Additional Bonds, outstanding (excluding such Additional Bonds) on the date of delivery of such Additional Bonds and the Reserve Account Requirement for all such Bonds and Additional Bonds, and such Additional Bonds which shall be funded upon delivery of such Additional Bonds. Notwithstanding the foregoing provisions of this paragraph, the prior consent of all Reserve Instrument Providers shall not be required if the Reserve Instrument Provider of the proposed Reserve Instrument is an entity licensed to issue an insurance policy guarantying the timely payment of debt service on instruments such as Additional Bonds with a claims paying ability


rating of 'AAA' or 'Aaa' by Standard & Poor's or Moody's Investors Service, respectively (such a rated Reserve Instrument Provider being referred to as a 'Highest Rated Reserve Instrument Provider')."

Notwithstanding the foregoing provisions, with the consent of all Insurers, in lieu of the required deposits into the Reserve Account, the Issuer may cause to be deposited into the Reserve Account a Reserve Instrument for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement and the sum, if any, then on deposit in the Reserve Account. Such consent of Insurers shall not be required if the Reserve Instrument is to be issued by a Highest Rated Reserve Instrument Provider. If and to the extent that cash shall also have been deposited in the Reserve Account, all such cash shall be applied by the Issuer (and investments of Reserve Account moneys, if any, liquidated and the proceeds thereof so applied) to the purposes of the Reserve Account prior to any claim upon any Reserve Instrument. The Issuer shall ascertain the need for any claim upon a Reserve Instrument and provide notice thereof to the Reserve Instrument Provider within the time and in the manner required by the Reserve Instrument. If a disbursement is made by a Reserve Instrument Provider under a Reserve Instrument provided pursuant to this paragraph, the Issuer shall, promptly following such disbursement, but solely from Pledged Funds and after complying with parts (1), (2) and (3) of subsection (B) of Section 3.06 of the Original Instrument, reinstate the limits of such Reserve Instrument to the amount required by the first sentence of this section, or deposit into the Reserve Account funds in an amount sufficient to meet the Reserve Account Requirement, or accomplish a combination of such alternatives; and if compliance with the foregoing part of this sentence does not accomplish the payment and reimbursement to the Reserve Instrument Provider of such disbursement and its expenses and interest in accordance with the Reserve Instrument and any Issuer's reimbursement agreement related thereto, the Issuer shall pay to the Reserve Instrument Provider from Pledged Funds all such sums in full prior to such replenishment of the Reserve Account to the Reserve Account Requirement. If and to the extent that more than one Reserve Instrument shall be provided pursuant to this paragraph, disbursements under all such Reserve Instruments and reimbursements thereof and payments of related expenses and interest to the Reserve Instrument Providers shall be made from Pledged Funds on a pro rata basis, after applying all available cash in the Reserve Account and prior to replenishing the Reserve Account to the Reserve Account Requirement. If the Issuer shall fail to make any payment to a Reserve Instrument Provider as

required in this paragraph, such Reserve Instrument Provider shall be entitled to payment to a Reserve Instrument Provider shall be entitled to exercise any and all remedies available at law or under this Resolution for the enforcement of such payment from Pledged Funds only, other than (i) acceleration of the maturity of any Bond or (ii) any remedy which shall adversely affect any Bondholder. Reserve Instrument Providers shall have a security interest in the Pledged Funds subordinate only to that of the Bondholders, to secure all of the Issuer's payment and reimbursement obligations under this Resolution and under the Reserve Instruments and all Issuer reimbursement agreements related thereto, and this Resolution shall not be discharged until all such obligations shall have been met and paid in full by the Issuer.

DATED: July 15, 2004.

