

RESOLUTION NO. 2004-32

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, AUTHORIZING THE BORROWING OF NOT TO EXCEED \$19,500,000 IN AGGREGATE PRINCIPAL AMOUNT THROUGH A LOAN OR LOANS FROM THE GULF BREEZE, FLORIDA LOCAL GOVERNMENT LOAN PROGRAM TO REFINANCE CERTAIN OUTSTANDING INDEBTEDNESS AS DESCRIBED HEREIN; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF A FIXED RATE NOTE TO EVIDENCE THE OBLIGATION OF THE COUNTY TO REPAY SUCH LOAN; PROVIDING SECURITY FOR THE REPAYMENT OF THE LOAN AND THE NOTE; DELEGATING CERTAIN MATTERS TO THE CHAIRMAN; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING OTHER MATTERS PERTAINING TO THE LOAN AND THE REFINANCING PROGRAM; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, St. Johns County, Florida (the "County") is a political subdivision of the State of Florida duly authorized pursuant to the Constitution and laws of the State, including, without limitation, Chapter 125, Florida Statutes, as amended, St. Johns County Ordinance No. 95-21, and other applicable provisions of law (collectively, the "Act") to borrow money to finance, or refund obligations issued to finance, certain capital projects pursuant to the Act; and

WHEREAS, the County has previously issued its \$16,990,000 Taxable Convention Center Revenue Bonds Series 1996 (the "1996 Bonds") pursuant to Resolution No. 95-117, duly adopted by the Board of County Commissioners of the County (the "Board") on June 13, 1995, as amended and supplemented (the "Prior Resolution"); and

WHEREAS, the County has determined that it is in the best interest of the County to proceed at this time to refund and refinance the 1996 Bonds (the "Refunded Bonds") in order to reduce the County's interest cost, and to borrow funds sufficient to enable the County to retire and defease the Refunded Bonds and to pay the related costs of issuance (the "Refinancing Program"); and

WHEREAS, the City of Gulf Breeze, Florida (the "Sponsor"), has established a loan pool program (the "Program") for the purpose of financing and refinancing certain projects of participating local governmental entities situated in the State; and

WHEREAS, the County has determined that it is financially beneficial to borrow funds from the Program pursuant to a loan or loans to be made by the Sponsor to the County thereunder in a principal amount not exceeding \$19,500,000 for the purpose of financing the Refinancing Program (collectively, the "Loan"); and

WHEREAS, the County wishes to provide for certain of the terms of the Loan

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and to delegate certain terms and other matters in connection with the Loan to the Chairman or in her absence, the Vice Chairman (collectively, the "Chairman") of the Board of County Commissioners of the County (the "Board"); and

WHEREAS, the County wishes to approve the form of the Loan Agreement and the Governmental Unit Note, as hereinafter defined and described; to approve a form of Continuing Disclosure Certificate, in substantially the form attached hereto as "Exhibit B" (the "Continuing Disclosure Certificate"), to be entered into in connection with the Loan and the Refinancing Program; to approve a form of Escrow Deposit Agreement, in substantially the form attached hereto as "Exhibit C" (the "Escrow Deposit Agreement"), to be entered into in connection with the refunding of the Refunded Bonds; and to authorize the officers, attorneys, advisors and other agents and employees of the County to take all action necessary to obtain, invest and expend the proceeds of the Loan and complete the Refinancing Program in the manner contemplated hereby and by the Loan Agreement; and

WHEREAS, to evidence its obligation to repay the Loan, the County will execute and deliver with respect to the Loan, a loan agreement (the "Loan Agreement") and a fixed rate note (the "Governmental Unit Note"); and

WHEREAS, to provide for the repayment of the Loan, the County intends to continue to collect and apply the Pledged Revenues (as defined in Prior Resolution) for amounts coming due on the Loan and the Governmental Unit Note as provided in the Prior Resolution; and

WHEREAS, to secure the repayment of the Loan, the County agrees to covenant to budget and appropriate Non-Ad Valorem Revenues with respect to the payment of the principal, interest and Additional Loan Charges (as said terms are defined in the Loan Agreement) in connection with such Loan, all in accordance with and subject to the limitations contained in the Loan Agreement and the Governmental Unit Note; and

WHEREAS, to enable the remarketing agent for the Program to remarket the bonds relating to the Loan under the Program, and to enable the remarketing agent to comply with Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"), the County will execute and deliver a Participating Governmental Unit Continuing Disclosure Certificate with respect to the Loan (the "Continuing Disclosure Certificate") whereby certain information concerning the County will be provided for inclusion in preliminary and final remarketing circulars of the Sponsor, to the extent required by the Rule; and

WHEREAS, it is in the best interest of the County and its citizens to approve the form of Loan Agreement, Governmental Unit Note, Escrow Deposit Agreement and Continuing Disclosure Certificate;

NOW, THEREFORE, BE IT DULY RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA:

SECTION 1. DEFINITIONS.

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Terms defined in the preambles shall have the meanings set forth in such preambles. All capitalized terms used in this Resolution which are defined in the Loan Agreement shall have the meanings assigned in the Loan Agreement, unless the context affirmatively requires otherwise.

SECTION 2. FINDINGS.

The preambles are incorporated as findings. In addition, it is found, determined and declared that:

(A) The Loan and the Refinancing Program are permitted under the Act, are necessary and desirable, are in the public interest and will serve a proper public purpose.

(B) The financing of the Refinancing Program from funds borrowed from the Program pursuant to the Loan Agreement and this Resolution will enable the County to complete the Refinancing Program in a financially beneficial and timely manner.

(C) In accordance with Section 218.385, Florida Statutes, as amended, a negotiated borrowing under the Program is in the best interest of the County (rather than a sale through competitive bidding) because the Program offers (i) borrowing at lower costs than those which the County could command in the market or from other sources and (ii) opportunities for restructuring existing obligations and financing which could not be obtained in a sale through competitive bidding.

(D) The Refinancing Program constitutes a refinancing of a capital project within the meaning of the Act and a "Refinancing" under the Project Documents (as hereinafter defined); and the County deems it necessary, desirable and in the best financial interests of the County and the parties to the Project Documents that the Refunded Bonds be refunded in order to effectuate interest cost savings and a reduction in the debt service applicable to bonded indebtedness issued to finance the Project, which results in the desired effect of reducing the Non-Ad Valorem Funds that the County may be required to budget and appropriate to assist in the repayment of such bonded indebtedness and, accordingly, the Refinancing Program will serve a paramount public purpose and any private benefit will be merely incidental thereto.

(E) Simultaneously with the execution and delivery of the Governmental Unit Note, a sufficient portion of the proceeds of the Loan and other funds available will be paid by the County to the Escrow Holder hereinafter described for deposit by the Escrow Holder into the Escrow Account established pursuant to the Escrow Deposit Agreement to effectuate the refunding and defeasance of the Refunded Bonds by providing for the payment of the principal of, premium, if any, and interest on the Refunded Bonds as provided in the Escrow Deposit Agreement.

(F) The County deems it necessary, desirable and in the best interests of the County that the principal of and interest and all other amounts payable with

respect to the Loan and the Governmental Unit Note be secured in the manner and to the extent set forth in the Loan Agreement and the Governmental Unit Note. The Pledged Revenues described in the Prior Resolution are not expressly pledged, encumbered or hypothecated to the payment of the Loan hereunder, except as the same constitute a portion of the Non Ad Valorem Revenues which the County covenants to budget and appropriate as otherwise set forth in the Loan Agreement and the Governmental Unit Note; provided, however, the Pledged Revenues described in the Prior Resolution will be applied to the payment of the Loan as provided in the Prior Resolution and the Project Documents.

(G) The County will execute and deliver the Governmental Unit Note under the Loan Agreement as a Refinancing under the Project Documents.

(H) In order to carry out the refunding of the Refunded Bonds, it is necessary and appropriate that the County authorize the execution and delivery of the Loan Agreement, Governmental Unit Note, Continuing Disclosure Agreement, and an Escrow Deposit Agreement between the County and the Escrow Holder; and it is necessary and appropriate that the County appoint an escrow holder to serve as such under the Escrow Deposit Agreement, and the institution named hereafter in Section 4 is acceptable to the County; and it appears to the Board that the same is qualified to serve as Escrow Holder under the Escrow Deposit Agreement in accordance with the terms of the Escrow Deposit Agreement.

(I) The County is advised that because all of the terms of the Governmental Unit Note, the Loan Agreement and the Refinancing Program cannot be determined on the date of adoption of this Resolution, it is in the best interest of the County to delegate the authority to determine, in accordance with Section 3 of this Resolution, the terms of the Governmental Unit Note and the Loan Agreement in the manner hereinafter provided; and it is advantageous to the County to execute and deliver the Governmental Unit Note and the Loan Agreement in the manner and upon the terms hereinafter provided.

SECTION 3. REFINANCING AND LOAN AUTHORIZED.

The Loan in the aggregate principal amount not exceeding \$19,500,000 to finance the Refinancing Program, all as described in this Resolution and in the manner provided in the Loan Agreement, is hereby authorized and approved. The Loan shall be in such principal amount, shall bear interest at such rate and payable at such times, shall mature in installments not later than December 1, 2020, be subject to prepayment on such dates and in such amounts and shall have such other terms as shall be approved by the Chairman, and set forth in the Loan Agreement and Governmental Unit Note.

The financing of the Refinancing Program, as described herein, in the manner provided in the Loan Agreement is hereby authorized and approved, upon satisfaction of the following conditions and criteria:

- A. The aggregate principal amount of the Loan shall not exceed

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\$19,500,000 and shall be in the amount necessary to accomplish the Refinancing Program and to pay the costs associated therewith.

- B. The net present value savings, after payment of all issuance expenses and costs, which shall result from the execution and delivery of the Loan Agreement and Governmental Unit Note shall not be less than 3%, and the majority of the savings shall be realized in approximately the next two (2) years and in the year 2021 through 2026.
- C. The true interest cost of the Loan shall not exceed 6.0%.
- D. The final maturity date of the Governmental Unit Note shall not be later than December 1, 2020, and the Governmental Unit Note shall be subject to prepayment no later than December 1, 2014.
- E. Confirmation from Public Financial Management, Inc., the Financial Advisor for the County ("Public Financial Management"), that the aggregate debt service on the Loan and the Governmental Unit Note becoming due in the current Loan Year (as defined in the Loan Agreement) and all subsequent Loan Years is less than the aggregate amount of principal of and interest on the 1996 Bonds that would have become due in the current Bond Year (as defined in the Prior Resolution) and all subsequent Bond Years.
- F. Confirmation from Public Financial Management that the Program offers borrowing at lower rates than those which the County could otherwise command in the market in connection with the refunding of the Refunded Bonds.
- G. Receipt of an opinion of Ungaretti & Harris, Special Tax Counsel for Gulf Breeze, to the effect that the Loan and the use and operation of the Project in the manner authorized in the Loan Agreement shall not adversely affect the tax-exempt status of the Bonds (as defined in the Loan Agreement) and that the County may rely upon such opinion in making the representations contained in the Loan Agreement regarding such matter.
- H. Receipt of an opinion of Edwards Cohen, Special Counsel to the County, to the effect that the Refinancing Program and the refunding of the 1996 Bonds will not impair the rights of the County to receive payment in respect of the Loan and the Governmental Unit Note under the Purchase and Sale Agreement, the Operating Agreement, the Assessment Agreement (as amended), the Voluntary Payment Agreement, the Amendment to Ground Lease and the Promotion Agreement described in the Prior Resolution and executed in connection with the issuance of the 1996 Bonds (collectively, the "Project Documents").

- I. Receipt from Gulf Breeze of the disclosure and truth-in-bonding statements relating to the Loan required under Section 218.385, Florida Statutes, as amended.
- J. Receipt from the County Administrator of a certificate that certifies and confirms that the County's agreement to budget and appropriate sufficient legally available non ad valorem revenues in the manner and to the extent required by the Loan Agreement and the Governmental Unit Note does not breach the County's preexisting anti-dilution covenants that pertain to the budgeting and appropriation of non-ad valorem revenues in relation to other current County debt.
- K. Receipt of a verification report of certified public accountants verifying the sufficiency of the escrow established under the Escrow Deposit Agreement to pay the Refunded Bonds in full on the maturity or redemption date and an opinion of Ungaretti & Harris, Special Tax Counsel for Gulf Breeze, to the effect that the lien of the Refunded Bonds upon the funds pledged to the payment thereof is defeased.

Receipt by the Chairman or the County Administrator of a report of Public Financial Management stating that the terms and conditions set forth in paragraphs (A) through (K) above have been satisfied shall constitute conclusive proof that all such terms and conditions have been fully satisfied.

Notwithstanding the foregoing, in the event that the Loan Agreement is not executed and delivered by the County, Gulf Breeze and the Trustee on or before November 30, 2004, the Chairman's and Clerk's authority to execute and deliver the Loan Agreement and the Governmental Unit Note for and on behalf of the County pursuant to the terms hereof shall be automatically terminated on November 30, 2004.

SECTION 4. AUTHORIZATION OF EXECUTION AND DELIVERY OF LOAN AGREEMENT; ESCROW DEPOSIT AGREEMENT.

The Loan Agreement, in substantially the form attached as Exhibit "A" to this Resolution, with such changes, alterations and corrections with respect to the Loan as may be approved by the Chairman, such approval to be presumed by the execution by the Chairman of the Loan Agreement, is approved by the County. The County authorizes and directs the Chairman to execute and the Clerk of the Board of County Commissioners or Deputy Clerk (collectively, the "County Clerk") to attest under the seal of the County the Loan Agreement and to deliver the same to the Administrator and SunTrust Bank, as Trustee. The Loan may be made in the form of multiple loans from different series of Bonds of the Sponsor, provided that the aggregate principal amount of the Loan shall not exceed the amount authorized herein. In such event, the borrowing authorized herein shall be memorialized by instruments substantially similar in tenor and effect, in the form authorized herein, as may be necessary and convenient to obtain sufficient funds in the aggregate not to exceed the total principal amount authorized for the Loan hereunder.

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Simultaneously with the delivery of the Governmental Unit Note, the Chairman and the County Clerk are authorized and directed to execute, deliver and enter into the Escrow Deposit Agreement in substantially the form attached hereto as Exhibit "C", with such changes not inconsistent herewith as the officers executing the same may approve. Effective upon and subject to the execution and delivery of the Escrow Deposit Agreement, the execution and delivery of the Loan Agreement and the Governmental Unit Note and the receipt of the proceeds of the Loan, the County (A) does hereby call all Refunded Bonds maturing on January 1, 2008 or thereafter, for redemption on January 1, 2007, at a redemption price of 102% (expressed as a percentage of the principal amount of the Refunded Bonds to be redeemed) plus accrued interest to the redemption date, and (B) does hereby give irrevocable instructions to J.P. Morgan Trust Company, National Association, as successor to SouthTrust Bank of Florida, N.A., as Registrar for the Refunded Bonds, to give notice of such call for redemption in the manner provided in the Prior Resolution pursuant to which the Refunded Bonds were issued.

Public Financial Management, Inc. and William R. Hough & Co. are authorized and directed to arrange for the purchase of investment securities and make necessary arrangements for verification of sufficiency of and other details relating to the Escrow Account and the Refinancing Program described herein.

SECTION 5. AUTHORIZATION OF EXECUTION AND DELIVERY OF GOVERNMENTAL UNIT NOTE.

The Loan shall be evidenced by a Governmental Unit Note issued in an amount equal to the principal amount of the Loan. The Governmental Unit Note, in substantially the form attached to the form of Loan Agreement attached as Exhibit "A" to this Resolution, with such changes, alterations and corrections with respect to the Loan as may be approved by the Chairman, such approval to be presumed by the execution by the Chairman of the Governmental Unit Note, is approved by the County. The County authorizes and directs the Chairman to execute and the County Clerk to attest under the seal of the County the Governmental Unit Note and to issue and deliver the Governmental Unit Note, in the maximum principal amount of \$19,500,000.

SECTION 6. SECURITY FOR THE LOAN.

The Loan shall be a special and limited obligation of the County payable from Non-Ad Valorem Revenues, all in accordance with and subject to the limitations contained in the Loan Agreement and the Governmental Unit Note. The Loan does not constitute a general obligation or indebtedness of the County or a pledge of the faith, credit or taxing power of the County within the meaning of any constitutional or statutory provision or limitation. The County shall not be obligated to exercise its taxing power to pay the principal and interest payments or Additional Loan Charges associated therewith.

SECTION 7. CONTINUING DISCLOSURE CERTIFICATE.

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The Continuing Disclosure Certificate, in substantially the form attached as Exhibit "B" to this Resolution, with such changes, alterations and corrections with respect to the Loan as may be approved by the Chairman, such approval to be presumed by the execution by the Chairman of the Continuing Disclosure Certificate, is approved by the County. The County authorizes and directs the Chairman to execute and deliver the Continuing Disclosure Certificate to the Remarketing Agent, all of the provisions of which, when executed and delivered by the County as authorized herein, shall be deemed to be part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 8. NO PERSONAL LIABILITY.