FINANCIAL GUARANTY INSURANCE  
COMPANY

By:   
Name: Timothy Tattam  
Title: Authorized Representative

### Consent of Bond Insurer

The undersigned is the Insuror of and the provider of a reserve instrument for the St. Johns County, Florida (the "County") Sales Tax Revenue Refunding Bonds, Series 1998. Capitalized terms used herein and not defined are used as defined in the County's Resolution No. 86-132 adopted on September 30, 1986. Consent is hereby given to the County's adoption of a resolution amending the second and third paragraphs of Section 3.05 of the County's Resolution No. 89-143 adopted June 27, 1989, as amended by the County's Resolution No. 89-247 adopted on October 24, 1989 as follows:

"Upon the issuance of any Additional Bonds under the terms, limitations and conditions as provided in the Original Instrument, the Issuer shall increase the sum on deposit in the Reserve Account to the Reserve Account Requirement for all outstanding Bonds and Additional Bonds, including such Additional Bonds. The required deposit to the Reserve Account may be paid in full or in part from the proceeds of such Additional Bonds, may, with the prior written consent of all Reserve Instrument Providers, which consent shall address both the Reserve Instrument Provider of the proposed Reserve Instrument and its structure, be provided in full or in part by a Reserve Instrument, and may, with the prior written consent of all Reserve Instrument Providers, be accumulated in part, to the extent hereinafter provided, in equal monthly payments to the Reserve Account over a period of months from the date of issuance of the Additional Bonds, which shall not exceed the greater of (a) twenty-four (24) months, or (b) the number of months for which interest on such Additional Bonds has been capitalized, as determined by a resolution adopted prior to the issuance of such Additional Bonds. In the event that any part of the Reserve Account Requirement is to be accumulated, (i) the amount in the Reserve Account immediately after delivery of such Additional Bonds shall not be less than the Reserve Account Requirement on all Bonds and Additional Bonds outstanding (excluding such Additional Bonds) on such date, and (ii) a portion of the Reserve Account Requirement equal to at least one-half of the difference between the Reserve Account Requirement for all Bonds and Additional Bonds, outstanding (excluding such Additional Bonds) on the date of delivery of such Additional Bonds and the Reserve Account Requirement for all such Bonds and Additional Bonds, and such Additional Bonds which shall be funded upon delivery of such Additional Bonds. Notwithstanding the foregoing provisions of this paragraph, the prior consent of all Reserve Instrument Providers shall not be required if the Reserve Instrument Provider of the proposed Reserve Instrument is an entity licensed to issue an insurance policy guarantying the timely payment of debt service on instruments such as Additional Bonds with a claims paying ability


rating of 'AAA' or 'Aaa' by Standard & Poor's or Moody's Investors Service, respectively (such a rated Reserve Instrument Provider being referred to as a 'Highest Rated Reserve Instrument Provider')."

Notwithstanding the foregoing provisions, with the consent of all Insurers, in lieu of the required deposits into the Reserve Account, the Issuer may cause to be deposited into the Reserve Account a Reserve Instrument for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement and the sum, if any, then on deposit in the Reserve Account. Such consent of Insurers shall not be required if the Reserve Instrument is to be issued by a Highest Rated Reserve Instrument Provider. If and to the extent that cash shall also have been deposited in the Reserve Account, all such cash shall be applied by the Issuer (and investments of Reserve Account moneys, if any, liquidated and the proceeds thereof so applied) to the purposes of the Reserve Account prior to any claim upon any Reserve Instrument. The Issuer shall ascertain the need for any claim upon a Reserve Instrument and provide notice thereof to the Reserve Instrument Provider within the time and in the manner required by the Reserve Instrument. If a disbursement is made by a Reserve Instrument Provider under a Reserve Instrument provided pursuant to this paragraph, the Issuer shall, promptly following such disbursement, but solely from Pledged Funds and after complying with parts (1), (2) and (3) of subsection (B) of Section 3.06 of the Original Instrument, reinstate the limits of such Reserve Instrument to the amount required by the first sentence of this section, or deposit into the Reserve Account funds in an amount sufficient to meet the Reserve Account Requirement, or accomplish a combination of such alternatives; and if compliance with the foregoing part of this sentence does not accomplish the payment and reimbursement to the Reserve Instrument Provider of such disbursement and its expenses and interest in accordance with the Reserve Instrument and any Issuer's reimbursement agreement related thereto, the Issuer shall pay to the Reserve Instrument Provider from Pledged Funds all such sums in full prior to such replenishment of the Reserve Account to the Reserve Account Requirement. If and to the extent that more than one Reserve Instrument shall be provided pursuant to this paragraph, disbursements under all such Reserve Instruments and reimbursements thereof and payments of related expenses and interest to the Reserve Instrument Providers shall be made from Pledged Funds on a pro rata basis, after applying all available cash in the Reserve Account and prior to replenishing the Reserve Account to the Reserve Account Requirement. If the Issuer shall fail to make any payment to a Reserve Instrument Provider as

required in this paragraph, such Reserve Instrument Provider shall be entitled to payment to a Reserve Instrument Provider shall be entitled to exercise any and all remedies available at law or under this Resolution for the enforcement of such payment from Pledged Funds only, other than (i) acceleration of the maturity of any Bond or (ii) any remedy which shall adversely affect any Bondholder. Reserve Instrument Providers shall have a security interest in the Pledged Funds subordinate only to that of the Bondholders, to secure all of the Issuer's payment and reimbursement obligations under this Resolution and under the Reserve Instruments and all Issuer reimbursement agreements related thereto, and this Resolution shall not be discharged until all such obligations shall have been met and paid in full by the Issuer.

DATED: July 14, 2004.

FINANCIAL SECURITY ASSURANCE  
INC.

By:   
Name: Elliott Schreiber  
Title: Authorized Officer

**EXHIBIT E**

**Interlocal Agreement**

## INTERLOCAL REIMBURSEMENT AGREEMENT

This Interlocal Reimbursement Agreement (the "Agreement") is entered into as of the 1st day of August, 2004, by and between ST. JOHNS COUNTY, FLORIDA, a political subdivision of the State of Florida, (the "County") and the ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY, a Florida public community redevelopment agency (the "Agency").

### WITNESSETH:

WHEREAS, the Board of County Commissioners of the County by the adoption of its Resolution 2002-184 established the boundaries of the Vilano Beach Community Redevelopment Area and by the adoption of its Resolution 2002-208 incorporated the boundary areas of the Vilano Beach Community Redevelopment Area into the Agency; and

WHEREAS, the Board of County Commissioners of the County by enacting Ordinance 2002-64 (which amended Ordinance 2001-70) (the "Trust Fund Ordinance"), created the St. Johns County Community Redevelopment Agency Trust Fund (the "Trust Fund") and created a separate account therein for the Vilano Beach Community Redevelopment Area (the "Vilano Account") all for the purpose of carrying out redevelopment in the designated redevelopment areas pursuant to Chapter 163, Part III, Florida Statutes (the "Redevelopment Act"); and

WHEREAS, the County enacted the Trust Fund Ordinance and a community redevelopment plan to, among other things, receive and manage tax increment revenues derived from the redevelopment areas; and

WHEREAS, the Agency has determined to acquire and construct a project consisting of the redevelopment of Vilano Beach, including but not limited to the reconstruction of Poplar Avenue and Vilano Road and the opening of Loja Street and related parking, drainage, utility and landscaping improvements (the "Project"), and has requested the assistance of the County in obtaining financing for the Project; and

WHEREAS, the County proposes to issue its Sales Tax Revenue Bonds, Series 2004B (the "Bonds"), authorized to be issued pursuant to Resolution No. 2004-\_\_ of the County adopted July 27, 2004 (the "Bond Resolution"), to finance the cost of the Project and the costs of issuance relating to the Bonds; and

WHEREAS, pursuant to the Bond Resolution, the County will pay debt service on the Bonds from the Pledged Funds (as defined in the Bond Resolution); and