No covenant, stipulation, obligation or agreement contained in this Resolution or in the Loan Agreement, the Governmental Unit Note, the Escrow Deposit Agreement, or the Continuing Disclosure Certificate shall be deemed to be a covenant, stipulation, obligation or agreement of any member, official, officer, agent or employee of the County or the Board in its individual capacity, and neither the members of the Commission nor any officials or officers executing the Loan Agreement, the Governmental Unit Note, the Escrow Deposit Agreement or the Continuing Disclosure Certificate shall be liable personally or be subject to any personal liability or accountability.

SECTION 9. NO THIRD PARTY BENEFICIARIES.

Except as provided in this Resolution or in the Loan Agreement, the Governmental Unit Note or the Continuing Disclosure Certificate otherwise expressly provided, nothing in this Resolution or in such documents, expressed or implied, is intended or shall be construed to confer upon any person, firm or corporation other than the County, the Administrator, Financial Guaranty Insurance Company (the "Credit Facility Issuer"), the Sponsor, the Trustee and, with respect to the Continuing Disclosure Certificate, the other parties described in said document, any rights, remedy or claim, legal or equitable, under and by reason of this Resolution or such documents, this Resolution and such documents intended to be and being for the sole and exclusive benefit of the County, the Administrator, the Credit Facility Issuer, the Sponsor, the Trustee and, with respect to the Continuing Disclosure Certificate, the other parties described in said document.

SECTION 10. PREREQUISITES PERFORMED.

All acts, conditions and things relating to the adoption of this Resolution or to the execution and delivery of the Loan Agreement, the Governmental Unit Note and the Continuing Disclosure Certificate required by the Constitution or laws of the State to happen, exist and be performed precedent to and in the adoption of this Resolution, and precedent to the execution and delivery of the Loan Agreement, the Governmental Unit Note and the Continuing Disclosure Certificate will have happened, exist and have been performed as so required.

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SECTION 11. GENERAL AUTHORITY.

The County's officials, officers, attorneys, agents and employees are authorized to do all acts and things and execute and deliver any and all documents necessary by this Resolution, the Loan Agreement, the Governmental Unit Note, the Escrow Deposit Agreement or the Continuing Disclosure Certificate, or desirable or consistent with the requirements of this Resolution, the Loan Agreement, the Governmental Unit Note, the Escrow Deposit Agreement or the Continuing Disclosure Certificate, in order to obtain the Loan, accomplish the Refinancing Program and provide for the full, punctual and complete performance of all the terms, covenants and agreements contained in the Loan Agreement, the Governmental Unit Note, the Escrow Deposit Agreement, the Continuing Disclosure Certificate and this Resolution, including, if deemed necessary, acknowledging any remarketing agreements executed in connection with the remarketing of the Bonds relating to the Loan.

SECTION 12. RESOLUTION CONSTITUTES A CONTRACT.

The County covenants and agrees that this Resolution shall constitute a contract between the County and the owners from time to time of the Governmental Unit Note and that all covenants and agreements set forth in this Resolution and in the Loan Agreement and the Governmental Unit Note to be performed by the County shall be for the equal and ratable benefit and security of all owners of the Governmental Unit Note.

SECTION 13. LOAN AGREEMENT TO CONSTITUTE INTERLOCAL AGREEMENT.

The Loan Agreement, together with this Resolution, shall be deemed to be an Interlocal Agreement with the Sponsor, within the meaning of Chapter 163, Part I, Florida Statutes, as amended, and shall be filed of record, in accordance with the provisions of said Chapter 163, Part I, Florida Statutes, as amended, upon acceptance of the Loan Agreement by the Administrator; that is, it shall be filed with the Clerk of the Circuit Court for Santa Rosa County and the Clerk of the Circuit Court for St. Johns County.

SECTION 14. SEVERABILITY OF INVALID PROVISIONS.

If any one or more of the covenants, agreements or provisions contained in this Resolution shall be held contrary to any express provisions 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 separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions of this Resolution or of the Loan Agreement, the Governmental Unit Note, the Escrow Deposit Agreement or the Continuing Disclosure Certificate.

SECTION 15. REPEALING CLAUSE.

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All resolutions or parts of such resolutions of the County in conflict with the provisions contained in this Resolution are, to the extent of such conflict, superseded and repealed.

SECTION 16. EFFECTIVE DATE.

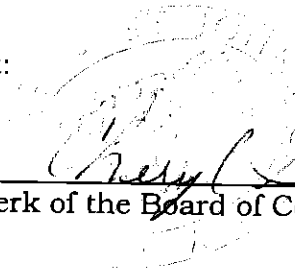

This Resolution shall become effective immediately upon adoption.

PASSED AND ADOPTED this 3 day of February, 2004.

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

By: 
Its: Chairman

Attest:


By: 
Clerk of the Board of County Commissioners

RENDITION DATE 02-04-04

EXHIBIT "A"

FORM OF EACH LOAN AGREEMENT

(including Governmental Unit Note)

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EXHIBIT "B"

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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EXHIBIT "C"

FORM OF ESCROW DEPOSIT AGREEMENT

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LOAN AGREEMENT

dated as of March 1, 2004

Among

CITY OF GULF BREEZE, FLORIDA
(the "Sponsor")

and

SUNTRUST BANK
(the "Trustee")

and

ST. JOHNS COUNTY, FLORIDA
(the "Governmental Unit")

relating to:

**NOT EXCEEDING \$[*Series B Loan Amount]
LOAN FROM THE
CITY OF GULF BREEZE, FLORIDA
LOCAL GOVERNMENT LOAN PROGRAM, SERIES [*1985B]**

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LOAN AGREEMENT

This **LOAN AGREEMENT**, dated as of March 1, 2004, between **SUNTRUST BANK, ORLANDO, FLORIDA**, as Trustee (the "Trustee") for the holders of the Bonds (as defined herein), the **CITY OF GULF BREEZE, FLORIDA** (the "Sponsor") acting by and through Lane Gilchrist, Mayor, as Administrator (the "Administrator") and **ST. JOHNS COUNTY, FLORIDA** (the "Governmental Unit"), a political subdivision duly organized and duly existing under the laws of the State of Florida, witnesseth as follows:

ARTICLE I BACKGROUND AND REPRESENTATIONS

SECTION 1.1 BACKGROUND.

(a) The Sponsor, a municipal corporation of the State of Florida, as issuer of the Bonds hereinafter referred to, is authorized to exercise those powers conferred by Chapters 166 and 163, Florida Statutes, as amended.

(b) The Sponsor has issued \$100,000,000 aggregate principal amount of its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B (the "Bonds") the proceeds of which are to be used for the purpose of financing and refinancing the cost of the acquisition and installation by "Governmental Units", as hereinafter defined, of qualified Projects as described in the Indenture mentioned hereafter (the "Program"). The Bonds are issued under and are secured by the Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the "Indenture") between the Sponsor and the Trustee.

(c) Pursuant to the Indenture, the Sponsor has caused the net proceeds of the Bonds to be deposited with the Trustee, to be used to make Loans to Governmental Units for the financing or refinancing of the Projects.

(d) Under the Indenture, the Sponsor has pledged, for the security and repayment of the Bonds, inter alia, the amounts to be received in repayment of the Loans, in the manner set forth in the Indenture.

(e) For the additional security for the payment of the principal of the Bonds, the Sponsor has caused to be delivered to the Trustee a Bond Insurance Policy (the "Credit Facility") initially issued by Financial Guaranty Insurance Company (which, together with any issuer of a substitute Credit Facility, is referred to as the "Credit Facility Issuer") pursuant to which it has agreed to make available funds for the timely payment of the principal and interest on the Bonds (the Credit Facility and any substitute Credit Facility as defined in the Indenture hereinafter referred to as the "Credit Facility").

(f) For the purpose of providing the Bond Registrar and Paying Agent (as defined in the Indenture) with funds for the purchase at the principal amount thereof plus accrued interest on Bonds tendered to it for payment pursuant to the Indenture, and not remarketed in accordance with the provisions thereof, the Sponsor has entered into a Standby Bond Purchase Agreement dated as of July 1, 1998, with Dexia Credit Local, New York Agency (formerly Dexia Credit Local de France and Dexia Public Finance Bank) (the "Liquidity Facility Issuer") and the Trustee, pursuant to which the Liquidity Facility Issuer will agree to purchase Bonds at the principal amount thereof (up to the aggregate principal amount of Bonds outstanding), together with accrued interest, to the extent that moneys are not otherwise available therefor under the terms of the Indenture.

(g) The Governmental Unit has previously issued its \$16,990,000 Taxable Convention Center Revenue Bonds Series 1996 (the "1996 Bonds"). A portion of the 1996 Bonds will be currently refunded with proceeds from the Governmental Unit Note (the "Refunded Bonds").

(h) The Administrator has approved the Loan (as hereinafter defined) and has approved a commitment (the "Commitment") to make a loan in the amount of \$[*Series B Loan Amount] (the "Loan") for the purposes of paying a portion of the costs of refunding the Refunded Bonds (the "Refunding Program") and paying the costs associated therewith, which shall hereinafter be referred to collectively as the "Financing Program." Simultaneously with the Loan, the Governmental Unit will enter into a loan agreement (the "Series C Loan Agreement") and issue its Series 1985C Governmental Unit Note (the "Series C Note") for an additional \$[*Series C Loan Amount] aggregate principal amount, to be funded from the proceeds of the Sponsor's Floating Rate Demand Revenue Bonds, Series 1985C (the "Series C Loan"), for the purpose of financing the balance of the Financing Program.

(i) As evidence of the Loan made pursuant to this Loan Agreement, the Governmental Unit will execute and deliver a fixed rate note in the principal amount of the Loan in the form attached hereto as Exhibit "A" (the "Governmental Unit Note"). As security for the Bonds, the Sponsor is assigning to the Trustee all its right, title and interest in the Governmental Unit Note and this Loan Agreement (except for the rights reserved by the Sponsor as described in Section 3.9 hereof). Pursuant to the Indenture, the Governmental Unit Note and this Loan Agreement may be assigned by the Trustee to the Credit Facility Issuer under the circumstances set forth therein.

(j) The amount of Bonds required by the Indenture to be converted to the Fixed Rate Mode has been converted (the "Converted Bonds") to a Fixed Rate Mode for Fixed Rate Periods as required by the Indenture.

(k) Reserved.

(l) The proceeds of the Loan shall be applied as provided herein to accomplish the Financing Program.

SECTION 1.2 REPRESENTATIONS OF THE GOVERNMENTAL UNIT.

(a) The Governmental Unit is a political subdivision of the State of Florida, with full power and legal right to enter into this Loan Agreement and perform its obligations hereunder, and to finance the Financing Program in the manner contemplated herein. The Governmental Unit's actions in making and performing this Loan Agreement have been duly authorized by all necessary official action and will not violate or conflict with any applicable provision of the Constitution, or law of the State of Florida or with any ordinance, governmental rule or regulation, or with any agreement, instrument or other document by which the Governmental Unit or its funds or properties are bound.

(b) The amount of the Loan, plus anticipated investment earnings thereon, does not exceed the "Cost" of the Financing Program.

(c) The proceeds of the Loan will be applied to pay the cost of the Financing Program. Following expenditure of the Loan proceeds, the Governmental Unit will certify to the Administrator as to the use of such proceeds.

(d) Immediately after the execution hereof, no Event of Default (as defined in this Loan Agreement) shall exist hereunder nor shall there exist any condition which with lapse of time, the giving of notice, or both, would constitute such an Event of Default.

(e) The Governmental Unit is duly authorized and empowered to issue the Governmental Unit Note, all payments in respect of which, are a valid and enforceable special and limited obligation of the Governmental Unit, payable solely from the Non-Ad Valorem Revenues in the manner hereinafter provided. The Governmental Unit is further authorized to pledge the security hereinafter mentioned to the repayment thereof in the manner hereinafter provided, and to apply the proceeds thereof to the payment of the Costs of the Financing Program. The Governmental Unit Note is being issued pursuant to the Authorizing Resolution herein defined and the Constitution and laws of the State of Florida, including, without limitation, Chapter 125, Part I, and Chapter 163, Florida Statutes, as amended.

(f) On January ____, 2004, the Governmental Unit duly adopted Resolution No. _____ (the "Authorizing Resolution"), authorizing the Loan, this Loan Agreement and the Governmental Unit Note. The terms and provisions of the Authorizing Resolution are hereby incorporated by reference.

(g) The Governmental Unit has not entered into any arrangement, formal or informal, to purchase any Bonds in an amount related to the Loan, and will not hereafter enter into any such arrangement or authorize any related person to the Governmental Unit to enter into any such arrangement.

(h) The Governmental Unit is in compliance with all covenants and undertakings in connection with the Refunded Bonds.

(i) The projects to be refinanced with the proceeds of the Loan (collectively, the "Project") shall be owned and operated by the Governmental Unit (subject to lease, use, operating or management agreements which the Governmental Unit may enter into from time to time). In addition, any portion of the Project may also be disposed of

by the Governmental Unit in its ordinary course of business, but only upon compliance with all requirements of Florida law in connection therewith and receipt by the Trustee of a Favorable Opinion of Bond Counsel. Any disposition of any portion of the Project will be at fair market value or will comply with the requirements of applicable Florida law permitting an exception to the requirement for fair market value. The proceeds of any such disposition will be promptly applied either to prepay the Loan in accordance with the requirements of Section 3.4 hereof, or for deposit in the Loan Proceeds Fund (as hereinafter defined) to pay for other Costs of the Project or of other projects as may be approved by Bond Counsel to the Sponsor.

(j) The Pledged Funds are not pledged or encumbered in any manner, except as provided in this Loan Agreement. The Governmental Unit is, and will be, immediately following the Closing of the Loan hereunder, in full compliance with all restrictions and covenants and agreements under which it may be obligated, affecting its right and ability to incur the obligation to pay the principal and interest on the Governmental Unit Note and the Additional Loan Charges from the Non-Ad Valorem Revenues, and to secure the same, all in the manner provided herein.

(k) The Governmental Unit is issuing the Governmental Unit Note for the purpose of financing the Financing Program.

(l) All acts, conditions and things required to happen, exist and be performed, precedent to and in connection with the issuance of the Governmental Unit Note and this Loan Agreement, have happened, exist, and have been performed in due time, form and manner as required by the Constitution and laws of the State of Florida applicable thereto; the total indebtedness of the Governmental Unit, including the Governmental Unit Note and this Loan Agreement, does not exceed any constitutional, statutory or charter limitation. The obligation of the Governmental Unit to pay the principal of and interest on the Governmental Unit Note and this Loan and any Additional Loan Charges is a special, limited obligation of the Governmental Unit, payable solely from the Non-Ad Valorem Revenues as herein provided.

(m) The Governmental Unit has received an opinion of Special Tax Counsel from Ungaretti & Harris to the effect that the Loan and the use and operation of the Project in the manner authorized in this Agreement will not adversely affect the tax-exempt status of the Bonds, and has relied upon such opinion in making the representations contained herein regarding such matter.

SECTION 1.3 SPONSOR REPRESENTATIONS AND COVENANTS.

(a) The Sponsor hereby represents:

(i) The Sponsor is a municipal corporation of the State of Florida duly existing with full power and authority to issue the Bonds and to enter into this Loan Agreement and to make the Loan herein contemplated.

(ii) By proper action the Sponsor has duly authorized the issuance and sale of the Bonds and the execution and delivery of this Loan Agreement. In accordance with the Indenture, the Sponsor has appointed the Administrator to execute, undertake and perform the Sponsor's duties hereunder; and all actions taken

by the Administrator on behalf of the Sponsor pursuant to such appointment shall be deemed to be the action of the Sponsor.

(iii) The Sponsor is not in default under any provision of the Indenture, and no "Event of Default" as defined therein, or event which, with the passage of time or the giving of notice or both would constitute an Event of Default, has occurred and is continuing.

(iv) The Sponsor has received no notification of any investigation concerning the determination of taxability of interest on the Bonds and has no basis to believe that any such investigation will be initiated or that any such determination could be made.

(v) This Loan Agreement, the Governmental Unit Note and the Loan do not conflict with or violate the Indenture and will not violate or conflict with any applicable provision of the Constitution or law of the State of Florida, with any ordinance, governmental rule or regulation, or with any agreement, instrument or other document, by which the Sponsor or its funds or properties are bound, and all action necessary or required by the Indenture precedent to the execution and delivery of this Loan Agreement and the performance thereof, by the Sponsor, have been completed.

(vi) The Sponsor is not aware of any facts or circumstances that would make it likely that any substantial portion of the Bonds would be put to the Liquidity Facility Issuer for payment.

(vii) The Sponsor will make no other Loans funded with proceeds of the Bonds without obtaining a Favorable Opinion of Bond Counsel.

(viii) There are no Increased Costs outstanding as of the date hereof.

(ix) There are currently no outstanding Non-Asset Bonds.

(x) The Sponsor acknowledges that the proceeds of the Loan will be used by the Governmental Unit to finance or refinance improvements to property that is being and/or will be used, directly or indirectly, in one or more trades or businesses carried on by a person or persons who are not exempt persons within the meaning of section 103(b)(3) of the Internal Revenue Code of 1954 (the "1954 Code") and that the repayment of principal and interest on the Loan will be derived, pursuant to an underlying arrangement, from payments in respect of that property within the meaning of section 103(b)(2) of the 1954 Code.

(b) The Sponsor covenants to require all Governmental Units to whom Loans are hereafter made to become liable for a Pro-Rata Share of the Non-Asset Bonds and Costs and Expenses of the Program then outstanding or thereafter arising.

SECTION 1.4 ADMINISTRATOR REPRESENTATIONS.

The Administrator represents that he has duly authorized the execution and delivery of this Loan Agreement. In accordance with the Indenture, the Sponsor has

appointed the Administrator to execute, undertake and perform the Sponsor's duties hereunder either personally or through Government Credit Corporation, as Independent Contractor, and all actions taken by the Administrator or the Independent Contractor on behalf of the Sponsor pursuant to such appointment shall be deemed to be the action of the Sponsor.

SECTION 1.5 TRUSTEE REPRESENTATIONS.

The Trustee represents that it is a state bank organized under the laws of Georgia duly existing, and with full power and authority to enter into this Loan Agreement and perform its obligations hereunder on behalf of the holders of the Bonds. By proper action the Trustee has duly authorized the execution and delivery of this Loan Agreement and the Indenture.

ARTICLE II

DEFINITIONS

SECTION 2.1 DEFINITIONS.

The capitalized terms used in this Loan Agreement which are defined in the Indenture and in the Authorizing Resolution and not in this Loan Agreement, shall have the meanings assigned thereto in the Indenture and in the Authorizing Resolution, unless the context hereof expressly requires otherwise. In addition, the following terms shall have the meanings defined as follows:

"1996 Bonds" shall mean the \$16,990,000 St. Johns County, Florida Taxable Convention Center Revenue Bonds Series 1996, dated July 1, 1996.

"Additional Loan Charges" shall mean all amounts payable by the Governmental Unit hereunder or under the Governmental Unit Note other than amounts which constitute principal or interest on the Loan, including, without limitation, the Reserve Payments and Costs and Expenses of the Program, as provided in Section 3.3(c) hereof.

"Bonds" shall mean the Sponsor's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B.

"Commitment" means the commitment of the Administrator as defined and described in Section 1.1 hereof.

"Cost" or "Costs" in connection with the Financing Program, means any cost incurred or estimated to be incurred by the Governmental Unit which is reasonable and necessary for carrying out all works and undertakings in providing for the refunding of the Refunded Bonds, the reasonable cost of financing incurred by the Governmental Unit or the Sponsor in connection with the execution of this Loan Agreement, including reimbursement to the Administrator for its out-of-pocket expenses, and the cost of such other items as may be reasonable and necessary for the Financing Program.

"Costs and Expenses of the Program" shall mean the reasonable fees, charges and expenses of the Trustee, and the reasonable fees, charges and expense, the out of pocket expenses and disbursements of the Sponsor, the Registrar and Paying Agent, the Independent Contractor, the Financial Advisor and the Administrator including the reasonable fees and expenses of general or special counsel to any of the foregoing. Further, it is agreed that except for Reserve Payments, as defined herein, and subject to the provisions of Section 6.12 hereof, the Governmental Unit shall have no liability for Costs and Expenses of the Program attributable to the fees, charges and expenses of the Liquidity Facility Issuer and the Remarketing Agent, and no portion of such fees, charges and expenses of the Liquidity Facility Issuer and the Remarketing Agent shall be included as Costs and Expenses of the Program for purposes of computing any payments due from the Governmental Unit on the Loan or the Governmental Unit Note. Without limitation of the foregoing, the annual administrative fees and charges

of the Sponsor, the Administrator, the Independent Contractor and the Financial Advisor may be assessed to the Governmental Unit without regard to the amounts assessed in respect of such fees and charges on any other Program Loans, in amounts not exceeding in the aggregate 50 basis points, exclusive of out of pocket expenses and disbursements and reasonable counsel fees and expenses. All costs and expenses payable by the Governmental Unit shall be paid semi-annually.

“County” means the Governmental Unit.

“Escrow Deposit Agreement” means that certain Escrow Deposit Agreement, dated as of March 1, 2004, between the Governmental Unit and the Escrow Holder, providing for the payment and defeasance of the 1996 Bonds.

“Escrow Holder” means J.P. Morgan Trust Company, National Association, as successor to SouthTrust Bank of Florida, N.A

“Fiscal Year” shall mean the period commencing on October 1 and continuing to and including the next succeeding September 30 or such other annual period as may be prescribed by law or by the Governmental Unit in accordance with law.

“Loan Year” shall mean an annual period commencing on December 2 of each year and ending on the following December 1.

“Local Credit Enhancement” or “Local Letter of Credit” means a credit enhancement device, if any, obtained by the Governmental Unit that is acceptable in form and substance to the Credit Facility Issuer securing timely payment of principal of and interest and premium, if any, on the Governmental Unit Note.

“Non-Ad Valorem Revenues” shall mean all revenues of the Governmental Unit derived from any source other than ad valorem taxation on real or personal property other than enterprise fund revenues or restricted revenues of the Governmental Unit.

“Pledged Funds” shall mean the Revenue Fund and the Sinking Fund created pursuant to Section 3.10(b) hereof.

“Pledged Revenues” shall mean the portion of the Non-Ad Valorem Revenues deposited in the Revenue Fund and the Sinking Fund created pursuant to Section 3.10(b) hereof, provided, however, that prior to deposit of such moneys by the Governmental Unit in to the Revenue Fund and the Sinking Fund, such moneys shall not constitute “Pledged Revenues”.

“Pro-Rata Share” shall mean the percentage derived by dividing the principal amount of the Governmental Unit's Loan by the sum of (1) the principal amount of all Loans outstanding funded with Bond proceeds (including any unpaid Loans to Governmental Units that may have been discharged in bankruptcy or declared void or unenforceable) plus (2) the amounts on deposit in the Project Loan Fund.

"Refunded Bonds" shall mean the portion of the Governmental Unit's 1996 Bonds being refunded with the proceeds of the Governmental Unit Note, as more particularly described herein.

"Refunding Program" shall mean the current refunding of the 1996 Bonds pursuant to the provisions of this Loan Agreement.

"Reserve Payment" shall mean, for any period of calculation: (a) the Governmental Unit's Pro-Rata Share of principal payments required to be made in respect of Non-Asset Bonds hereafter arising under the Indenture; (b) the Pro-Rata Share of interest expense and other Costs and Expenses of the Program allocable to the Reserve Bonds or incurred pursuant to Section 3.5(a) hereof; and (c) the Liquidation Shortfall as provided in Section 3.5(b) of this Loan Agreement. The Governmental Unit shall not be entitled to a reduction of or credit toward the amount of such fees and expenses that the Governmental Unit shall be obligated to pay, pursuant to Section 3.3 hereof and Section 404 of the Indenture, in respect of any investment earnings received on the funds held under the Indenture provided that the net earnings on the Reserve Bonds (after payment of interest on and the Costs and Expenses of the Program) shall be applied to pay Costs and Expenses of the Program prior to computing the amount of such Costs and Expenses for which the Governmental Unit will have responsibility for payment of its Pro-Rata Share. The computation of the Reserve Payment of the Governmental Unit shall be made assuming full payments will be timely received in respect of each Loan whether or not the payments thereunder are actually made or may be discharged in bankruptcy or declared void or unenforceable for any reason, it being the intention of the parties that no Governmental Unit shall bear any financial obligation arising because of the invalidity of or a default in any Loan of another Governmental Unit. In calculating the amount of the Governmental Unit's Reserve Payment in respect of the principal amount of any Non-Asset Bonds arising after the date hereof, the Governmental Unit's Pro-Rata Share of such Non-Asset Bonds shall be amortized and paid in equal semiannual installments over the lesser of sixty (60) months or the remaining life of the Loan. For purposes of determining the Governmental Unit's Reserve Payment, it shall be assumed that any unpaid Loans which may have been discharged in bankruptcy or declared void or unenforceable continue to remain outstanding until all amounts which would have been due in respect thereof in accordance with their terms have been deposited with the Trustee hereunder.

ARTICLE III

FINANCING THE REFUNDING PROGRAM

SECTION 3.1 MAKING OF LOAN; APPLICATION OF LOAN PROCEEDS.

From the amounts on deposit in the Project Loan Fund created under the Indenture, the Governmental Unit hereby agrees to borrow and repay the sum of \$[*Series B Loan Amount]. The Loan made hereby shall be repaid in accordance with the Governmental Unit Note and Section 3.3 hereof. The Governmental Unit covenants that it shall use the proceeds of the Loan solely for the purposes described in Section 1.2(k) hereof and that it shall not use the proceeds of the Loan in a manner inconsistent with the representations and covenants set forth in Section 1.2 hereof. The Governmental Unit Note and the principal amount thereof and interest thereon shall not be increased or accelerated for any reason related to an acceleration or redemption of the Bonds.

SECTION 3.2 DISBURSEMENT OF LOAN; SECURITY INTEREST IN UNDISBURSED PROCEEDS.

(a) Following the execution and delivery of this Loan Agreement and the Governmental Unit Note (the "Closing"), the Trustee shall disburse from moneys other than proceeds of the Loan the insurance premium due to the Credit Facility Issuer, the fees and expenses of Bond Counsel and the amount of expenses of the Administrator to be reimbursed to the Expense Account created under the Indenture.

(b) The Governmental Unit agrees to establish and create, and hereby does establish and create a separate fund of the Governmental Unit to be known as the "Gulf Breeze Pooled Financing Loan Program Series 2004 Series B Loan Proceeds Fund" (the "Loan Proceeds Fund") which account shall be separate and distinct from all other funds and accounts of the Governmental Unit. The net proceeds of the Loan shall be disbursed by the Trustee and applied, together with any income from investment thereof, to pay the Costs of the Refunding Program and the Financing Program. There shall be deposited with the Escrow Holder, pursuant to the Escrow Deposit Agreement, a sum sufficient, together with the available net proceeds of the Series C Loan and any legally available sources of funds provided by the Governmental Unit at the time of execution and delivery of the Escrow Deposit Agreement, to pay and defease the 1996 Bonds. There shall be deposited in the Loan Proceeds Fund the proceeds received by the Governmental Unit from any disposition of portions of the Project pursuant to Section 1.2(i) hereof, to the extent such proceeds are not applied to prepay the Loan.

(c) The Governmental Unit agrees that, upon request of the Trustee or the Administrator, it shall supply such documentation as the Trustee, the Administrator or the Credit Facility Issuer may reasonably require to determine that the proceeds of the Loan have been applied solely to payment of the Costs of the Refunding Program and of the Financing Program.

(d) Until disbursed in accordance with the provisions of this Loan Agreement, the proceeds on deposit in the Loan Proceeds Fund shall be invested and reinvested in Investment Securities as defined in the Trust Indenture. Any earnings on the investment of funds on deposit in the Loan Proceeds Fund shall be credited to such Fund and shall be used to pay only for other Costs of the Project or of other projects as may be approved by Bond Counsel to the Sponsor, or debt service on the Loan in accordance with subsection 3.2(e) below.

(e) To secure the prompt payment of the Loan and the performance by the Governmental Unit of its other obligations hereunder, the Governmental Unit, to the full extent permitted by law, hereby pledges to the Sponsor and agrees and acknowledges that the Sponsor shall have and shall continue to have a pledge of and lien upon the proceeds of the Loan and any investment income thereon on deposit in the Loan Proceeds Fund, subject to the use of such proceeds in the manner described herein.

SECTION 3.3 REPAYMENT OF LOAN.

The Loan to be made to the Governmental Unit for the Financing Program shall be repaid in installments which shall correspond in time and amount to the payments of principal and interest on the Governmental Unit Note and shall bear interest at the rates, and shall be payable in immediately available funds at the times payable on the Governmental Unit Note, as follows:

(a) The interest of the Loan shall be paid in semi-annual installments on the dates, at the rates and in the amounts shown on "Schedule I" attached to the form of the Governmental Unit Note, which is attached hereto as Exhibit "A". Principal on the Loan shall be payable in annual installments on the dates and in the amounts shown on such "Schedule I." In the event the full amount of the Governmental Unit Note is not disbursed, the payments of principal due thereunder shall be reduced ratably to reflect such reduction in the principal amount due thereunder, and a new Schedule I will be calculated by the Administrator. The final payments on the Governmental Unit Note must be made three (3) business days prior to December 1, 2020 with immediately available funds.

(b) As provided in the Governmental Unit Note, in addition to the above payments of principal and interest on the Loan, any payment required to be made with respect to the Loan which is received later than its due date, shall bear interest from such due date at a rate per annum equal to the higher of the interest on the Governmental Unit Note or the Prime Rate, plus two per centum per annum (the "Default Rate"). Notwithstanding anything otherwise contained in this Loan Agreement, the interest rate on the Loan and all other amounts payable hereunder which are treated as interest under applicable laws shall not exceed the maximum rate per annum permitted by law (the "Maximum Rate"); provided, that, in the event the imposition of such Maximum Rate shall ever cause the amount payable on the Governmental Unit Note to be less than the amount of interest which would otherwise be computed pursuant to this Section 3.3, the Governmental Unit Note shall thereafter bear interest at the Maximum Rate until the earlier of (1) the final maturity of the Governmental Unit Note or (2) such time as the total amount of interest paid on the Governmental Unit Note shall at such rate equal the amount of interest which would

have been payable on the Governmental Unit Note pursuant to this Section 3.3 without regard to any Maximum Rate. All payments made hereunder shall be applied first to the payment of the principal of and interest on the Governmental Unit Note, then to the payment of Additional Loan Charges, and then to payment of accrued interest on the unpaid balance hereof at the aforesaid applicable rate, and then to the reduction of principal hereunder.

(c) The Governmental Unit shall also pay all Reserve Payments and its Pro-Rata share of the Costs and Expenses of the Program. At the Closing, the Costs and Expenses of the Program currently payable (exclusive of Reserve Payments) consist of the fees of the Trustee, Bond Registrar and Paying Agent. The Financial Advisor, on behalf of the Sponsor, shall determine not less often than each January 1 and July 1 the estimated Reserve Payments, if any, and the Pro-Rata Share of the Costs and Expenses of the Program allocable to the period for which such payment is to be in effect and shall notify the Trustee and the Administrator of such determination. The Administrator shall compute the amount of the Governmental Unit's payment in respect of such amounts and shall notify the Trustee, the Credit Facility Issuer and the Governmental Unit, of the amount thereof. Reserve Payments under clauses (a) and (c) of the definition of "Reserve Payments" shall be billed to the Governmental Unit and shall be due within thirty (30) days of receipt of such notice. The remaining components of the Reserve Payment and the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program, shall be payable by the Governmental Unit in semiannual installments for the next ensuing semiannual period. The Financial Advisor shall notify the Governmental Unit at least ten (10) days prior to the first day of the month in which the new payment amount is to become effective, of the period (not exceeding six (6) months) for which such payment amount is to be in effect, the amount of each payment which the Governmental Unit is required to make during such period and the computations used to determine such payment. However, if at any time the Trustee determines that such payment amount, together with other funds available therefor, does not provide sufficient funds to pay the Governmental Unit's Pro-Rata Share of the Costs and Expenses of the Program allocable to the period for which such payment is to be in effect, and the Governmental Unit's Reserve Payment, if any, the Trustee shall so notify the Administrator and the Financial Advisor. The Financial Advisor, on behalf of the Sponsor shall increase the payment amount on the Loan then in effect by an amount sufficient to cure any deficiency in the payment of the Governmental Unit's Reserve Payment, its interest payment and its Pro-Rata Share of the Costs and Expenses of the Program by giving notice thereof to the Administrator. The Administrator shall recompute the amount of the Governmental Unit's semiannual payments and shall give the Governmental Unit notice of a revised payment and the computations used to determine such payment at least ten (10) days prior to the date such revised payment is to become effective, stating the period (not exceeding six (6) months) for which such revised additional payments are to be in effect, and the amount of each payment which the Governmental Unit is required to make during such period. The Administrator shall send to the Trustee and the Credit Facility Issuer duplicate copies of each statement to the Governmental Unit specifying the total payment due from the Governmental Unit, which shall specify the respective amounts of principal and interest due, the Reserve Payment amount, and the amount of any fees and expenses billed to the Governmental Unit on a semiannual basis pursuant to Section 3.5 hereof.