WHEREAS, the Agency will pay to the County tax increment revenues in the Vilano Account (the "Tax Increment Revenues") (which Tax Increment Revenues will be derived from the revenues received by the Agency and deposited into the Vilano Account of the Trust Fund pursuant to Redevelopment Act) sufficient to reimburse the County for all debt service to be paid on the Bonds in the manner hereinafter provided; and

WHEREAS, the parties hereto desire to memorialize the terms under which the County will issue the Bonds for such purpose, and the Agency will make such payments to the County.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the parties agree as follows:

1. Incorporation of Recitals. The above set forth recitals are hereby incorporated into the terms of this Agreement.

2. Obligation to Repay County. The Agency shall reimburse the County for all costs incurred by the County on behalf of the Agency in connection with the issuance of the Bonds and the financing of the Project as described in Section 3.C. hereof.

3. Financing.

A. The County proposes to issue the Bonds in accordance with the Bond Resolution for the purpose of financing the cost of the Project and the costs of issuance relating to the Bonds. To the extent the cost of the Project exceeds the funds available from the proceeds of the Bonds, the Project will be modified so that the cost therefor will not exceed such available proceeds. Pursuant to the Bond Resolution, the County will secure the Bonds with its Pledged Funds, to the extent set forth therein.

B. The County will apply the proceeds of the Bonds to pay the costs of the Project and the costs of issuance relating to the Bonds. In consideration of the financing the cost of the Project by the County through the Bonds, the Agency will pay the Tax Increment Revenues to the County.

C. Commencing with the issuance of the Bonds under the Bond Resolution, the Agency shall immediately deposit or cause to be deposited all Tax Increment Revenues received by the Agency after the date of the issuance of the Bonds with the County in amounts sufficient, together with amounts currently deposited in the Vilano Account, to timely pay the following (the "Agency Obligations"):

(i) all current debt service on the Bonds;

(ii) all amounts paid or payable pursuant to the Bond Resolution, by reason of the issuance of the Bonds or necessary in order to preserve the exclusion of interest on the Bonds from the gross income of the recipients thereof for federal income taxation purposes (including the costs of issuance of the Bonds); and

(iii) all amounts necessary to reimburse the County for amounts expended by it to pay any of the items mentioned in clauses (i) or (ii) above together with interest on amounts paid by the County at the rate equal to the true interest cost of the Bonds from the date paid by the County until and including the date reimbursed by the Agency.

The obligation to transfer the Tax Increment Revenues to the County to pay the Agency Obligations specified in clauses (i), (ii) and (iii) above shall survive the date on which the Bonds are no longer Outstanding under the Bond Resolution.

Any amounts received by the Agency in excess of the amount necessary to pay the Agency Obligations set forth above may be retained by the Agency and used for any lawful purpose of the Agency.

D. In order to secure its indebtedness to the County for the Agency's Obligations, the Agency hereby pledges to the County the Tax Increment Revenues which pledge shall be prior and superior to all other pledges thereof; *provided, however*, that the tax increment revenues which derive from redevelopment areas other than the Vilano Beach Community Redevelopment Area are not pledged in any manner to secure the Agency Obligations.

E. The Agency is presently entitled to receive tax increment revenues to be deposited in the redevelopment trust fund, and has taken all action required by law to entitle it to receive such revenues, and the Agency will diligently enforce the obligation of any "taxing authority" (as defined in Section 163.340(2), Florida Statutes) to appropriate its proportionate share of the tax increment revenues and will not take, or consent to or adversely permit, any action which will impair or adversely affect the obligation of each such taxing authority to appropriate its proportionate share of such revenues, impair or adversely affect in any manner the deposit of such revenues in the redevelopment trust fund, or the pledge of such revenues hereby. The Agency and the County shall be unconditionally and irrevocably obligated so long as the Bonds are outstanding, and until the payment in full by the Agency of its indebtedness to the County for the Agency Obligations, to take all lawful action necessary or required in order to ensure that each such taxing authority shall appropriate its proportionate share of the tax increment revenues as now or later required by law, and to make or cause to be made any deposits of tax increment revenues or other funds required by this Agreement and the Bond Resolution.