(d) As set forth in the Indenture, earnings and other moneys in the Payment Account in the Loan Reserve Fund shall be applied for the purposes set forth in Section 5.07 of the Indenture, including, where provided therein, to or for the benefit of the Governmental Unit. Notwithstanding any other provision contained in this Loan Agreement or in the Governmental Unit Note, all computations of the Reserve Payments and any other amounts due under this Loan Agreement or the Governmental Unit Note shall be made assuming that full principal and interest and other required payments will be received in respect of each Loan, whether or not such Loan is in default; it being the intention of the Sponsor that except as provided in the proviso at the end of Section 3.3(f) hereof, the Governmental Unit shall not bear any financial obligation arising because of a default in any Loan to any other party. Notwithstanding any provision of the Indenture or this Loan Agreement to the contrary, the Governmental Unit shall not be obligated to pay any portion of the costs of the Liquidity Facility or Remarketing Agent for the Bonds; provided, however, that in computing any amount to be included in the payments required of the Governmental Unit attributable to the interest on the Reserve Bonds, earnings on moneys in the Reserve Account shall first be applied to pay such costs of the Liquidity Facility and the Remarketing in respect of the Reserve Bonds, and only the remaining interest earnings on such monies shall be credited toward the interest on the Reserve Bonds in accordance with the Indenture in computing the Reserve Payment of the Governmental Unit.

(e) Reserved

(f) Notwithstanding anything herein to the contrary, the Costs and Expenses of the Program and the Reserve Payment shall not include any amounts attributable to the default of any other Governmental Unit, and the Governmental Unit Note and the principal amount thereof and interest thereon shall not be increased for any reason related to a redemption of the Bonds other than as a result of an Event of Default under this Loan Agreement; provided that the Governmental Unit's Reserve Payment and Pro Rata Share of the Costs and Expenses of the Program may be affected by reductions in the investment income on the Debt Service Reserve Fund and Loan Reserve Fund as consequence of the redemption of Bonds.

SECTION 3.4 PREPAYMENT OF LOAN.

(a) The Governmental Unit shall be entitled at the sole option of the Governmental Unit to prepay the Loan and the Governmental Unit Note in whole or in part on any date upon which the Bonds converted to a Long Fixed Rate in connection with this Loan may be redeemed or converted to another mode at the option of the Sponsor or may be called for mandatory tender by the Sponsor as provided in Exhibit "B" attached hereto, upon not less than one hundred twenty-nine (129) days prior written notice to the Sponsor, the Administrator and the Trustee.

(b) Any such prepayment in whole shall be made with the effect provided in Section 4.04 of the Indenture, it being understood that all prepayments must be made not less than one hundred twenty-nine (129) days in advance of any application thereof, unless the Indenture shall otherwise permit. The prepayment shall be in an amount equal to the sum of (A) accrued and unpaid interest on the Loan as of the date on which redemption or tender of the Bonds can occur following processing of such

notice and (B) the product obtained by multiplying (i) the outstanding principal amount of the Loan to be prepaid by (ii) the quotient obtained by dividing (y) the principal amount of the Bonds then Outstanding by (x) the amount of Program Assets (as defined in the Indenture) held by the Trustee, provided that the quotient shall not be less than 1.0. In no event, however, shall the prepayment amount for such prepayment in whole be less than the principal amount of the Loan then Outstanding plus accrued interest and any unpaid Reserve Payment amount due in respect of the Loan.

In the case of a partial prepayment of any Loan, the amount of any such prepayment which shall be applied to the reduction of the outstanding principal balance of the Loan shall be reduced by an amount equal to the sum of (A) the amount of interest which accrues on the Loan from the date of its deposit with the Trustee until the first Business Day which is not earlier than one hundred twenty-nine (129) days thereafter (the "Prepayment Effective Date") and (B) the difference between (1) the product obtained by multiplying (i) the outstanding principal amount of the Loan to be prepaid (as reduced by the amount described in clause (A) of this sentence) by (ii) the quotient obtained by dividing (y) the principal amount of the Bonds then Outstanding by (x) the amount of Program Assets on the Prepayment Effective Date, provided that the quotient shall not be less than 1.0 and (2) the outstanding principal amount of the Loan to be prepaid (as reduced by the amount described in clause (A) of this sentence).

Notwithstanding anything herein to the contrary, the one hundred twenty-nine (129) day periods mentioned in paragraphs (a) and (b) hereof may run concurrently. The Governmental Unit shall receive credit for any income from investment of the amount of any such prepayment. Any computation of the prepayment amount under this Section 3.4(b) shall be made assuming all payments are made by Participating Governmental Units, as provided in Section 3.3(d) hereof.

(c) The amount of any prepayment shall also include any amounts necessary to pay prepayment premiums, if any, to the holders of the Converted Bonds in connection with a redemption thereof from the proceeds of the prepayment.

(d) In determining the amount and effect of any prepayments under this Section 3.4, Program Assets shall include any unpaid Loans, including any unpaid Loans that may have been discharged in bankruptcy or declared void or unenforceable.

(e) In the event that the federal tax-exempt status of the Bonds shall be adversely affected by any use or investment of the proceeds of the Loan (whether in accordance with this Agreement or otherwise), the Sponsor shall have the right to require the Governmental Unit to prepay the Loan in whole upon not less than 120 days written notice to the Governmental Unit.

SECTION 3.5 RESERVE BONDS.

(a) The Governmental Unit hereby agrees and acknowledges that a principal amount of Bonds equal to the Governmental Unit's Pro-Rata Share of the sum of the Debt Service Reserve Fund Requirement and the Loan Reserve Fund Requirement (the "Reserve Bonds") are allocable to the Loan and with respect to which the Program

incurs costs and expenses. A like amount of moneys on deposit in the Debt Service Reserve Fund and the Loan Reserve Fund are to be invested in compliance with Section 6.02 of the Indenture. The Governmental Unit hereby acknowledges that pursuant to the Indenture, the amount of funds which may be used to pay Bonds or which may result in a Liquidation Shortfall is not limited to the amount of the Reserve Bonds, and that the full amount of the Debt Service Reserve Fund and the Loan Reserve Fund may be used as provided in the Indenture, including, among other things for payment of Bonds in the event of a default by the Governmental Unit.

(b) In the event that a default of the Governmental Unit results in the liquidation of investments in the Debt Service Reserve Fund or Loan Reserve Fund, the Governmental Unit will pay the "Liquidation Shortfall." "Liquidation Shortfall" shall mean the loss, if any, incurred by the Issuer as a result of such a liquidation versus the amount which would have been realized if such investments would have been sold at a price (exclusive of investment earnings thereon) equal to their purchase price.

In the event that for any other reason permitted under the Indenture (other than a default by another Governmental Unit) a draw upon the Loan Reserve Fund or the Debt Service Reserve Fund results in a liquidation of the investments therein, the Governmental Unit agrees to pay the Governmental Unit's Pro-Rata Share of the Liquidation Shortfall as a component of the Reserve Payment following such liquidation. No charges for the Liquidity Facility or Remarketing Agent in respect of the Reserve Bonds shall be borne by the Governmental Unit; however upon any determination by the Administrator that the investment earnings on the investment of funds allocable to the proceeds of the Reserve Bonds is projected to be insufficient to pay the interest on the Reserve Bonds (after first applying such earnings to pay the charges for the Liquidity Facility and the Remarketing Agent in respect of the Reserve Bonds), the Governmental Unit shall pay, as a component of the Reserve Payment such amounts as determined by the Administrator under Subsections 3.3(c) and (d) hereof. The Governmental Unit's obligations under this paragraph shall be subject to the limitations in Section 3.3(f).

SECTION 3.6 SPECIAL OBLIGATION OF GOVERNMENTAL UNIT TO PAY PRINCIPAL AND INTEREST AND ADDITIONAL LOAN CHARGES.

(a) Each Credit Facility Issuer may share with any other Credit Facility Issuer any information given to any of them by the Governmental Unit, including without limitation financial statements, and may also share such information with any participant of such Credit Facility Issuer, and any financial institution which is being solicited to become a participant of any Credit Facility Issuer. To the extent necessary to permit the foregoing, the Governmental Unit hereby waives any privilege or right to confidentiality, whether arising under statute or otherwise, it may have which would otherwise prohibit the foregoing sharing of information.

(b) Notwithstanding anything herein to the contrary, but subject to the provisions of this Section 3.6(b), the Governmental Unit hereby acknowledges and agrees to budget and appropriate, by amendment, if necessary, from Non-Ad Valorem Revenues lawfully available in each Fiscal Year, and deposit into the Revenue Fund and the Sinking Fund, as applicable, amounts sufficient to pay the principal of and interest on the Governmental Unit Note and all Additional Loan Charges, including

without limitation, the Reserve Payments and the amounts due in respect of Costs and Expenses of the Program. The Governmental Unit hereby covenants that in the event sufficient amounts have not been applied to pay such amounts, it will, to the extent permitted by law and subject to this Section 3.6(b), in each year in which any principal of and interest on the Governmental Unit Note and Additional Loan Charges may be due and payable in accordance with this agreement, budget and appropriate, by amendment, if required, from legally available Non-Ad Valorem Revenues, the sums required for payment of such amounts, and apply the same to the payment thereof.

Such covenant and agreement on the part of the Governmental Unit to budget and appropriate such amounts of legally available Non-Ad Valorem Revenues shall be cumulative, and shall continue until such legally available Non-Ad Valorem Revenues in amounts sufficient to pay the principal of and interest on the Governmental Unit Note and Additional Loan Charges provided for herein in respect of the Governmental Unit Note have been budgeted, appropriated and actually paid to the Trustee.

Notwithstanding the foregoing covenant of the Governmental Unit, the Governmental Unit does not covenant to maintain any services or programs, now provided or maintained by the Governmental Unit, which generate Non-Ad Valorem Revenues.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the Governmental Unit from pledging in the future its Non-Ad Valorem Revenues, nor does it require the Governmental Unit to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Trustee a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the Governmental Unit. Such covenant to budget and appropriate Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereinafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate in its general annual budget for the purposes and in the manner stated herein shall have the effect of making available in the manner described herein Non-Ad Valorem Revenues and placing on the Governmental Unit a positive duty to budget and appropriate, by amendment, if necessary, amounts sufficient to meet its obligations hereunder; subject, however, in all respects to the restrictions of Section 129.07, Florida Statutes, which provides, in part, that the board of county commissioners not expend, or contract for expenditure, in any Fiscal Year more than the amount budgeted in each fund's budget; and subject further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Governmental Unit or which are legally mandated by applicable law.

(c) The Loan and the Governmental Unit Note, and all payments due with respect thereto or under this Loan Agreement as principal and interest and Additional Loan Charges, shall be payable solely from the Non-Ad Valorem Revenues as provided herein. This Loan Agreement, the Loan and the Governmental Unit Note do not constitute a general obligation or indebtedness of the Governmental Unit, or a pledge of the faith, credit or taxing power of the Governmental Unit within the meaning of any constitutional or statutory provision or limitation. The Governmental Unit shall not be obligated (1) to exercise its taxing power to pay the principal of the Loan and the

Governmental Unit Note, the interest thereon or other payments or costs incident thereto or under this Loan Agreement, including Additional Loan Charges, or (2) to pay the same from any other funds of the Governmental Unit except from the Non-Ad Valorem Revenues, all in the manner provided herein. The acceptance of the Governmental Unit Note by the holder from time to time thereof shall be deemed an agreement between the Governmental Unit and such holder that the obligation to pay such principal of and interest on the Governmental Unit Note and such Additional Loan Charges shall not constitute a lien upon any property of the Governmental Unit, but shall constitute a lien only on the Pledged Funds, in the manner herein provided.

(d) Subject to the provisions of the Florida Constitution, nothing herein contained shall preclude the Governmental Unit from using any legally available funds, in addition to the Non-Ad Valorem Revenues, the Pledged Revenues and Pledged Funds herein provided, which may come into its possession, including but not limited to the proceeds of the Loan, contributions or grants, for the purpose of payment of the Loan, but the Governmental Unit shall have no obligation to use any such funds except, to the extent provided herein, the Non-Ad Valorem Revenues for payment of the principal of and interest on the Governmental Unit Note and such Additional Loan Charges.

This Loan and the Series C Loan constitute refinancings of the 1996 Bonds. Accordingly, the Governmental Unit expects utilize the same sources of Non Ad Valorem Funds previously pledged to the 1996 Bonds as the source of payment of all amounts due hereunder and under the Series C Loan Agreement. This paragraph shall not limit the obligation of the Governmental Unit to comply with all covenants contained in this Loan Agreement, the Governmental Unit Note or the Series C Loan.

(e) Except for the Loan and the Governmental Unit Note, and the Series C Loan and the Series C Note, the Governmental Unit shall not hereafter issue any additional obligations secured by all or any portion of the Limited Non-Ad Valorem Revenues as defined below ("Specific Lien Debt") or a covenant to budget and appropriate from Limited Non-Ad Valorem Revenues ("Budget Covenant Debt," together with the Specific Lien Debt, "Non-Ad Valorem Debt"), other than subordinated obligations, unless the following conditions are satisfied:

(A) The average of the total Limited Non-Ad Valorem Revenues in the two (2) preceding Fiscal Years shall equal or exceed 2.00 times the maximum annual debt service on all outstanding and proposed Non-Ad Valorem Debt.

(B) The total Limited Non-Ad Valorem Revenues for the preceding Fiscal Year, less (1) the Non-Ad Valorem Revenue Share of Essential Services Expenditures Amount as defined below and (2) the debt service on outstanding and proposed Specific Lien Debt for the next Fiscal Year, shall equal at least 1.10 times the maximum annual debt service on all outstanding and proposed Budget Covenant Debt.

For purposes of this Section 3.6(e), the following terms shall have the following meanings:

“Limited Non-Ad Valorem Revenues” means all revenues of the Governmental Unit derived from sources other than ad valorem taxation, other than enterprise fund revenues or restricted revenues of the Governmental Unit.

“Non-Ad Valorem Revenue Share of Essential Services Expenditures Amount” means the amount determined by multiplying the average total cost of the Essential Services for the preceding two (2) Fiscal Years by a fraction, the numerator of which is the total Limited Non-Ad Valorem Revenues for the preceding Fiscal Year and the denominator of which is the average total revenues of the Governmental Unit derived from all sources for the preceding two (2) Fiscal Years.

“Essential Services” means the total expenditures by the Governmental Unit for public safety and general governmental purposes as reported in the audited financial statements of the Governmental Unit.

This Section 3.6(e) shall not be deemed to modify or restrict the provisions of Section 3.6(b) hereof.

(f) Notwithstanding the foregoing, the Governmental Unit shall not incur additional indebtedness secured by or payable from all or a portion of the Non-Ad Valorem Revenues if an Event of Default (or an event which, once all notice or grace periods have passed, would constitute an Event of Default under this Loan Agreement) has occurred and is continuing unless such Event of Default shall be cured upon such incurrence.

SECTION 3.7 BENEFIT OF BONDHOLDERS AND ENHANCEMENT PROVIDER; COOPERATION BETWEEN PARTIES.

This Loan Agreement is executed in part to induce the purchase by others of the Bonds, the issuance by the Credit Facility Issuer of the Credit Facility, the issuance of Local Credit Enhancement, if any, and the execution and delivery by the Liquidity Facility Issuer of the Liquidity Facility and, accordingly, all covenants, agreements and representations on the part of the Governmental Unit and the Sponsor, as set forth in this Loan Agreement, are hereby declared to be for the benefit of the holders from time to time of the Bonds, and for the benefit of each such Credit Facility Issuer.

SECTION 3.8 TAX EXEMPTION; BONDS NOT TO BECOME ARBITRAGE BONDS.

Subject to the rights of the Governmental Unit under Section 1.2(i) and Section 1.3(x) hereof to use the facilities financed with the proceeds of the 1996 Bonds as contemplated thereby and except as otherwise provided in this Loan Agreement, the Governmental Unit shall take no action which would cause the interest on the Bonds to lose the exemption from federal income tax under Section 103 of the Internal Revenue Code of 1954, as amended, and in effect prior to the enactment of the Tax Reform Act of 1986, and the regulations issued thereunder (collectively, the “1954 Code”), as such exemption is carried forward in the exclusion of such interest from

gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, in accordance with Sections 1312 through 1319 of the Tax Reform Act of 1986.

Except as provided in this Loan Agreement, the Governmental Unit hereby covenants to the Sponsor and the holders of the Bonds that it will neither make nor cause to be made any investment or other use of the proceeds of the Loan which would cause the Bonds to be "arbitrage bonds" under Section 103 of the 1954 Code, as amended, and the regulations issued thereunder, and that it will comply with the requirements of such Section and regulations throughout the term of the Bonds, in accordance with any written directions of the Sponsor received by the Governmental Unit at the time the Loan is made, or such other specific written directions of the Sponsor as the Governmental Unit may receive so that no investment or use of the proceeds of the Loan would cause the Bonds to be "Arbitrage Bonds" under Section 103 of the 1954 Code or would otherwise adversely affect the tax-exempt status of the Bonds.

Notwithstanding any other provisions of this Agreement, the Governmental Unit shall not be liable to indemnify the Sponsor, the Program or any other parties for any costs or claims resulting from any adverse determination regarding the tax-exempt status of the Bonds in connection with the Loan or the use of the proceeds thereof for the purposes contemplated hereunder; provided, however, that nothing herein shall be deemed to excuse the Governmental Unit from such liability arising on account of a violation by the Governmental Unit of the provisions of this Loan Agreement.