F. Until all of the Agency Obligations are paid in full, the Agency will not issue any debt obligations payable from or secured by the Tax Increment Revenues unless consented to in writing by the County.

5. Modification. No modification or amendment of the terms hereof shall be valid unless made in writing and executed by the parties hereto.

6. Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever.

7. Applicable Provisions of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

8. Rules of Interpretation. Unless expressly indicated otherwise, references to sections or articles are to be construed as references to sections or articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Agreement and not solely to the particular portion in which any such word is used.

9. Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

10. Board of County Commissioners of the Issuer Exempt from Personal Liability. No recourse under or upon any obligation, covenant or agreement of this Agreement or the Bonds or for any claim based thereon or otherwise in respect thereof, shall be had against any member of the County Commissioners of the County, as such, past, present or future, either directly or through the County it being expressly understood (a) that no personal liability whatsoever shall attach to, or is or shall be incurred by, the members of the Board of County Commissioners of the County, as such, under or by reason of the obligations, covenants or agreements contained in this Agreement or implied therefrom, and (b) that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such member of the Board of County Commissioner of the County, as such, are waived and released as a condition of, and as a consideration for, the execution of this Agreement and the issuance of the Bonds, on the part of the County.

11. Obligations Limited. By execution of this Agreement, the Agency hereby consents to all the provisions of the Bond Resolution. The obligation to pay to the County the Agency Obligations shall not be deemed to constitute a debt of the Agency or a pledge of the faith and credit of the Agency, but such Agency Obligations shall be payable solely from the Tax Increment Revenues to be received by the Agency pursuant to the Redevelopment Act. The Agency has no taxing power.

12. Filing of Agreement. It is agreed that this Agreement shall be filed with the Clerk of the Circuit Court of St. Johns County, in accordance with Section 163.01(11), Florida Statutes, as amended, and that this Agreement shall not become effective until so filed.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and their signatures to be affixed hereto.

(OFFICIAL SEAL)

BOARD OF COUNTY COMMISSIONERS  
OF ST. JOHNS COUNTY, FLORIDA

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

ATTEST:

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

ST. JOHNS COUNTY COMMUNITY  
REDEVELOPMENT AGENCY

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

ATTEST:

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

**EXHIBIT F**

**Continuing Disclosure Certificate**

## **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 its \$\_\_\_\_\_ St. Johns County, Florida Sales Tax Revenue Bonds, Series 2004A (the "Series 2004A Bonds") and \$\_\_\_\_\_ St. Johns County, Florida Sales Tax Revenue Bonds, Series 2004B (the "Series 2004B Bonds," and together with the Series 2004A Bonds, the "Series 2004 Bonds"). The Series 2004 Bonds are being issued pursuant to the Issuer's Resolution No. 86-132, adopted by the Issuer on September 30, 1986, as amended and supplemented, as particularly supplemented by Resolution No. 2004-\_\_, adopted by the Issuer on July 27, 2004 (collectively, the "Resolution"). The Issuer covenants and agrees as follows:

**SECTION 1. PURPOSE OF DISCLOSURE CERTIFICATE.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Series 2004 Bondholders and in order to assist the original underwriters of the Series 2004 Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 (the "Rule").

**SECTION 2. PROVISION OF ANNUAL INFORMATION.** Except as otherwise provided herein, the Issuer shall provide to all of the nationally recognized municipal securities information repositories described in Section 4 hereof (the "NRMSIRs"), to any state information depository that is established within the State of Florida (the "SID") and to Ambac Assurance Corporation ("Ambac"), on or before June 30 of each year, commencing June 30, 2005, the information set forth below in this Section 2. Notwithstanding the immediately preceding sentence, to the extent any such information does not become available to the Issuer before June 30 of any year, the Issuer shall provide such information when it becomes available, but no later than one year following the end of the Issuer's Fiscal Year.

(A) the Issuer's Comprehensive Annual Financial Report for the immediately preceding Fiscal Year (the "CAFR"), which shall include the audited financial statements of the Issuer for the immediately preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles, as modified by applicable State of Florida requirements and the governmental accounting standards promulgated by the Government Accounting Standards Board; provided, however, if the audited financial statements of the Issuer are not completed prior to June 30 of any year, the Issuer shall

provide unaudited financial statements on such date and shall provide the audited financial statements as soon as practicable following their completion; and

(B) to the extent not set forth in the CAFR, additional financial information and operating data of the type included with respect to the Issuer in the final official statement prepared in connection with the sale and issuance of the Series 2004 Bonds (as amended, the "Official Statement"), as set forth below:

1. Updates of information set forth in the Official Statement relating to:
  - (a) Table entitled "St. Johns County and Municipalities Percent of Total Half-Cent Sales Tax Revenues Last Five Years" (p. \_\_);
  - (b) Table set forth under the sub-heading "Historical Receipts of Local Government Half-Cent Sales Tax by the County" (p. \_\_);
2. Description of any additional indebtedness secured in whole or in part from the Pledged Funds (as defined in the Official Statement).

For purposes of this Disclosure Certificate, "Fiscal Year" means the period commencing on October 1 and ending on September 30 of the next succeeding year, or such other period of time provided by applicable law.

**SECTION 3. REPORTING SIGNIFICANT EVENTS.** The Issuer shall provide to the NRMSIRs or the Municipal Securities Rulemaking Board (the "MSRB"), to the SID and to Ambac, on a timely basis, notice of any of the following events, if such event is material with respect to the Series 2004 Bonds or the Issuer's ability to satisfy its payment obligations with respect to the Series 2004 Bonds:

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults;
- (C) Unscheduled draws on the debt service reserve fund reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancement reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;

- (F) Adverse tax opinions or events affecting the tax-exempt status of the Series 2004 Bonds;
- (G) Modifications to rights of Series 2004 Bondholders;
- (H) Calls on the Series 2004 Bonds;
- (I) Defeasance of the Series 2004 Bonds;
- (J) Release, substitution, or sale of property securing repayment of the Series 2004 Bonds;
- (K) Rating changes; and
- (L) Notice of any failure on the part of the Issuer or any other Obligated Person (as defined herein) to meet the requirements of Section 2 hereof.

The Issuer may from time to time, in its discretion, choose to provide notice of the occurrence of certain other events, in addition to those listed in this Section 3, if, in the judgment of the Issuer, such other events are material with respect to the Series 2004 Bonds, but the Issuer does not specifically undertake to commit to provide any such additional notice of the occurrence of any material event except those events listed above.

Whenever the Issuer obtains knowledge of the occurrence of a significant event described in this Section 3, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities law to holders of Series 2004 Bonds, provided, that any event under clause (L) above will always be deemed to be material.

**SECTION 4. NRMSIRs.** The NRMSIRs to which the Issuer shall provide the information described in Sections 2 and 3 above, to the extent required, shall be the NRMSIRs then existing on the date such information is provided in accordance with the terms of this Disclosure Certificate. The following organizations are the NRMSIRs in existence on the date hereof:

- (A) Bloomberg Municipal Repository  
100 Business Park Drive  
Skillman, New Jersey 08558  
Phone: 609/279-3225  
Fax: 609/279-5962  
Email: Munis@Bloomberg.com