SECTION 3.9 ASSIGNMENT OF SPONSOR'S RIGHTS.

(a) As the source of payment for the Bonds, the Sponsor will assign to the Trustee all the Sponsor's rights under the Governmental Unit Note and this Loan Agreement (except for the rights of the Sponsor, the Trustee, the Administrator and the Independent Contractor, if applicable, to receive reports and indemnity against claims, and the Sponsor's, Trustee's and Administrator's rights to enforce remedies pursuant to Section 3.5, 4.1, 4.2 and 5.4 hereof). The Governmental Unit will make all payments required under Sections 3.3, 3.4, 3.5 and 5.3 hereof directly to the Trustee without defense or setoff by reason of any dispute between the Governmental Unit and the Sponsor.

(b) The Indenture requires that the Credit Facility provide for payment of the principal of and interest on the Bonds when due if other moneys available under the Indenture are insufficient therefor, and that rights to the payment of any principal and/or interest paid by the Credit Facility Issuer shall be assigned to the Credit Facility Issuer. Under certain circumstances provided in the Indenture, this Loan Agreement and the Governmental Unit Note may be assigned to a Credit Facility Issuer or the issuer of a Local Letter of Credit.

SECTION 3.10 COVENANT REGARDING PLEDGED FUNDS; REVENUE FUND; SINKING FUND.

(a) Subject to Section 3.6(b) hereof, the Governmental Unit shall take all lawful action necessary or required to collect and receive and budget and appropriate

Non-Ad Valorem Revenues, for deposit to the Revenue Fund and Sinking Fund, as applicable, in amounts sufficient to provide an amount of Pledged Revenues to pay the principal of and interest on the Governmental Unit Note and such Additional Loan Charges as the same become due. The Governmental Unit further covenants that it has full power to pledge the Pledged Funds and the Pledged Revenues as provided in this Loan Agreement to the payment of the principal and interest and other amounts becoming due on the Governmental Unit Note and the Loan.

(b) There is hereby created and established the St. Johns County Florida, Gulf Breeze Loan Program 2004 Series B Loan Revenue Fund (the "Revenue Fund"). All amounts payable by the Governmental Unit hereunder, other than amounts required to be deposited directly into the Sinking Fund pursuant to this Section 3.10(b) shall be deposited into the Revenue Fund and held solely for the benefit of the holder of the Governmental Unit Note as provided in this Section 3.10(b). Commencing on March 15, 2004, and on the 15th day of each month thereafter, but subject to Section 3.6(b) hereof, the Governmental Unit shall deposit to the Revenue Fund, from Non-Ad Valorem Revenues, amounts sufficient to pay all Additional Loan Charges, including, without limitation, Reserve Payments and the payments in respect of the Costs and Expenses of the Program, if any then due. The Revenue Fund shall constitute a trust fund for the purposes herein provided and shall be kept separate and distinct from all other funds of the Governmental Unit and used only for the purposes and in the manner herein provided. Moneys on deposit in the Revenue Fund shall be invested in obligations in which the Project Loan Fund may be invested under the Indenture or as otherwise may be permitted by the Credit Facility Issuer, and all investment earnings shall be retained therein and used for the purposes thereof. Moneys in the Revenue Fund shall be applied to pay all amounts due hereunder as the same become due, other than amounts paid from the Sinking Fund. A separate fund is hereby created and designated the St. Johns County, Florida, Gulf Breeze Loan Program 2004 Series B Loan Sinking Fund (hereinafter called "Sinking Fund"). Fifteen days prior to each date upon which principal or interest shall be due on the Governmental Unit Note, but subject to Section 3.6(b) hereof, there shall be deposited into the Sinking Fund, from Non-Ad Valorem Revenues, amounts sufficient to pay (a) all of the interest on the Governmental Unit Note becoming due on such date, and (b) the principal of the Governmental Unit Note becoming due, if any, on such date. The designation and establishment of the Revenue Fund and the Sinking Fund pursuant to this Section 3.10 shall not be construed to require the establishment of any completely independent, self-balancing fund as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues of the Governmental Unit for certain purposes and to establish certain priorities for application of such revenues as herein provided. Moneys in the Sinking Fund shall be applied on each date on which principal or interest is payable on the Loan, to make such payment. Moneys in the Revenue Fund shall be applied to make all payments not paid from the Sinking Fund, when due under any provisions hereof.

SECTION 3.11 ALTERNATE SECURITY FOR GOVERNMENTAL UNIT NOTE.

The Governmental Unit reserves the right to secure the Governmental Unit Note with a Local Credit Enhancement acceptable in form and substance to the Credit Facility Issuer and the Administrator, and upon furnishing such Local Credit

Enhancement or other security, the provisions of Sections 3.6 and 3.10 hereof and the pledge of and lien upon the Pledged Funds and Pledged Revenues in favor of the Governmental Unit Note shall be released and discharged, in the manner and to the extent specified by the Credit Facility Issuer in writing. In addition, the Governmental Unit may release the provisions of Sections 3.6 hereof and defease the lien of this Loan Agreement upon the Pledged Funds and Pledged Revenues at any time provided it first provides the following to the Trustee and to the Credit Facility Issuer:

(a) Evidence that the Governmental Unit shall have paid, or shall have made provision for payment of, all amounts payable under this Loan Agreement. For purposes of the preceding sentence, deposit of direct obligations of the United States of America which are not subject to redemption prior to maturity at the option of the obligor (or, with the written approval of the Credit Facility Issuer, 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 Sponsor, the principal of and interest on which will be sufficient to pay when due all payments under this Loan Agreement, shall be considered "provision for payment".

(b) An opinion of nationally recognized bond counsel acceptable to the Sponsor and to the Credit Facility Issuer to the effect that (i) the lien of this Loan Agreement upon the Pledged Funds and Pledged Revenues has been defeased and (ii) the transaction resulting in such defeasance does not adversely affect the exemption from taxation of the interest on the Bonds.

(c) Verification by an independent certified public accountant of sufficiency of amounts deposited in escrow pursuant to paragraph (a).

SECTION 3.12 INTERLOCAL AGREEMENT.

This Loan Agreement, together with the Governmental Unit Note incorporated by reference herein, shall be deemed to be an Interlocal Agreement with the Sponsor within the meaning of Chapter 163, Part I, Florida Statutes, and shall be filed in accordance with the provisions of the Florida Intergovernmental Cooperation Law; that is, it shall be filed with the Clerks of the Circuit Court for Santa Rosa County and St. Johns County.

ARTICLE IV

COVENANTS OF THE GOVERNMENTAL UNIT

SECTION 4.1 REPORTS AND OPINIONS; INSPECTIONS.

(a) Until all amounts due under this Loan Agreement have been paid in full, the Governmental Unit shall deliver to the Sponsor, the Trustee and the Credit Facility Issuers, within thirty (30) days after the Governmental Unit's receipt thereof, an annual report prepared in accordance with generally accepted accounting principles applicable to the Governmental Unit, and certified by an independent certified public accountant (or accounting firm) reasonably satisfactory to the Sponsor, which shall include a balance sheet and income statement for the prior Fiscal Year in reasonable detail, and be accompanied by a certificate of the Governmental Unit stating that no Event of Default hereunder has occurred and is continuing hereunder.

(b) The Governmental Unit shall deliver to the Sponsor, the Credit Facility Issuer and the Trustee, not later than the 135th but not earlier than the 128th day following (i) in the case of a Loan secured by a Local Letter of Credit, the date of each Loan Payment pursuant to the terms of this Loan Agreement (whether by prepayment or regularly scheduled payment) or (ii) as to Loans not so secured, upon the final payment upon the Loan, a certificate of the Governmental Unit, or other evidence in form and substance satisfactory to the Trustee, to the effect that, during the period ending one hundred twenty-eight (128) days following such payment, no bankruptcy, insolvency or similar proceeding has been commenced by or against the Governmental Unit and that no other event has occurred which would have constituted an Event of Default under Section 5.1(f) of this Loan Agreement (except such as has been vacated, dismissed or discharged by an order which is not subject to further appeal). Notwithstanding the payment in full of the Loan, the Governmental Unit shall pay any charges incurred by the Sponsor or the Trustee in connection with any payment under the Credit Facility by reason of the Governmental Unit's failure to deliver such certificate or evidence on a timely basis. In addition, notwithstanding the payment in full of the Loan, the Governmental Unit shall pay to any Substitute Credit Facility Issuer an amount, if any, equal to the Credit Facility Issuer Rate per annum on the amount which was disbursed under the Credit Facility by reason of any payment of the Governmental Unit's Loan payment to the holders of the Bonds being deemed a Preference Payment (as such terms are defined in the Indenture), for the period between the disbursement of such amount under the Credit Facility and the repayment of such amount by the Governmental Unit.

(c) The Governmental Unit agrees to permit the Sponsor, the Trustee and the Credit Facility Issuers to examine, visit and inspect, at any reasonable time at the Governmental Unit's location, any accounts, books and records, including its receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, to the extent the same reasonably relate to the Loan and to supply such reports and information as the Sponsor, the Trustee or the Credit Facility Issuers may reasonably require.

SECTION 4.2 IMMUNITY OF SPONSOR.

In the exercise of the powers of the Sponsor and its members, officers, employees and agents under the Indenture or this Loan Agreement including (without limiting the foregoing) the application of moneys and the investment of funds, the Sponsor shall not be accountable to the Governmental Unit for any action taken or omitted with respect to the Financing Program or this Loan Agreement by it or its members, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred under this Loan Agreement. The Sponsor and its members, officers, employees and agents shall be protected in its or their acting upon any paper or documents believed by it or them to be genuine, and it or they may conclusively rely upon the advice of counsel and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the Governmental Unit for any claims based on the Indenture or this Loan Agreement against any member, officer, employee or agent of the Sponsor alleging personal liability on the part of such person unless such claims are based upon the bad faith, gross negligence, fraud or deceit of such person. To the extent permitted by law the Governmental Unit shall indemnify the Sponsor and any of its members, officers, employees or agents and save them harmless against any liability intended to be precluded by this Section resulting from the breach of this Loan Agreement by the Governmental Unit.

SECTION 4.3 COMPLIANCE WITH LAWS.

With respect to the Project being refinanced with the Financing Program, the Governmental Unit will at all times comply with all applicable requirements of federal (except as otherwise provided or acknowledged in this Agreement) and state laws and with all applicable lawful requirements of any agency, board, or commission created under the laws of the State of Florida or of any other duly constituted public authority; provided, however, that the Governmental Unit shall be deemed in compliance with this Section 4.3 so long as it is contesting in good faith any such requirement by appropriate legal proceedings.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

SECTION 5.1 EVENTS OF DEFAULT.

Each of the following events is hereby defined as, and declared to be and shall constitute, an "Event of Default":

(a) failure by the Governmental Unit to make any payment required to be made pursuant to Section 3.3(a) or (b) hereof on or before the date the same is due provided notice of such amount has been given as provided herein; or

(b) failure by the Governmental Unit to make any payment required to be made pursuant to any other provision hereof within thirty (30) days after the same is due and notice thereof has been furnished to the Governmental Unit; or

(c) with the exceptions of those covenants set forth in Section 3.3 hereof, failure by the Governmental Unit to perform any other covenant, condition or agreement on its part to be observed or performed under this Loan Agreement for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the Governmental Unit by the Sponsor, the Credit Facility Issuer or the Trustee; provided, however, that if such failure cannot reasonably be corrected within such thirty (30) day period, upon approval of the Credit Facility Issuer (which shall be granted if the Credit Facility Issuer reasonably believes the failure can be cured within one hundred eighty (180) days), the Governmental Unit shall not be deemed to have committed an Event of Default under this paragraph if it commences to cure such failure within such thirty (30) day period and thereafter pursues the curing thereof with diligence; or

(d) if any of the representations, warranties or certifications of the Governmental Unit under Section 1.2 hereof or otherwise made or delivered by the Governmental Unit in connection herewith shall prove to be false or misleading in any material respect; or

(e) (1) the Governmental Unit shall make an assignment for the benefit of creditors; (2) the Governmental Unit shall apply for or seek, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property; (3) the Governmental Unit shall fail to file an answer or other pleading denying the material allegations of any proceeding filed against it seeking to have the Governmental Unit adjudicated as bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of the Governmental Unit or its debts under any law relating to bankruptcy or insolvency; or (4) the Governmental Unit shall take any action to authorize or effect any of the actions set forth in Sections 5.1(e)(1) or (2); or

(f) (1) the Governmental Unit shall be adjudicated a bankrupt or become subject to an order for relief under federal bankruptcy law; (2) the Governmental Unit

shall institute any proceedings seeking an order for relief under federal bankruptcy law or seeking to be adjudicated a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy or insolvency; or (3) without the application, approval or consent of the Governmental Unit, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Governmental Unit, or a proceeding described in Section 5.1(e)(3) shall be instituted against the Governmental Unit and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of ninety (90) consecutive days; the mere declaration by the Governmental Unit of a state of financial emergency under Section 218.503, Florida Statutes, as amended, shall not, in and of itself, constitute a default under this Section 5.1(f); or

(g) if a Local Letter of Credit has been provided with respect to the Loan, the failure of the Governmental Unit to provide a replacement for any such Local Letter of Credit, which replacement has been approved in writing by the Credit Facility Issuer, by the fifteenth (15th) day prior to the expiration or non-renewal of the existing Local Letter of Credit.

SECTION 5.2 NO ACCELERATION.

The payment obligations of the Borrower under this Loan Agreement and the Governmental Unit Note are not subject to acceleration.

SECTION 5.3 PAYMENT OF LOAN ON DEFAULT; SUIT THEREFOR.

(a) The Governmental Unit covenants that, in case an Event of Default shall occur in the payment of any sum payable by the Governmental Unit under Section 3.3 of this Loan Agreement as and when the same shall become due and payable, then, upon demand of the Sponsor, the Credit Facility Issuer or the Trustee, but only upon direction of the Credit Facility Issuer, the Governmental Unit will pay, subject to the provisions of Section 3.6 hereof, to the Trustee (or its assignee) an amount equal to the sum of: (i) amounts which the Governmental Unit is obligated to pay under this Loan Agreement and (ii) such further amount as shall be sufficient to cover the costs and expenses of collection, including a reasonable compensation to the Sponsor, the Trustee, their agents, attorneys and counsel.

(b) In case the Governmental Unit shall fail forthwith to pay such amounts upon such demand, the Sponsor or the Trustee (or its assignee) shall be entitled and empowered but only upon direction of the Credit Facility Issuer, subject to the provisions of Section 3.6 hereof, to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Governmental Unit and collect in the manner provided by law.

(c) In case any proceedings shall be pending for the bankruptcy or for the reorganization of the Governmental Unit under the Federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Governmental Unit, or in case any other similar judicial proceedings

shall be pending relating to the Governmental Unit or to the creditors or property of the Governmental Unit, the Trustee (or its assignee) shall be entitled and empowered, to the extent permitted by law, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of the Loan made to the Governmental Unit pursuant to this Loan Agreement and for interest owing and unpaid in respect thereof and to file such proofs of claim and other papers or documents as may be necessary or advisable in order to prosecute the claims of the Trustee (or its assignee) in any such judicial proceedings relating to the Governmental Unit, its creditors, or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee (or its assignee), and to pay to the Trustee (or its assignee) any amount it requires for compensation and expenses, including reasonable counsel fees it has incurred up to the date of such distribution in connection with the Loan.

SECTION 5.4 OTHER REMEDIES.

(a) Whenever any Event of Default hereunder shall have occurred and be continuing, the Sponsor or the Trustee (or its assignee) shall, but only if directed by the Credit Facility Issuer, take whatever action at law or in equity as may appear necessary or desirable to collect the amounts payable by the Governmental Unit hereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Governmental Unit under this Loan Agreement, including the application of any undisbursed Loan proceeds to the reduction of the outstanding balance of such Loan.

(b) Whenever any Event of Default hereunder shall have occurred and be continuing, the Sponsor or the Trustee (or its assignee) may, but shall not be obligated to, perform for the account of the Governmental Unit any covenant or obligation in the performance of which the Governmental Unit is in default, in which event the Governmental Unit shall, subject to Section 3.6 hereof, immediately reimburse the Sponsor or the Trustee (or its assignee), as the case may be, upon demand for all expenses incurred by the Sponsor or the Trustee (or its assignee), as the case may be, in the course of such performance, including reasonable counsel fees, with interest from the date of such expenditure at the Prime Rate of the Liquidity Facility Issuer then in effect.

(c) No action taken pursuant to this Section 5.4 shall relieve the Governmental Unit from its obligations pursuant to Sections 3.3, 3.5 and 5.3 hereof, all of which shall survive any such action. The Sponsor or the Trustee (or its assignee) may, and upon direction of the Credit Facility Issuer, shall take whatever action at law or in equity as may appear necessary and desirable to collect the amounts then due and thereafter to become due from the Governmental Unit, or to enforce the performance and observance of any obligation, agreement or covenant of the Governmental Unit hereunder.