- (B) FT Interactive Data  
Attn: NRMSIR  
100 William Street  
New York, New York 10038  
Phone: 212/771-6999  
Fax: 212/771-7390 (Secondary Market Information)  
212/771/7391 (Primary Market Information)  
Email: NRMSIR@FTID.com
- (C) Standard & Poor's J.J. Kenny Repository  
55 Water Street, 45th Floor  
New York, New York 10041  
Phone: 212/438-4595  
Fax: 212/438-3975  
Email: nrmsir\_repository@sandp.com
- (D) DPC Data Inc.  
One Executive Drive  
Fort Lee, New Jersey 07024  
Phone: 201/346-0701  
Fax: 201/947-0107  
Email: nrmsir@dpccdata.com
- (E) Any NRMSIRs that are established subsequently and approved by the SEC.
- (F) A list of the names and addresses of all designated NRMSIRs as of any date may currently be obtained by calling the SEC's Fax on Demand Service at 202/942-8088 and requesting document number 0206 or by visiting the SEC's website at "[www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm)."

**SECTION 5. NO EVENT OF DEFAULT.** Notwithstanding any other provision in the Resolution to the contrary, failure of the Issuer to comply with the provisions of this Disclosure Certificate shall not be considered an event of default under the Resolution. To the extent permitted by law, the sole and exclusive remedy of any Series 2004 Bondholder for the enforcement of the provisions hereof shall be an action for mandamus or specific performance, as applicable, by court order, to cause the Issuer to comply with its obligations hereunder. For purposes of this Disclosure Certificate, "Series 2004 Bondholder" shall mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2004 Bonds (including persons holding Series 2004 Bonds through nominees,

depositories or other intermediaries), or (B) is treated as the owner of any Series 2004 Bond for federal income tax purposes.

**SECTION 6. INCORPORATION BY REFERENCE.** Any or all of the information required herein to be disclosed may be incorporated by reference from other documents, including official statements or debt issues of the Issuer or related public entities, which have been submitted to each of the NRMSIRs, the SID, if any, and Ambac or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each document incorporated by reference.

**SECTION 7. DISSEMINATION AGENTS.** 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 agent, with or without appointing a successor disseminating agent.

**SECTION 8. TERMINATION.** The Issuer's obligations under this Disclosure Certificate shall terminate upon (A) the legal defeasance, prior redemption or payment in full of all of the Series 2004 Bonds, or (B) the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

**SECTION 9. AMENDMENTS.** Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision may be waived, if such amendment or waiver is supported by an opinion of counsel that is nationally recognized in the area of federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

**SECTION 10. 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 its annual information described in Section 2 hereof or notice of occurrence of a significant event described in Section 3 hereof, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in its annual information or notice of occurrence of a significant 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 its future annual information or notice of occurrence of a significant event.

**SECTION 11. OBLIGATED PERSONS.** If any person, other than the Issuer, becomes an Obligated Person (as defined in the Rule) relating to the Series 2004 Bonds, the Issuer shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

**SECTION 12. RESPONSIBILITIES AND FUNCTIONS.** The Board of County Commissioners of the Issuer (the "Board") and the Clerk of the Circuit Court of St. Johns County (the "Clerk") are authorized to undertake the responsibilities and carry out the functions described herein. Until otherwise determined by the Board, the responsibilities and functions described herein shall be undertaken and carried out by the Clerk.

**SECTION 13. DISSEMINATION COVER SHEET.** For the convenience of the Issuer, attached hereto as Exhibit A, is a cover sheet that the Issuer may use to accompany any report that is required to be filed pursuant to the provisions of this Certificate. The Issuer is not required to use such cover sheet.

Dated: \_\_\_\_\_, 2004

**ST. JOHNS COUNTY, FLORIDA**

By: \_\_\_\_\_  
Chair, Board of County Commissioners

ACKNOWLEDGED:

\_\_\_\_\_  
Clerk of the Circuit Court of St. Johns  
County, Florida

**EXHIBIT A**

**DISSEMINATION COVER SHEET**

# Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm) for list of current NRMSIRs and SIDs

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**IF THIS FILING RELATES TO A SINGLE BOND ISSUE:**

Provide name of bond issue exactly as it appears on the cover of the Official Statement (please include name of state where Issuer is located):

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Provide nine-digit CUSIP\* numbers if available, to which the information relates:

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**IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:**

Issuer's Name (please include name of state where Issuer is located): \_\_\_\_\_

Other Obligated Person's Name (if any): \_\_\_\_\_  
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP\* number(s) if available, of Issuer: \_\_\_\_\_

\*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

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**TYPE OF FILING:**

Electronic (number of pages attached) \_\_\_\_\_  Paper (number of pages attached) \_\_\_\_\_

If information is also available on the Internet, give URL: \_\_\_\_\_

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**WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)**

- A.  **Annual Financial Information and Operating Data pursuant to Rule 15c2-12**  
(Financial information and operating data should not be filed with the MSRB.)

Fiscal Period Covered: \_\_\_\_\_

- B.  **Financial Statements or CAFR pursuant to Rule 15c2-12**

Fiscal Period Covered: \_\_\_\_\_

- C.  **Notice of a Material Event pursuant to Rule 15c2-12 (Check as appropriate)**

- |  |  |
|--|--|
| 1. <input type="checkbox"/> Principal and interest payment delinquencies                                 | 6. <input type="checkbox"/> Adverse tax opinions or events affecting the tax-exempt status of the security   |
| 2. <input type="checkbox"/> Non-payment related defaults   | 7. <input type="checkbox"/> Modifications to rights of security holders                                      |
| 3. <input type="checkbox"/> Unscheduled draws on debt service reserves reflecting financial difficulties | 8. <input type="checkbox"/> Bond calls   |
| 4. <input type="checkbox"/> Unscheduled draws on credit enhancements reflecting financial difficulties   | 9. <input type="checkbox"/> Defeasances  |
| 5. <input type="checkbox"/> Substitution of credit or liquidity providers, or their failure to perform   | 10. <input type="checkbox"/> Release, substitution, or sale of property securing repayment of the securities |
|  | 11. <input type="checkbox"/> Rating changes  |

- D.  **Notice of Failure to Provide Annual Financial Information as Required**

- E.  **Other Secondary Market Information (Specify):** \_\_\_\_\_

**I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:**

**Issuer Contact:**

Name \_\_\_\_\_ Title \_\_\_\_\_

Employer \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Email Address \_\_\_\_\_ Issuer Web Site Address \_\_\_\_\_

**Dissemination Agent Contact, if any:**

Name \_\_\_\_\_ Title \_\_\_\_\_

Employer \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Email Address \_\_\_\_\_ Relationship to Issuer \_\_\_\_\_

**Obligor Contact, if any:**

Name \_\_\_\_\_ Title \_\_\_\_\_

Employer \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Email Address \_\_\_\_\_ Obligor Web Site Address \_\_\_\_\_

**Investor Relations Contact, if any:**

Name \_\_\_\_\_ Title \_\_\_\_\_

Telephone \_\_\_\_\_ Email Address \_\_\_\_\_

## **EXHIBIT G**

### **Project List**

The acquisition, construction, installation, renovation, relocation, expansion, repair, improvement and/or equipping of the following projects of the Issuer as more fully described in certain plans and specifications on file with the Issuer:

1. Northwest Park
2. Flagler Estates Park
3. Equestrian Center
4. New Hastings Elementary School Park
5. Davis Park
6. Northeast Parks
7. Ponte Vedra Annex
8. St. Augustine Beach Library
9. Northwest Library
10. Vilano Boat Ramp
11. Boat Ramps County Wide
12. Medical Examiner's Office
13. Amphitheater
14. Conservation Land
15. County Fairground
16. SR 207 Emergency Staging Area/Park
17. Growth Management Building
18. Cornerstone Park