(d) Except as to the Sponsor's rights to indemnity and reports from the Governmental Unit hereunder, the Sponsor's right to enforce the remedies described

in this Section 5.4 shall not be exclusive, and the Credit Facility Issuers and the Trustee shall also have the right to enforce these remedies.

SECTION 5.5 CUMULATIVE RIGHTS.

No remedy conferred upon or reserved to the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) by this Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No waiver by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) of any breach by the Governmental Unit of any of its obligations, agreements or covenants hereunder shall be deemed a waiver of any subsequent breach, or a waiver of any other obligation, agreement or covenant, and no delay or failure by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) to exercise any right or power shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised by the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) from time to time and as often as may be deemed expedient.

SECTION 5.6 DISCONTINUANCE OF PROCEEDINGS.

In case the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee) shall have proceeded to enforce any right under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Sponsor, the Credit Facility Issuer or the Trustee (or its assignee), then and in every such case the Governmental Unit, the Sponsor, the Credit Facility Issuer and the Trustee (or its assignee) shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Governmental Unit, the Sponsor, the Credit Facility Issuer and the Trustee (or its assignee) shall continue as though no such proceeding had been taken, subject to any such adverse determination.

SECTION 5.7 NOTICE OF DEFAULT.

The Governmental Unit shall give the Trustee, the Credit Facility Issuer, the Liquidity Facility Issuer, each Local Credit Enhancement issuer or provider of any Local Letter of Credit and the Sponsor, a prompt written notice of any condition or occurrence which constitutes an Event of Default under Section 5.1 hereof immediately upon becoming aware of the existence thereof.

ARTICLE VI
MISCELLANEOUS

SECTION 6.1 LIMITATION OF LIABILITY.

In the event of any default by the Sponsor hereunder, the liability of the Sponsor or the Credit Facility Issuer to the Governmental Unit shall be enforceable only out of the moneys available under the Indenture and there shall be no other recourse for damages by the Governmental Unit against the Sponsor, the Credit Facility Issuer, its officers, members, agents and employees, or against any of the property now or hereafter owned by it or them.

Notwithstanding any other provisions of this Loan Agreement to the contrary, in the event of any default by the Governmental Unit hereunder, the liability of the Governmental Unit to pay amounts under the Governmental Unit Note and hereunder shall be enforceable only out of the sources provided hereunder and there shall be no other recourse for damages by the Sponsor or the Credit Facility Issuer against the Governmental Unit, its officers, members, agents and employees.

SECTION 6.2 NO PERSONAL RECOURSE.

Neither any member nor any officer, employee or agent of the Governmental Unit nor any person executing this Loan Agreement or Governmental Unit Note shall be personally liable on the Loan or the Bonds or this Loan Agreement by reason of the execution or issuance thereof.

SECTION 6.3 NOTICES.

Notice hereunder shall be effective upon receipt and shall be given by certified mail, return receipt requested, to:

As to the Sponsor:

City Manager
City of Gulf Breeze, Florida
P.O. Box 640
Gulf Breeze, Florida 32561

As to the Trustee:

SunTrust Bank
225 E. Robinson Street, Suite 250
Orlando, Florida 32801
Attn: Corporate Trust Division

As to the Governmental Unit:

St. Johns County, Florida

4020 Lewis Speedway
St. Augustine, Florida 32095
Attn: County Administrator
cc: County Attorney

As to the Credit Facility Issuer:

Financial Guaranty Insurance Company
125 Park Avenue, 5th Floor
New York, New York 10017
Attn: General Counsel

As to the Liquidity Facility Issuer:

Dexia Credit Local
New York Agency
450 Park Avenue
New York, New York 10022

SECTION 6.4 ILLEGAL OR INVALID PROVISIONS DISREGARDED.

In case any provision of this Loan Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, this Loan Agreement shall be construed as if such provision had never been contained herein.

SECTION 6.5 APPLICABLE LAW.

This Loan Agreement shall be deemed to be a contract made in Florida and governed by Florida law.

SECTION 6.6 ASSIGNMENTS.

The Governmental Unit shall not assign this Loan Agreement or any interest of the Governmental Unit herein, either in whole or in part. The Administrator on behalf of the Sponsor hereby assigns this Loan Agreement and the Governmental Unit Note attached hereto to the Trustee as provided in Section 3.9 hereof. Except as provided in Section 3.9 hereof this Loan Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

SECTION 6.7 AMENDMENTS.

This Loan Agreement may not be amended except by an instrument in writing signed by the parties and with the consent of each provider of a Local Letter of Credit, if any, and the Credit Facility Issuer, and, if such amendment occurs after the issuance of the Bonds, with consent of the Trustee if required by Section 8.03 of the Indenture.

SECTION 6.8 TERM OF AGREEMENT.

This Loan Agreement and the respective obligations of the parties hereto shall be in full force and effect from the date hereof until the principal of and all interest on the Loan shall have been paid in full and the Governmental Unit shall have complied with Section 4.1(b) hereof.

SECTION 6.9 HEADINGS.

The captions or headings in this Loan Agreement are for convenience of reference only and shall not control or affect the meaning or construction of any provision hereof.

SECTION 6.10 NOTICE OF EXPECTATION OF OBLIGATION TO MAKE CERTAIN PAYMENTS.

The Administrator shall promptly notify the Governmental Unit by telephone, followed by written notice, whenever earnings are reasonably expected to result in the Governmental Unit's obligation to make a Reserve Payment.

SECTION 6.11 ENTIRE AGREEMENT.

This Loan Agreement is the entire final agreement between the respective parties with respect to the Loan. This Loan Agreement incorporates provisions of the Indenture only to the extent expressly set forth in this Loan Agreement, and this Loan Agreement shall supersede all other agreements either written or oral between such parties with respect to the Loan.

SECTION 6.12 LIMITATION OF INVESTMENT EARNINGS CREDIT.

The Sponsor has reserved the right to determine the extent to which investment income on the other funds established under the Indenture (including any income from the Project Loan Fund) may be applied in determining the amount payable hereunder. The Governmental Unit will not receive as a credit against any payment due hereunder any amount of actual earnings on the proceeds of the Reserve Bonds, in excess of (a) fees and charges for the Liquidity Facility and Remarketing Agent in respect of the Reserve Bonds, (b) fees of the Trustee, Registrar and Paying Agent, and other applicable Costs and Expenses of the Program, and (c) interest on such Reserve Bonds. If such earnings are not sufficient to provide a credit for the items listed in (a) through (c) of the foregoing sentence, such earnings shall be applied in the priority in which such items are described, from (a) to (c).

CITY OF GULF BREEZE, FLORIDA

By: _____
Title: Mayor, City of Gulf Breeze,
Administrator

WITNESS:

ST. JOHN COUNTY, FLORIDA

(SEAL)

By: _____
Title: Chairman of the Board of County
Commissioners

ATTEST:

By: _____
Title: Clerk of the Board of County Commissioners

SUNTRUST BANK

Trustee

(SEAL)

By: _____
Title:

ATTEST:

By: _____
Title:

STATE OF FLORIDA

COUNTY OF SANTA ROSA

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that Lane Gilchrist, personally known to me to be the same person whose is Mayor of the City of Gulf Breeze, Florida, and Administrator of the City's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he, being thereunto duly authorized, signed in the presence of two subscribing witnesses and delivered the said instrument as the free and voluntary act of said City and as his own free and voluntary act, for the uses and purposes therein set forth and took an oath.

IN WITNESS WHEREOF, under my hand and notarial seal this ____ day of January, 2004.

(SEAL)

Notary Public

My Commission Ends: _____

Name: _____

Address: _____

Personally Known _____ or
Produced Identification _____
Type of Identification Produced _____

STATE OF FLORIDA

COUNTY OF ST. JOHNS

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that _____ and _____, personally known to me to be the same persons whose names are, respectively as Chairman and Clerk of the Board of County Commissioners of St. Johns County, Florida, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said County, and delivered the said instrument as the free and voluntary act of said County and as their own free and voluntary act, for the uses and purposes therein set forth and took an oath.

IN WITNESS WHEREOF, under my hand and notarial seal this _____ day of January, 2004.

(SEAL)

Notary Public

My Commission Ends: _____

Name: _____

Address: _____

Personally Known _____ or
Produced Identification _____
Type of Identification Produced _____

STATE OF FLORIDA
COUNTY OF ORANGE

I, _____, a Notary Public in and for the said County in the State aforesaid, do hereby certify that _____ and _____, personally known to me to be the same persons whose names are, respectively as _____ and _____ of SunTrust Bank, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said Bank, and delivered the said instrument as the free and voluntary act of said Bank and as their own free and voluntary act, for the uses and purposes therein set forth and took an oath.

IN WITNESS WHEREOF, under my hand and notarial seal this _____ day of January, 2004.

(SEAL)

Notary Public

My Commission Ends: _____

Name: _____

Address: _____

Personally Known _____ or
Produced Identification _____
Type of Identification Produced _____

EXHIBIT A

**UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF ST. JOHNS
GOVERNMENTAL UNIT NOTE**

For value received, St. Johns County, Florida (the "Governmental Unit"), a political subdivision, organized and existing under the laws of the State of Florida, hereby promises to pay to the Trustee under the Indenture (as hereafter defined) as assignee of the Sponsor (as hereafter defined), or to the Credit Facility Issuer, as its assignee, the principal sum of Ten Million Nine Hundred Thousand Dollars (\$[*Series B Loan Amount]), and to pay interest thereon from the date hereof, as follows:

(a) The principal hereof shall be paid in annual installments on the dates and in the amounts shown on "Schedule I" attached hereto; and the entire unpaid principal balance hereof, together with accrued interest hereon as provided below, shall be due and payable in full as set forth on said "Schedule I"; and

(b) Interest on the unpaid principal balance hereof shall be paid in semi-annual installments at the rates and on the dates shown on Schedule "I," in accordance with the terms of the Loan Agreement of even date herewith (the "Loan Agreement") between and among the City of Gulf Breeze, Florida (the "Sponsor"), the Governmental Unit and SunTrust Bank, as Trustee, the provisions of which are incorporated herein by reference.

In addition to such amounts specified in Schedule "I," the actual amounts due in repayment of the Loan shall also include the Additional Loan Charges, including without limitation, the Reserve Payments and payments due in respect of the Costs and Expenses of the Program (solely as defined and described in the Loan Agreement), if such payments shall be due pursuant to the provisions of Section 3.3 or 3.5 of the Loan Agreement. Any payment required to be made with respect to the Loan which is received later than its due date shall bear interest from such due date at a rate equal to the higher of the rate of interest on this Note or the Prime Rate, plus two per centum per annum (the "Default Rate").

As set forth in the Loan Agreement, a default of the Governmental Unit may also result in a requirement that the Governmental Unit make certain additional payments with respect to a portion of the Debt Service Reserve Fund, as defined in the Loan Agreement.

Notwithstanding anything otherwise contained in this Note, the interest rate on this Note and any other amounts payable by the Borrower under the Loan Agreement that are treated as interest under applicable law, shall not exceed the Maximum Rate as defined in the Loan Agreement; provided, that, in the event the imposition of such Maximum Rate shall ever cause the amount payable on this Note to be less than the amount of interest which would otherwise be computed pursuant to the Loan Agreement, this Note shall thereafter bear interest at the Maximum Rate until the

earlier of (1) the final maturity of this Note or (2) such time as the total amount of interest paid on this Note shall at such rate equals the amount of interest which would have been payable on this Note without regard to any Maximum Rate.

All payments made hereunder from amounts in the Sinking Fund under the Loan Agreement shall be applied first to payment of accrued interest on the unpaid principal balance hereof at the aforesaid rate, and then to reduction of principal. Amounts due under the Loan Agreement for principal of and interest on the Loan and for Additional Loan Charges, including without limitation, the Reserve Payments and the amounts due in respect of the Costs and Expenses of the Program, shall be paid solely from Non-Ad Valorem Revenues (as defined in the Loan Agreement). In the event the full amount of this Note is not disbursed, the payments of principal due hereunder shall be reduced ratably to reflect such reduction in the principal amount due hereunder, and a new Schedule "I" will be calculated by the Administrator.

The principal hereof and interest hereon shall be paid to the Trustee as Assignee of the Sponsor (or to the Credit Facility Issuer, as its assignee) at such place as the Trustee may designate in writing.

This Note evidences a loan made to the Governmental Unit pursuant to the Loan Agreement, to refund a portion of the Governmental Unit's outstanding \$16,990,000 Taxable Convention Center Revenue Bonds Series 1996, dated July 1, 1996 (the "1996 Bonds"), as described in the Loan Agreement (the "Financing Program") and the Governmental Unit has executed this Note to evidence all payments due under said Loan Agreement. Such Loan is being made by the Sponsor, from the proceeds of its Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985B (the "Bonds"). The Bonds are issued under a Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the "Indenture"), between the Sponsor and the Trustee.

This Note may be paid prior to maturity in the manner and with the premium, if any specified in Section 3.4 of the Loan Agreement.

The principal of and interest on the Governmental Unit Note and the Additional Loan Charges are payable solely from Non-Ad Valorem Revenues, in the manner, and subject to the limitations set forth in the Loan Agreement. The obligations of the Governmental Unit hereunder to pay all amounts are limited, special obligations payable from the Pledged Revenues in the manner, and subject to the limitations, set forth in the Loan Agreement. Pursuant to the Loan Agreement, the Governmental Unit has covenanted to budget and appropriate funds from its Non-Ad Valorem Revenues sufficient to pay such amounts due hereon, all in the manner, and subject to the limitations, provided in the Loan Agreement. This Note and all payments due hereunder do not constitute a general obligation or indebtedness of the Governmental Unit, or a pledge of the faith, credit or taxing power of the Governmental Unit within the meaning of any constitutional or statutory provision or limitation. The Governmental Unit shall not be obligated (1) to exercise its taxing power to pay the principal of this Note, the interest thereon or other payments or costs incident thereto or under the Loan Agreement, including Additional Loan Charges, or (2) to pay the same from any other funds of the Governmental Unit except from the Non-Ad Valorem Revenues, all in the manner provided in the Loan Agreement. The acceptance of this

Note by the holder from time to time hereof shall be deemed an agreement between the Governmental Unit and such holder that the obligation to pay principal of and interest on the Governmental Unit Note and the Additional Loan Charges, including without limitation the Reserve Payments and amounts due in respect of the Costs and Expenses of the Program, shall not constitute a lien upon any property of the Governmental Unit, but shall constitute a lien only on the Pledged Revenues, in the manner provided in the Loan Agreement.

The Governmental Unit shall be in default hereunder upon: (i) the nonpayment on or before the same is due of any payment described in paragraphs (a) or (b) of this Note or (ii) under the circumstances described in the Loan Agreement. In the event of such default hereunder, the holder hereof shall have any and all rights and remedies available to it under the Loan Agreement. No failure of the holder hereof to exercise any right hereunder shall be construed as a waiver of the right to exercise the same or any other right at any other time.

In addition to all other rights it may have, the holder hereof shall have the following rights, each of which may be exercised at any time: (i) to pledge, transfer or assign this Note in the manner prescribed herein or in the Loan Agreement and any renewals, extensions and modifications hereof, assigning therewith its rights in the Loan Agreement in accordance with the terms thereof and any such pledgee, transferee or assignee shall have all the rights of the holder hereof with respect to this Note and any renewals, extensions and modifications hereof and of the Loan Agreement so assigned therewith, and the holder hereof making such pledge, transfer or assignment shall be thereafter relieved from any and all liability with respect to the Loan Agreement so assigned; (ii) to notify the Governmental Unit or any other persons obligated under the Loan Agreement to make payment to the holder of this Note any amounts due or to become due thereon; and (iii) to apply any amounts received under or pursuant to the Loan Agreement against the principal of and interest on and other amounts payable under this Note.

A payment made on this Note by or on behalf of the Governmental Unit shall also be deemed a payment made under the Loan Agreement. This Note shall not be assigned unless the Loan Agreement is included in the assignment.

Upon the request of the holder hereof, this Note may be converted to a registered obligation and the Governmental Unit shall maintain books for the registrations of the transfer and exchange of this Note in compliance with the Florida Registered Public Obligations Act.

It is hereby certified and recited that all acts, conditions and things required to happen, exist and be performed, precedent to and in connection with the issuance of this Note, have happened, exist, and have been performed in due time, form and manner as required by the Constitution and laws of the State of Florida applicable thereto; and that the total indebtedness of the Governmental Unit, including this Note, does not exceed any constitutional, statutory or charter limitation.

The terms and conditions of the Loan Agreement are made a part of this Note as fully as if set forth in full herein. Except as otherwise provided herein, all capitalized

terms used herein which are defined in the Loan Agreement shall have the meanings set forth in the Loan Agreement.

IN WITNESS WHEREOF, St. Johns County, Florida, has issued this Governmental Unit Note and has caused the same to be manually signed by the Chairman of the Board of County Commissioners of St. Johns County, Florida, and the corporate seal of St. Johns County, Florida, to be affixed, impressed, lithographed or reproduced hereon, and attested by the Clerk of the Board of County Commissioners of St. Johns County, Florida, all as of this 1st day of March, 2004.

ST. JOHNS COUNTY, FLORIDA

(SEAL OF THE COUNTY)

By: _____
Title: Chairman of the Board of County
Commissioners

ATTEST:

By: _____
Title: Clerk of the Board of County Commissioners

SCHEDULE "T"

**[\$*SERIES B LOAN AMOUNT]
ST. JOHNS COUNTY, FLORIDA
GOVERNMENTAL UNIT NOTE
GULF BREEZE VRDS SERIES 1985B
DEBT SERVICE SCHEDULE
MARCH 1, 2004**

PAYMENTS DUE 3 BUSINESS DAYS PRIOR TO THE DATE	PRINCIPAL	INTEREST	FISCAL TOTAL
06/01/04		223,440.00	
12/01/04		223,440.00	446,880.00
06/01/05		223,440.00	
12/01/05		223,440.00	446,880.00
06/01/06		223,440.00	
12/01/06		223,440.00	446,880.00
06/01/07		223,440.00	
12/01/07	615,000.00	223,440.00	1,061,880.00
06/01/08		216,060.00	
12/01/08	625,000.00	216,060.00	1,057,120.00
06/01/09		207,310.00	
12/01/09	645,000.00	207,310.00	1,059,620.00
06/01/10		197,151.25	
12/01/10	665,000.00	197,151.25	1,059,302.50
06/01/11		185,513.75	
12/01/11	690,000.00	185,513.75	1,061,027.50
06/01/12		172,403.75	
12/01/12	715,000.00	172,403.75	1,059,807.50
06/01/13		158,103.75	
12/01/13	745,000.00	158,103.75	1,061,207.50
06/01/14		142,645.00	
12/01/14	775,000.00	142,645.00	1,060,290.00
06/01/15		125,982.50	
12/01/15	805,000.00	125,982.50	1,056,965.00
06/01/16		108,272.50	
12/01/16	845,000.00	108,272.50	1,061,545.00
06/01/17		89,260.00	
12/01/17	880,000.00	89,260.00	1,058,520.00
06/01/18		69,020.00	

12/01/18	920,000.00	69,020.00	1,058,040.00
06/01/19		47,400.00	
12/01/19	965,000.00	47,400.00	1,059,800.00
06/01/20		24,240.00	
12/01/20	1,010,000.00	24,240.00	1,058,480.00
TOTAL	\$[*Series B Loan Amount].00	\$5,274,245.00	\$16,174,245.00

**ST. JOHNS COUNTY, FLORIDA
PARTICIPATING GOVERNMENTAL UNIT
CONTINUING DISCLOSURE CERTIFICATE**

**Local Government Loan Program
Floating Rate Demand Revenue Bonds
Series 1985 B**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by St. Johns County, Florida (the "Borrower"), in connection with the execution and delivery on the date hereof of that certain Loan Agreement dated as of March 1, 2004 (the "Borrower Loan Agreement"), between SunTrust Bank (formerly SunTrust Bank, Central Florida, National Association) (as successor trustee to The Bank of New York, which succeeded AmSouth Bank, N.A. as trustee), Orlando, Florida, as Trustee (the "Trustee"), the City of Gulf Breeze, Florida (the "Issuer") acting by and through Lane Gilchrist, Mayor, as Administrator, and the Borrower, pursuant to which the Issuer is making a loan to the Borrower of a portion of the proceeds of the Issuer's Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 B ("Series B Bonds"). Such bonds were issued under and pursuant to a Trust Indenture dated as of December 1, 1985, as amended and restated as of July 1, 1986, as further amended and supplemented (the "Indenture"), between the Issuer and the Trustee. The Borrower agrees as follows:

Section 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Borrower in order to assist the remarketing agent or agents for the Series B Bonds (each a "Remarketing Agent") in complying with SEC Rule 15c2-12(b)(5).

Section 2. Definitions. The following capitalized terms shall have the following meanings:

"Administrator" shall mean the Mayor of the Issuer or any substitute administrator selected by the Issuer and approved by the Credit Facility Issuer (as defined in the Indenture).

"Annual Determination Date" shall mean the last day of each Fiscal Year.

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

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

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

“Fiscal Year” shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

“Governmental Units” shall mean the State or any city, county, special district, municipal corporation, political subdivision, port authority or other governmental entity described in Chapter 163, Part I, Florida Statutes, authorized to finance or refinance the costs of qualifying projects under Loan Agreements.

“Loan” shall mean the loan made by the Issuer to a Governmental Unit pursuant to the provisions of the Indenture and the applicable Loan Agreement.

“Loan Agreements” shall mean the Loan Agreements, between the Administrator on behalf of the Issuer, the Trustee and Participating Governmental Units.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories approved by the Securities and Exchange Commission are currently listed at <http://www.sec.gov/info/municipal/nrmsir.htm>.

“Participating Governmental Unit” shall mean any Governmental Unit which has received a Loan.

“Program” shall mean the Local Government Loan Program whereby the proceeds of the Series B Bonds are applied to finance or refinance qualifying projects for Participating Governmental Units pursuant to Loan Agreements and the Indenture.

“Reporting Governmental Unit” shall mean each Participating Governmental Unit which enters into a Loan Agreement on or after December 1, 1999 if the aggregate of the outstanding principal balances on all Series B Program Loans to such Participating Governmental Unit, as of the most recent Annual Determination Date, equals or exceeds an amount equal to twenty percent (20%) of the aggregate principal amount of the Series B Bonds outstanding on such Annual Determination Date. For purposes of determining whether a Participating Governmental Unit is a Reporting Governmental Unit, only the outstanding principal balances on all Series B Program Loans to such Participating Governmental Unit which are secured by the same fund, enterprise, revenues or account of such Participating Governmental Unit shall be taken into account. Not later than thirty (30) days after each Annual Determination Date, the Issuer will determine which Participating Governmental Units are Reporting Governmental Units and will provide written notice to each Reporting Governmental Unit and each Participating Governmental Unit that was a Reporting Governmental Unit as of the immediately preceding Annual Determination Date, stating that such Participating Governmental Unit has become, continues to be or has ceased to be, as the case may be, a Reporting Governmental Unit. The Issuer will provide such notice by (i) telecopier, telex or other telegraphic means (with receipt confirmed), provided that in each case a copy is mailed by registered or certified mail, postage prepaid, return receipt requested, or (ii) express mail or delivery service guaranteeing overnight delivery.

“Reporting Period” shall mean the period commencing on the Annual Determination Date on which the Borrower becomes a Reporting Governmental Unit and ending on the Annual Determination Date on which the Borrower ceases to be a Reporting Governmental Unit.

“Repository” shall mean each National Repository and each State Repository.

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

“Series B Bondholder” or “Holder” or “Holder of Series B Bonds” shall mean the registered owner of any Series B Bond (other than the bond registrar and paying agent for the Series B Bonds holding Series B Bonds tendered to it for payment pursuant to Article III of the Indenture prior to the purchase and payment for such Series B Bonds).

“Series B Bonds” shall mean the Issuer’s Local Government Loan Program Floating Rate Demand Revenue Bonds, Series 1985 B, dated December 30, 1985, issued in the original aggregate principal amount of \$100,000,000, and currently outstanding in the aggregate principal amount of \$92,830,000.

“Series B Program Loan” shall mean any Loan of any portion of the proceeds of the Series B Bonds to a Participating Governmental Unit.

“State” shall mean the State of Florida.

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

Section 3. Provision of Annual Reports.

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

(b) Not later than fifteen (15) business days prior to said date, the Borrower shall provide the Annual Report to the Dissemination Agent (if other than the Borrower). If the Borrower is unable to provide to the Repositories an Annual Report (other than the audited financial statements described in Section 4. (a)) by the date required in Section 3. (a), the Borrower shall

send a notice to (i) each National Repository or the Municipal Securities Rule Making Board and (ii) the State Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

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

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

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

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

(b) Financial information and operating data which is customarily included, or is otherwise appropriate for inclusion, in disclosure materials describing the security for obligations of Florida counties which are secured by a covenant to budget and appropriate from legally available non-ad valorem funds that is similar to the covenant to budget and appropriate from legally available non-ad valorem funds contained in the Borrower Loan Agreement which secures repayment of the Loan made to the Borrower pursuant to the Borrower Loan Agreement.

(c) If the Borrower's obligations under this Disclosure Certificate shall have terminated pursuant to the provisions of Section 5. hereof, notice of such termination.

The obligation to provide the information under Section 4. (a) and Section 4. (b) may be satisfied by providing a copy of the Borrower's comprehensive annual financial report to the extent the information required by Section 4. (a) and Section 4. (b) is contained therein. The information provided under Section 4. (b) may be included by specific reference to other documents which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, remarketing circular or remarketing supplement, it must be available from the Municipal Securities Rulemaking Board. The Borrower shall clearly identify each such other document so included by reference.

Section 5. Termination of Reporting Obligation. In the event the Borrower is or becomes a Reporting Governmental Unit, the Borrower's reporting obligations under this Disclosure Certificate shall terminate upon (a) receipt of written notice from the Issuer that the

Borrower has ceased to be a Reporting Governmental Unit, and (b) the filing of an Annual Report containing the notice described in Section 4. (c) hereof.

Section 6. Dissemination Agent. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this Disclosure Certificate.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Borrower may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule as of December 1, 1999, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

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

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

Section 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report, in addition to that which is required by this Disclosure Certificate. If the Borrower chooses to include any information in any Annual Report in addition to that which is specifically required by this Disclosure Certificate, the

Borrower shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report.

Section 9. Default. In the event of a failure of the Borrower to comply with any provision of this Disclosure Certificate the Trustee may (and at the request of the Remarketing Agent, the Issuer or the Holders of at least 25% aggregate principal amount of Outstanding Series B Bonds, shall), or the Issuer or any Holder or Beneficial Owner of the Series B Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Borrower to comply with this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture or the Borrower Loan Agreement.

Section 10. Notices. Notice hereunder shall be effective upon receipt and shall be given by certified mail, return receipt requested, to:

As to the Issuer:

City of Gulf Breeze
Attn: City Manager
P.O. Box 640
Gulf Breeze, Florida 32561

As to the Trustee:

SunTrust Bank
Attn: Corporate Trust Division
225 E. Robinson Street, Suite 250
Orlando, Florida 32801

As to the Borrower:

St. Johns County
Attn: Finance Department
P.O. Box 300
St. Augustine, FL 32085

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

removal of the Dissemination Agent and the termination of the obligations of the Borrower under this Disclosure Certificate.

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

Dated: March 1, 2004.

ST. JOHNS COUNTY, FLORIDA

By: _____
Karen R. Stern, Chair, Board of County
Commissioners

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Borrower: St. Johns County, Florida
Name of Bond Issue: City of Gulf Breeze, Florida, Local Government Loan Program
Floating Rate Demand Revenue Bonds, Series 1985 B, dated as of
December 30, 1985
Date of Issuance: December 30, 1985

NOTICE IS HEREBY GIVEN that the Borrower has not provided an annual report with respect to the above-referenced Series 1985 B Bonds as required by Sections 3 and 4 of the Continuing Disclosure Certificate dated March 1, 2004, executed and delivered by the Borrower in connection with the loan of a portion of the proceeds of the Series 1985 B Bonds pursuant to a Loan Agreement dated as of March 1, 2004, between SunTrust Bank (formerly SunTrust Bank, Central Florida, National Association, the City of Gulf Breeze, Florida, acting by and through Lane Gilchrist, Mayor, as Administrator), and the Borrower. [The Borrower anticipates that the annual report will be filed by _____.]

Dated: _____

ST. JOHNS COUNTY, FLORIDA

By: _____
Its: _____

ESCROW DEPOSIT AGREEMENT

dated as of March 1, 2003

by and between

ST. JOHNS COUNTY, FLORIDA
a political subdivision of the State of Florida (the "Issuer")

and

J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION
(the "Escrow Holder")

ESCROW DEPOSIT AGREEMENT

This **ESCROW DEPOSIT AGREEMENT**, dated as of March 1, 2004, by and between the **ST. JOHNS COUNTY, FLORIDA**, a political subdivision of the State of Florida (the "Issuer"), and J.P. Morgan Trust Company, National Association, a national banking association organized under the laws of the United States of America, as Escrow Holder (the "Escrow Holder");

W I T N E S S E T H :

WHEREAS, the Issuer has previously authorized and issued obligations of the Issuer as hereinafter set forth defined as the "Refunded Bonds", as to which the current Aggregate Debt Service (as hereinafter defined) is set forth on Schedule A; and

WHEREAS, the Issuer has determined to provide for payment of the current Aggregate Debt Service of the Refunded Bonds (the "Escrowed Debt Service," as defined herein) by depositing with the Escrow Holder pursuant to the provisions hereof, cash and securities, which together with earnings thereon, will be at least equal to such sum; and

WHEREAS, in order to obtain the funds needed for such purpose, the Issuer has authorized and is, concurrently with the delivery of this Agreement, issuing a certain Governmental Unit Note more fully described herein; and

WHEREAS, based upon the verification report of _____ (the "Verification Report"), the amount to be on deposit from time to time in the Escrow Account, as defined herein, will be sufficient to pay the Escrowed Debt Service;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Issuer and the Escrow Holder agree as follows:

SECTION 1. DEFINITIONS

As used herein, the following terms mean:

"1996 Bonds" shall mean the \$16,990,000 St. Johns County, Florida, Taxable Convention Center Revenue Bonds, Series 1996, dated July 1, 1996.

"Aggregate Debt Service" means, as of any date, the sum of all present and future Annual Debt Service payments then remaining unpaid with respect to the Refunded Bonds (together with the applicable redemption premium) as set forth on Schedule A.

"Agreement" means this Escrow Deposit Agreement.

"Annual Debt Service" means, in any year, the principal of and interest on the Refunded Bonds coming due in a particular year as shown on Schedule A attached hereto.

"Escrow Account" means the account hereby created and entitled Escrow Account established and held by the Escrow Holder pursuant to this Agreement in which cash and investments will be held for payment of the Refunded Bonds, including the redemption premium on the Refunded Bonds as they are redeemed, and Expenses, if any.

"Escrow Holder" means J.P. Morgan Trust Company, National Association, having its principal corporate trust office in _____, and its successors and assigns.

"Escrow Requirement" means, as of any date of calculation, the sum of an amount in cash and investments in the Escrow Account which, together with the interest due on the investments, will be sufficient to pay, as the installments thereof become due, the Escrowed Debt Service and to pay when due all Expenses, if any, then unpaid and to make the payments on the dates provided.

"Escrowed Debt Service" shall mean that portion of the Aggregate Debt Service (together with the applicable redemption premium) shown on Schedule A attached hereto to be paid from the Escrow Account as provided herein.

"Expenses" means the expenses (including contractual obligations incurred with respect to the Refunded Bonds) set forth on Schedule B attached hereto and hereby made a part hereof.

"Federal Securities" means 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, or such other obligations which are, in the opinion of nationally recognized bond counsel, legal for the defeasance of the Refunded Bonds.

"Governmental Unit Note" shall mean the Governmental Unit Note authorized pursuant to Resolution No. _____, duly adopted by the Issuer on January ____, 2004 and issued to evidence the indebtedness made under Section 3.1 of the Loan Agreement.

"Issuer" means St. Johns County, Florida, a political subdivision of the State of Florida.

"Loan Agreement" shall mean the instrument, as amended and supplemented in accordance therewith, constituting one of the Loan Agreements relating to the Program Bonds, dated as of March 1, 2004 entered into by and among the Sponsor, the Issuer, and the Trustee and Lane Gilchrist, Mayor, acting on behalf of the Sponsor, as Administrator, to advance refund the Refunded Bonds.

"Municipal Insurer" shall mean Financial Guaranty Insurance Company, as issuer of the bond insurance policies for the Program Bonds and the Governmental Unit Note.

"Original Resolution" shall mean Resolution No. 95-117 duly adopted by the Issuer on June 13, 1995, as amended and supplemented.

"Paying Agent" means J.P. Morgan Trust Company, National Association, as successor to Southtrust Bank of Florida, N.A., as the Paying Agent for the Refunded Bonds.

"Program Bonds" means the \$100,000,000 aggregate principal amount of the City of Gulf Breeze Floating Rate Demand Revenue Bonds, Series 1985B, the proceeds of which have been used to fund the Governmental Unit Note.

"Refunded Bonds" means that portion of the 1996 Bonds being refunded with the proceeds of the Governmental Unit Note designated on Schedule A.

"Sponsor" means the City of Gulf Breeze, Florida a municipal corporation of the State of Florida, as issuer of the Program Bonds.

"Substitute Securities" means securities as defined in Section 5(b) of this Agreement.

SECTION 2. DEPOSIT OF FUNDS

The Issuer hereby deposits \$_____ with the Escrow Holder in immediately available funds, to be held in irrevocable escrow by the Escrow Holder and applied solely as provided in this Agreement. The Issuer represents that:

(a) Such funds are all derived as follows:

(1) \$_____ from the net proceeds of the Governmental Unit Note,

(2) \$_____ from the moneys held by the Issuer in the Debt Service Fund under the Original Resolution for payment of principal and interest on the Refunded Bonds,

(3) \$_____ from the moneys held by the Issuer in the Acquisition Fund under the Original Resolution for payment of the redemption price of the Refunded Bonds, and

(4) \$_____ from the moneys held by the Issuer in the Debt Service Reserve Fund under the Original Resolution for payment of principal and interest on the Refunded Bonds.

(b) Based upon the Verification Report, such funds, when applied pursuant to Section 3 below, will at least equal the Escrow Requirement as of the date hereof.

SECTION 3. USE AND INVESTMENT OF FUNDS

The Escrow Holder acknowledges receipt of the sum described in Section 2 and agrees:

(a) to hold the funds and investments purchased pursuant to this Agreement in irrevocable escrow during the term of this Agreement,

(b) to deposit \$_____ from the sources described above in cash in the Escrow Account,

(c) to immediately invest \$_____ of such funds in the Federal Securities described on Schedule C attached hereto, and

(d) to deposit in the Escrow Account, as received, the receipts of maturing principal of and interest on the Federal Securities in the Escrow Account.

SECTION 4. PAYMENT OF REFUNDED BONDS AND EXPENSES

(a) Refunded Bonds. On each date set forth on Schedule A in respect of the principal, interest and premium, if any, due on the Refunded Bonds, the Escrow Holder shall pay to the Paying Agent for the Refunded Bonds, but only from the cash on hand in the Escrow Account, a sum sufficient to pay the Escrowed Debt Service for the Refunded Bonds coming due or to be called for redemption on such date, as shown on Schedule A.

(b) Expenses. All expenses of the Escrow Holder and the Paying Agent and Registrar for the Refunded Bonds have been paid from proceeds of the Governmental Unit Note and none of such fees shall be paid from funds on deposit in the Escrow Account.

(c) Surplus. After making the payments from the Escrow Account described in Subsection 4(a) above, the Escrow Holder shall pay to the Issuer any remaining cash in the Escrow Account in excess of the Escrow Requirement to be used for capital expenditures of the Issuer.

(d) Priority of Payments. The holders of the Refunded Bonds shall have an express first lien on the funds and investments in the Escrow Account until such funds and investments are used and applied as provided in this Agreement.

(e) The Escrow Holder shall not be liable for the accuracy of the calculations as to the sufficiency of the funds so applied to equal the Escrow Requirement or to otherwise be sufficient to make timely payment of the Aggregate Debt Service and Expenses. So long as the Escrow Holder applies the cash and the proceeds of the Federal Securities and the earnings therefrom as provided herein, the Escrow Holder

shall not be liable for any deficiencies in the amounts necessary to make timely payment of the Aggregate Debt Service and Expenses caused by such calculations.

SECTION 5. REINVESTMENT

(a) Except as provided in Section 3 hereof, and in this Section, the Escrow Holder shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions of the Federal Securities held hereunder. The Escrow Holder shall not be liable or responsible for any loss resulting from any investment made in the Federal Securities or in any Federal Securities acquired pursuant to Subsection (b) below or from the holding of any cash in the Escrow Account as uninvested cash.

(b) At the written request of the Issuer and upon compliance with the conditions hereinafter stated, the Escrow Holder shall sell, transfer, otherwise dispose of or request the redemption of any of the investments acquired hereunder and shall either apply the proceeds thereof to the full discharge and satisfaction of the Refunded Bonds or substitute other Federal Securities lawful and sufficient for the timely payment and defeasance of the Escrowed Debt Service on the Refunded Bonds ("Substitute Securities") for such investments. The Escrow Holder shall not dispose of any such investments until it has confirmed the receipt of such Substitute Securities. The Issuer will not request the Escrow Holder to exercise any of the powers described in the two preceding sentences in any manner which would cause any Program Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1954, as amended, and the regulations thereunder. The transactions may be effected only if (i) a nationally recognized independent certified public accountant shall verify that the cash and principal amount of Substitute Securities and investments remaining on hand after the transactions are completed, together with the interest due thereon, will be not less than the Escrow Requirement, and (ii) the Escrow Holder shall receive an unqualified opinion from a nationally recognized bond counsel or tax counsel to the effect that the transactions are permitted under the documents authorizing the issuance and sale of the Refunded Bonds and the Governmental Unit Note and will not affect tax-exempt status of the Program Bonds.

SECTION 6. REDEMPTION OR ACCELERATION OF MATURITY

The Refunded Bonds shall be irrevocably called for redemption on January 1, 2007. The Issuer will not otherwise postpone or accelerate the maturity or due date of the Refunded Bonds so as to modify the Escrowed Debt Service. The Escrow Holder shall cause the Paying Agent for the Refunded Bonds to give notice of such redemption and of defeasance on behalf of the Issuer in the manner and at the times required by the Original Resolution, the form of which notices are attached hereto as Exhibit "I".

SECTION 7. INDEMNITY

Neither the Sponsor nor the Escrow Holder shall be liable for, and the Issuer hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to the extent permitted by law, to indemnify, protect, save and keep harmless the Sponsor and the Escrow Holder and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against at any time, the Escrow Holder or the Sponsor (whether or not also indemnified against the same by the Issuer or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Account, established hereunder, the acceptance of the funds and securities deposited therein, the purchase and retention of the investments hereunder or the proceeds thereof and any payment, transfer or other application of funds or securities by the Escrow Holder in accordance with the provisions of this Agreement; provided, however, that the Issuer shall not be required to indemnify the Sponsor or the Escrow Holder against its own negligence or willful misconduct. In no event shall the Issuer or Escrow Holder be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this section shall survive the termination of this Agreement. Nothing in this Agreement shall be construed to be a waiver of sovereign immunity.

SECTION 8. RESPONSIBILITIES OF ESCROW HOLDER

The Escrow Holder and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance of the funds deposited therein, the purchase of the Federal Securities, the retention of the Federal Securities or the proceeds thereof or any payment, transfer or other application of money or securities by the Escrow Holder in any non-negligent act, non-negligent omission or non-negligent error of the Escrow Holder made in good faith in the conduct of its duties. The Escrow Holder shall, however, be liable to the Issuer for its negligence or willful misconduct, omissions or errors which violate or fail to comply with the terms of this Agreement. The duties and obligations of the Escrow Holder shall be determined by the express provisions of this Agreement. The Escrow Holder may, with the written approval of the Issuer, consult with bond counsel to the Issuer, at the expense of the Issuer, and in reliance upon the opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Holder shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Issuer.

SECTION 9. RESIGNATION OF ESCROW HOLDER

The Escrow Holder may resign and thereby become discharged from the duties and obligations hereby created, by notice in writing given to the Issuer. Such resignation shall take effect immediately upon the appointment of a successor Escrow Holder hereunder, if such new Escrow Holder shall be appointed before the time limited by such notice and shall then accept the duties and obligations thereof.

SECTION 10. REMOVAL OF ESCROW HOLDER

(a) The Escrow Holder may be removed at any time by an instrument or concurrent instruments in writing, executed by the Municipal Insurer, or, if the Municipal Insurer is in default under the bond insurance policy securing the Program Bonds (the "Bond Insurance Policy"), the holders of not less than fifty-one per centum (51%) in aggregate principal amount of Refunded Bonds then outstanding, such instruments to be filed with the Issuer, and notice in writing given by such holders or by the Municipal Insurer to the registered owners of the Refunded Bonds, not less than sixty (60) days before such removal is to take effect as stated in such instrument or instruments. Photographic copy of any instrument filed with the Issuer under the provisions of this paragraph shall be delivered by the Issuer to the Escrow Holder.

(b) The Escrow Holder may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Agreement with respect to the duties and obligations of the Escrow Holder, by any court of competent jurisdiction upon the application of the Issuer or the Municipal Insurer.

SECTION 11. SUCCESSOR ESCROW HOLDER

(a) If at any time hereafter the Escrow Holder shall resign, be removed, be dissolved or otherwise become incapable of acting, or shall be taken over by any governmental official, agency, department or board, the position of Escrow Holder shall thereupon become vacant. If the position of Escrow Holder shall become vacant for any of the foregoing reasons or for any other reason, the Issuer shall, but only with the written approval of the Municipal Insurer or the corporate successor or successors thereof, which approval shall not be unreasonably withheld, appoint an Escrow Holder to fill such vacancy. The Issuer shall promptly mail a notice thereof to the registered owners of the Refunded Bonds.

(b) If at any time within one (1) year after such vacancy shall have occurred, the Issuer has not appointed a successor Escrow Holder pursuant to subsection 11(a) hereof, the Municipal Insurer, or, if the Municipal Insurer is then in default under the Bond Insurance Policy, the holders of a majority in principal amount of Refunded Bonds then outstanding, by an instrument or concurrent instruments in writing, executed by the Insurer, or in the case of bondholders all such bondholders and filed with the governing body of the Issuer, may appoint a successor Escrow Holder. Photographic copies of each such instrument shall be delivered promptly by the Issuer, to the predecessor Escrow Holder and to the Escrow Holder so appointed by the bondholders.

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

(d) If the Escrow Holder shall merge with another banking or other institution with trust powers, or sell substantially all of its corporate trust business, the survivor institution shall assume and be bound by the Escrow Holder's obligations hereunder without the necessity of execution of any instrument; however, written notice shall be provided to the Issuer. Upon receipt of such notice by the Issuer, the Issuer shall have the right, at its option, to appoint a successor Escrow Holder.

SECTION 12. TERM

This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Bonds have been paid and discharged in accordance with the proceedings authorizing the Refunded Bonds, and all amounts held by the Escrow Holder hereunder have been applied in accordance herewith. Upon any cessation or termination of services of the Escrow Holder for any reason hereunder, the Escrow Holder shall refund the ratable portion of any Escrow Holder's fees advanced for services not performed.

SECTION 13. DUTIES OF ESCROW HOLDER

The Escrow Holder, in its capacity as Escrow Holder, is not a party to, nor is it bound by nor need it give consideration to, the terms or provisions of any other agreement or undertaking between the Issuer and other persons. The Escrow Holder assents to and is to give consideration only to the terms and provisions of this Agreement. Unless it is specifically provided, the Escrow Holder has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer or the trustees or other fiduciaries under the indentures, resolutions, or ordinances securing the Refunded Bonds. The Escrow Holder's sole duty hereunder is to safeguard the Escrow Account and to invest, dispose of, and deliver it in accordance with this Agreement. If, however, the Escrow Holder is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Holder shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in the event of error in making such determination, the Escrow Holder shall be liable only for its own gross negligence or willful misconduct.

SECTION 14. SEVERABILITY

If any one or more of the covenants or agreements provided in this Agreement on the part of the Issuer or the Escrow Holder to be performed should be determined by a

court of competent jurisdiction to be contrary to law, such covenant or agreements herein contained shall be null and void and shall be severed from the remaining covenants and agreements and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. BUSINESS DAYS

Whenever under the terms of this Agreement the performance date of any act to be done hereunder shall fall on a day upon which banking institutions in the city where the Escrow Holder is located is not open for the receipt of banking deposits, the performance thereof on the next following day on which banking institutions in the city where the Escrow Holder is located is open for the acceptance of banking deposits shall be deemed to be in full compliance with this Agreement.

SECTION 16. COUNTERPARTS

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

SECTION 17. GOVERNING LAW

This Agreement shall be construed under the laws of the State of Florida.

SECTION 18. SECURITY FOR ACCOUNTS AND FUNDS

The moneys and Federal Securities in the Escrow Account shall not be considered as a banking deposit by the Issuer, but shall be deemed to be held in escrow as provided herein.

SECTION 19. AMENDMENTS AND MODIFICATIONS

No material modification or amendment of this Agreement or of any amendment or supplement hereto, may be made in respect of the Refunded Bonds without the consent in writing of the Municipal Insurer, the parties hereto and the owners of the Refunded Bonds then outstanding; provided that this Agreement may be amended, changed, modified and altered without the consent of the Holders of the Refunded Bonds but with only the consent of the Municipal Insurer, so long as it guarantees the principal and interest on the Program Bonds, (i) to cure any ambiguity, correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein, (ii) to implement the provisions of Section 5(b) hereof, or (iii) to provide other changes which will not as of such date have a material adverse affect upon the interest of such Holder of Refunded Bonds, but only if, in each case, in the opinion of a nationally recognized bond counsel, such modification or amendment will

not affect the exclusion of interest on the Program Bonds from gross income for purposes of Federal income taxation of interest or have a material adverse effect upon the interests of such Holder of Refunded Bonds.

SECTION 20. THIRD PARTY BENEFICIARIES

The Municipal Insurer and the Sponsor are expressly made third party beneficiaries of this Agreement with the right to receive the benefits hereunder and to enforce the provisions hereof against the parties hereto. This Agreement may not be modified or amended without the prior written consent of the Municipal Insurer.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and their official seals to be hereunto affixed and attested as of the date first above written.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

By: _____
Its:

ATTEST:

By: _____
Its:

**J.P. MORGAN TRUST COMPANY,
NATIONAL ASSOCIATION**
as Escrow Holder

(SEAL)

By: _____
Its:

ATTEST:

By: _____
Its:

SCHEDULE A

- A-1 - Aggregate Debt Service**
 - A-2 - Description of Refunded Bonds**
 - A-3 - Schedule of Escrowed Debt Service**
 - A-4 - Escrow Cash Flow**
-

A-1 - Aggregate Debt Service

A-2 - Description of Refunded Bonds

\$16,990,000 St. Johns County, Florida Taxable Convention Center Revenue Bonds Series 1996 of which \$15,990,000 principal amount is outstanding on the date hereof.

A-3 - Schedule of Escrowed Debt Service

A-4 - Escrow Cash Flow

SCHEDULE B
(Expenses)

J.P. Morgan Trust Company, National Association, as Escrow Holder: \$-0-.

All fees have been paid at the time of execution of the Escrow Deposit Agreement. The fees of the Paying Agent in respect of the Refunded Bonds have been paid in full through the date of redemption of the Refunded Bonds.

SCHEDULE C
(Federal Securities for Investment)

EXHIBIT "I"

FORM OF NOTICE OF REDEMPTION

Re: \$16,990,000 St. Johns County, Florida Taxable Convention
Center Revenue Bonds Series 1996

Notice is hereby given to the holders of the above indicated bonds (the "Refunded Bonds"), that on January 1, 2007 (the "Redemption Date"), all outstanding bonds not maturing on such date, being the principal amount of \$7,120,000, will be redeemed. In accordance with the provisions of the resolution authorizing the issuance of such Refunded Bonds, the redemption price (the "Redemption Price") to be paid upon surrender of such Refunded Bonds will be 102% of the bonds to be refunded maturing on January 1, 2008 through 2026, plus interest accrued from the most recent interest payment date to the Redemption Date. The Refunded Bonds should be surrendered at the offices of the below named Escrow Holder at _____.

There have been set aside with _____ (the "Escrow Holder") certain moneys which are sufficient to provide for payment of the Redemption Price of the Refunded Bonds, which are identified below. Upon deposit of such funds with the Escrow Holder, the Refunded Bonds will cease to bear interest from the Redemption Date, whether or not such Refunded Bonds are surrendered for payment. The maturity dates, bond numbers, principal amounts and CUSIP numbers of the Refunded Bonds are as follows:

Maturity Date (July 1)	Bond Nos.	Principal Amount Refunded	CUSIP	No.:
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By: _____
Its: _____

Dated: _____

FORM OF NOTICE OF DEFEASANCE

Re: Certain of the \$16,990,000 St. Johns County, Florida Taxable Convention Center Revenue Bonds Series 1996, dated July 1, 1996

Notice is hereby given to the holders of the above indicated bonds (the "Refunded Bonds"), that on March 1, 2004 the following Government Obligations were placed on deposit with J.P. Morgan Trust Company, National Association as Escrow Holder. The maturing principal and interest of such Government Obligations will be sufficient to pay when due the principal, accreted value, interest and redemption premium due on January 1, 2007 (the "Redemption Date") of the Refunded Bonds described below. Such Refunded Bonds will be called for redemption in accordance with the provisions of the resolution authorizing the issuance of such Refunded Bonds at a redemption price (the "Redemption Price") to be paid upon surrender of such Refunded Bonds of 102% of the bonds to be refunded maturing on January 1, 2008 through 2026, plus interest accrued from the most recent interest payment date to the Redemption Date.

Government Obligations

Upon deposit of such Government Obligations with the Escrow Holder, the Refunded Bonds will cease to bear interest from the Redemption Date, whether or not such Refunded Bonds are surrendered for payment. The maturity dates, bond numbers, principal amounts and CUSIP numbers of the Refunded Bonds are as follows:

Maturity Date (July 1)	Bond Nos.	Principal Amount Defeased	CUSIP	No.:
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In accordance with the provisions of the resolution authorizing the issuance of the Refunded Bonds, upon deposit of such Government Obligations with the Escrow Holder, the lien of the Refunded Bonds upon the funds pledged to the payment thereof under said resolution will be defeased.

ST. JOHNS COUNTY, FLORIDA

Dated: _____

By: _____
Its: