

RESOLUTION NO. 2005- 204

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, PROVIDING FOR THE REFUNDING OF THE COUNTY'S OUTSTANDING CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 1998 AND THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN CAPITAL PROJECTS IN ST. JOHNS COUNTY, FLORIDA; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$23,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS, SERIES 2005, TO FINANCE ALL OR A PART OF THE COSTS OF SUCH REFUNDING AND THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF SUCH CAPITAL PROJECTS; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH SERIES 2005 BONDS CERTAIN MONEYS DISTRIBUTED TO THE COUNTY FROM THE STATE OF FLORIDA REVENUE SHARING TRUST FUND FOR COUNTIES PURSUANT TO CHAPTER 218, PART II, FLORIDA STATUTES, AS AMENDED, ALL MONEYS ON DEPOSIT IN AND INVESTMENTS HELD FOR THE CREDIT OF CERTAIN FUNDS CREATED HEREUNDER AND THE EARNINGS ON SUCH INVESTMENTS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT PROVIDING FOR THE PAYMENT OF THE SERIES 1998 BONDS; APPOINTING THE ESCROW HOLDER TO SERVE UNDER SAID ESCROW DEPOSIT AGREEMENT; AUTHORIZING A NEGOTIATED SALE AND THE AWARD OF THE SALE OF THE SERIES 2005 BONDS, AND APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A PURCHASE CONTRACT WITH RESPECT TO THE SERIES 2005 BONDS; AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT WITH RESPECT TO THE SERIES 2005 BONDS; APPOINTING THE REGISTRAR AND PAYING AGENT FOR THE SERIES 2005 BONDS AND APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A REGISTRAR AND PAYING AGENCY AGREEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE; RATIFYING THE COUNTY'S ACCEPTANCE OF THE INSURER'S COMMITMENTS RELATING TO A BOND INSURANCE POLICY AND A RESERVE ACCOUNT INSURANCE POLICY WITH RESPECT TO THE SERIES 2005 BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERLOCAL AGREEMENT BETWEEN THE COUNTY AND ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF THE SERIES 2005 BONDS; AND PROVIDING AN EFFECTIVE DATE.

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

ARTICLE 1

GENERAL

Section 1.1 Definitions.

When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

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

“Act” shall mean Chapter 125, Part I, Florida Statutes, as amended; St. Johns County Ordinance No. 86-89, as amended; Chapter 218, Part II, Florida Statutes, as amended; and other applicable provisions of law.

“Additional Bonds” shall mean the obligations issued at any time under the provisions of Section 5.2 hereof on a parity with the Series 2005 Bonds.

“Additional Project” shall mean the acquisition, construction, erection, renovation or reconstruction of capital projects and shall include all property rights, appurtenances, easements, rights of way, franchises and equipment relating thereto and deemed necessary or convenient for the acquisition, construction, erection, renovation, reconstruction, or the operation thereof which shall be authorized by the Act and financed in whole or in part with the proceeds of Additional Bonds.

“Amortization Installment” shall mean the amount designated and established as an Amortization Installment with respect to any Term Bonds by Supplemental Resolution.

“Annual Audit” shall mean the annual audit prepared pursuant to the requirements of Section 5.6 hereof.

“Authorized Depository” shall mean the State Board of Administration of Florida or a bank or trust company in the State which is eligible under the laws of the State to receive funds of the Issuer.

“Authorized Investments” shall mean any of the following which shall be authorized from time to time by applicable laws of the State for deposit or purchase by the Issuer for the investment of its funds:

(1) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and stripped and zero coupon obligations), or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

(2) Bonds, debentures or notes or other evidences of indebtedness payable in cash issued by any one or a combination of any of the following federal agencies whose obligations represent the full faith and credit of the United States of America: Export Import Bank of the United States, Federal Financing Bank, Farmers Home Administration, Federal Housing Administration, Maritime Administration, Public Housing Authority and Government National Mortgage Association.

(3) Certificates of deposit properly secured at all times by collateral security described in either or both of paragraphs (1) and (2) of this definition or in the collateral provisions of Chapter 280, Florida Statutes, as amended, and issued by commercial banks, savings and loan associations or mutual savings banks chartered by the State or the United States of America, and bank trust receipts issued by commercial banks or trust companies chartered by the State or the United States of America upon any securities described in paragraph (1) of this definition.

(4) The following investments fully insured by the Federal Deposit Insurance Corporation: (A) certificates of deposit, (B) savings accounts, (C) deposit accounts, or (D) depository receipts of a bank, savings and loan association or mutual savings bank.

(5) Commercial paper rated in one of the two highest rating categories by at least two nationally recognized rating agencies or commercial paper backed by a letter of credit or line of credit rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's.

(6) Written repurchase agreements with any bank, savings institution or trust company which is insured by the Federal Deposit Insurance Corporation, or with any broker-dealer with retail customers which falls under Securities Investors Protection Corporation protection, provided that such repurchase agreements are fully secured by collateral described in (1) above or obligations of any agency or instrumentality of the United States of America, and provided further that (A) such collateral is held by a bank or trust company chosen by the Issuer which has no interest in the repurchase agreement during the term of such repurchase agreement, (B) such collateral is not subject to liens or claims of third parties, (C) such collateral has a market value (determined at least once every 30 days) at least equal to the amount invested in the repurchase agreement, (D) the entity holding the collateral has a perfected first security interest

in the collateral for the benefit of the Bondholders, (E) the agreement shall be for a term not longer than 270 days and (F) the failure to maintain such collateral at the level required in (C) above will require the entity holding the collateral to liquidate the collateral.

(7) Money market funds rated in the highest rating category by Moody's Investors Service and Standard & Poor's.

(8) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Chapter 218, Part IV, Florida Statutes, as amended, or any similar common trust fund which is established pursuant to State law as a legal depository of public moneys.

(9) Obligations of state or local government municipal bond issuers that are rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's.

(10) Such other obligations as shall be permitted to be legal investments of the Issuer by the laws of the State.

Rating categories when referred to herein shall be without regard to gradations within such categories, such as "plus" or "minus."

"Authorized Issuer Officer" for the performance on the behalf of the Issuer of any act of the Issuer or the execution of any instrument on behalf of the Issuer shall mean any person authorized by resolution or certificate of the Issuer to perform such act or sign such document.

"Bond Amortization Account" shall mean the separate account of that name in the Debt Service Fund established pursuant to Section 4.4 hereof.

"Bond Counsel" shall mean any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Bond Insurance Policy" shall mean the municipal bond new issue insurance policy or policies issued by an Insurer guaranteeing the payment of the principal of and interest on any portion of the Bonds.

"Bond Year" pertaining to any Series shall mean the annual period commencing each year on the day after the day of the year on which the Bonds of such Series mature, whether or not Bonds of such Series mature in every year or in the Bond Year under consideration (except that the first Bond Year for every Series shall commence on the date of issuance of the Bonds of such Series), and ending on the next succeeding day of the year which shall be such day of the year on which the Bonds of such Series mature. Each Bond Year shall be designated with the number of the calendar year in which such Bond Year ends.

“Bondholder” or “Holder” or “holder” shall mean any Person who shall be the registered owner of any Outstanding Bond or Bonds according to the registration books of the Issuer.

“Bonds” shall mean the Series 2005 Bonds, together with any Additional Bonds and any Subordinated Indebtedness which accedes to the status of Bonds pursuant to Section 5.4 hereof.

“Book Entry Form” or “Book Entry System” means, with respect to the Series 2005 Bonds, a form or system, as applicable, under which (1) the ownership of beneficial interests in Series 2005 Bonds and debt service payments on Series 2005 Bonds may be transferred only through a book entry and (2) physical Series 2005 Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Series 2005 Bond certificates “immobilized” in the custody of the Depository.

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

“Chair” shall mean the Chair or the Vice Chair of the Governing Body or such other person as may be duly authorized by the Issuer to act on his or her behalf.

“Clerk” shall mean the Clerk of the Governing Body of the Issuer or such other person as may be duly authorized by the Issuer to act on his or her behalf.

“Code” shall mean the United States Internal Revenue Code of 1986, as the same may be amended from time to time, and the regulations thereunder, whether proposed, temporary or final, promulgated by the Department of the Treasury, Internal Revenue Service, and all other promulgations of said service pertaining thereto.

“Construction Fund” shall mean the Construction Fund established pursuant to Section 4.3 hereof.

“Continuing Disclosure Certificate” shall mean the Continuing Disclosure Certificate of the Issuer with respect to the Series 2005 Bonds, substantially in the form attached hereto as Exhibit F and incorporated herein by reference.

“Cost” when used in connection with a Project, shall mean (1) the Issuer’s cost of physical construction; (2) costs of acquisition by or for the Issuer of such Project; (3) costs of land and interests therein and the cost of the Issuer incidental to such acquisition; (4) the cost of any indemnity and surety bonds and premiums for insurance during construction; (5) all interest due to be paid on the Bonds and other obligations relating to the Project during the construction period of such Project and for a reasonable period thereafter; (6) engineering, legal and other consultant fees and expenses; (7) costs and expenses incidental to the issuance of the Bonds including bond insurance premium, rating agency fees and the fees and expenses of any auditors,

Paying Agent, Registrar, Credit Bank or depository; (8) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Issuer (other than the Bonds) incurred for such Project; (9) costs of machinery or equipment required by the Issuer for the commencement of operation of such Project; and (10) any other costs properly attributable to the issuance of the Bonds, and such construction or acquisition, as determined by generally accepted accounting principles and may include reimbursement to the Issuer for any such items of Cost heretofore paid by the Issuer. Any Supplemental Resolution may provide for additional items to be included in the aforesaid Costs.

“County Revenue Sharing Funds” shall mean the moneys distributed to the Issuer from the State of Florida Revenue Sharing Trust Fund for Counties pursuant to Chapter 218, Part II, Florida Statutes, as amended, including moneys designated as the Issuer’s “guaranteed entitlement” and “second guaranteed entitlement” thereunder.

“Credit Bank” shall mean as to any particular Series of Bonds, the Person (other than an Insurer) providing a letter of credit, a line of credit or another credit or liquidity enhancement facility, as designated in the Supplemental Resolution providing for the issuance of such Bonds.

“Credit Facility” shall mean as to any particular Series of Bonds, a letter of credit, a line of credit or another credit or liquidity enhancement facility (other than an insurance policy issued by an Insurer), as approved in the Supplemental Resolution providing for the issuance of such Bonds.

“County Administrator” shall mean the County Administrator of the Issuer.

“Debt Service Fund” shall mean the Debt Service Fund established pursuant to Section 4.4 hereof.

“Debt Service Requirement” for any Bond Year shall mean the sum of:

(1) The aggregate amount required to pay the interest becoming due on the Bonds, other than Capital Appreciation Bonds, during such Bond Year, except to the extent that such interest shall have been provided by payments into the Interest Account out of Bond proceeds or other sources for a specified period of time. For purposes of this definition, the interest due on any such Bonds which shall have a variable rate of interest shall be assumed to be the greater of (a) 110% of the daily average interest rate on such Variable Rate Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period that such Bonds shall have been outstanding, or (b) the actual rate of interest borne by such Variable Rate Bonds on the date of calculation.

(2) The aggregate amount required to pay the principal becoming due on the Bonds, other than Capital Appreciation Bonds, for such Bond Year. For purposes of this definition: (a) the stated maturity date of any Term Bonds shall be disregarded and the principal of such Term Bonds shall be deemed to be due in the Bond Years and in the amounts of the Amortization Installments applicable to such Term Bonds; and (b) the principal amount of any single maturity of Term Bonds for which the Issuer shall have established no Amortization Installments shall be deemed to be due in the Bond Years and in such amounts as shall provide

for the amortization of such principal amount over a term equal to the number of years such Term Bonds shall be Outstanding to such maturity and in equal annual installments of combined principal and interest; provided, however, that if the Issuer has employed a Credit Facility in connection with any such Term Bonds having no Amortization Installments the amortization of such Term Bonds shall be deemed to correspond to the applicable terms of such Credit Facility.

(3) The aggregate amount required to pay the Accreted Value due on any Capital Appreciation Bonds maturing in such Bond Year.

"Debt Service Reserve Surety Bond" shall mean the Reserve Account Insurance Policy relating to the Series 2005 Bonds to be provided by the Insurer.

"Depository" means any securities depository that is a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of beneficial interests in Series 2005 Bonds, and to effect transfers of Series 2005 Bonds, in Book Entry Form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

"Escrow Account" shall mean the Escrow Account held for the benefit of the holders of the Refunded Bonds by the Escrow Holder under the Escrow Deposit Agreement.

"Escrow Deposit Agreement" shall mean the Escrow Deposit Agreement with respect to the Refunded Bonds which shall be executed and delivered by and between the Issuer and the Escrow Holder, which agreement shall be in substantially the form attached hereto as Exhibit D and incorporated herein by reference.

"Escrow Holder" shall mean the bank or trust company which shall execute the Escrow Deposit Agreement with the Issuer and which will be appointed pursuant to Section 8.3 of this Resolution.

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

"Federal Securities" shall mean direct obligations of the United States of America and obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, none of which permit redemption prior to maturity at the option of the obligor. Federal Securities shall include any certificates or any other evidences of an ownership interest in the aforementioned obligations or in specified portions thereof (which may consist of specified portions of the interest thereon).

"Financial Guaranty Insurance Policy" shall mean the Bond Insurance Policy relating to the Series 2005 Bonds to be provided by the Insurer.

"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.

“Governing Body” shall mean the Board of County Commissioners of the Issuer or its successor in function.

“Initial Project” shall mean all or part of the capital projects described in Exhibit A attached hereto and incorporated herein, and related improvements, fixtures, furnishings and equipment, as more particularly described in and in accordance with certain plans on file or to be on file with the Issuer, to be financed with the proceeds of the Series 2005 Bonds, with such changes, deletions, additions or modifications as shall be designated and approved by Supplemental Resolution in accordance with the Act, provided the Issuer receives an opinion of Bond Counsel to the effect that the exclusion of interest on the Series 2005 Bonds from gross income for federal income tax purposes will not be adversely affected by such Supplemental Resolution of the Issuer.

“Insurer” shall mean such Person as shall be in the business of insuring or guaranteeing the payment of principal of and interest on municipal securities and whose credit is such that, at the time of any action or consent required or permitted by the Insurer pursuant to the terms of this Resolution, all municipal securities insured or guaranteed by it are then rated, because of such insurance or guarantee, in one of the two most secure grades by either Moody’s Investors Service or Standard and Poor’s, and with respect to any Series of Bonds, the Insurer which shall have insured or guaranteed payment of the principal of or interest on such Bonds; and with respect to the Series 2005 Bonds, shall mean MBIA Insurance Corporation, a stock insurance company incorporated under the laws of the State of New York.

“Interest Account” shall mean the separate account of that name in the Debt Service Fund established pursuant to Section 4.4 hereof.

“Interest Date” shall mean such date or dates for the payment of interest on a Series of Bonds as shall be provided herein or by Supplemental Resolution.

“Interlocal Agreement” shall mean, with respect to the Series 2005 Bonds, the Interlocal Reimbursement Agreement to be executed and delivered between the Issuer and St. Johns County Community Redevelopment Agency, substantially in the form attached hereto as Exhibit G and incorporated herein by reference.

“Issuer” shall mean St. Johns County, Florida.

“Maximum Debt Service Requirement” shall mean, as of any particular date of calculation, the greatest annual Debt Service Requirement for the Bonds for the then current or any future Bond Year.

“Maximum Interest Rate” shall mean, with respect to any particular Variable Rate Bonds, a numerical rate of interest, which shall be set forth in the Supplemental Resolution delineating the details of such Bonds, that shall be the maximum rate of interest such Bonds may at any time bear in the future in accordance with the terms of such Supplemental Resolution.

“Moody’s Investors Service” shall mean Moody’s Investors Service, Inc. the nationally recognized securities rating firm, and any successor or successors thereto; and if such corporation shall be dissolved or liquidated or shall no longer perform securities rating functions,

shall mean any other nationally recognized securities rating firm designated by the Issuer and approved by the Insurer and/or the Credit Bank, as applicable.

“Outstanding” shall mean all Bonds theretofore and thereupon being authenticated and delivered, except (1) any Bond in lieu of which another Bond or other Bonds have been issued under an agreement to replace lost, mutilated or destroyed Bonds, (2) any Bond surrendered by the Holder thereof in exchange for another Bond or other Bonds under Section 2.6 and Section 2.8 hereof, (3) Bonds deemed to have been paid pursuant to Section 9.1 hereof, and (4) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity.

“Paying Agent” shall mean, with respect to the Series 2005 Bonds, the Person designated as such pursuant to Section 8.4 hereof and its successors and assigns, and with respect to any other Series of Bonds, any paying agent for such Series of Bonds appointed by or pursuant to Supplemental Resolution and its successors or assigns, and any other Person which may at any time be substituted in its place pursuant to Supplemental Resolution.

“Person” shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

“Pledged Funds” shall mean the Pledged Revenues and, until applied in accordance with the provisions of this Resolution, the proceeds of the Bonds and all moneys, including investments thereof, in the Restricted Revenue Account and the Debt Service Fund.

“Pledged Revenues” shall mean County Revenue Sharing Funds received by the Issuer in any State fiscal year in an amount equal to 50% of the County Revenue Sharing Funds received by the Issuer in the prior State fiscal year.

“Preliminary Official Statement” shall mean the preliminary official statement relating to the Series 2005 Bonds, substantially in the form attached hereto as Exhibit C and incorporated herein by reference.

“Prerefunded Obligations” shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (1) which are (a) not callable prior to maturity or (b) as to which irrevocable instructions have been given to the fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (2) which are fully secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or Federal Securities, secured in the manner set forth in Section 9.1 hereof, which fund may be applied only to the payment of such principal of, redemption premium, if any, and interest on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as the case may be, (3) as to which the principal of and interest on the Federal Securities deposited in such fund with any cash on deposit in such fund, are sufficient, as verified by an independent certified public accountant, to pay principal of, redemption premium, if any, and interest on the bonds or other obligations on the maturity date or dates thereof or on the

redemption date or dates specified in such irrevocable instructions, and (4) which are rated in the highest rating category of Standard & Poor's and of Moody's Investors Service.

"Principal Account" shall mean the separate account of that name in the Debt Service Fund established pursuant to Section 4.4 hereof.

"Project" shall mean the Initial Project and any Additional Project.

"Purchase Contract" shall mean the Bond Purchase Agreement to be executed by the Issuer and the Underwriters, substantially in the form attached hereto as Exhibit B and incorporated herein by reference.

"Rebate Fund" shall mean the Rebate Fund established pursuant to Section 4.4 hereof.

"Redemption Price" shall mean, with respect to any Bond or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or Supplemental Resolution.

"Refunded Bonds" shall mean the Issuer's outstanding Capital Improvement Revenue Bonds, Series 1998, dated as of October 15, 1998.

"Registrar" shall mean, with respect to the Series 2005 Bonds, the Person designated as such pursuant to Section 8.4 hereof and its successors and assigns, and with respect to any other Series of Bonds, any registrar for such Series of Bonds appointed by or pursuant to Supplemental Resolution and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to Supplemental Resolution.

"Registrar and Paying Agency Agreement" shall mean, with respect to the Series 2005 Bonds, the Registrar, Paying Agent and Authenticating Agent Agreement, between the Issuer and the Registrar and Paying Agent, substantially in the form attached hereto as Exhibit E and incorporated herein by reference.

"Reserve Account" shall mean the separate account of that name in the Debt Service Fund established pursuant to Section 4.4 hereof.

"Reserve Account Insurance Policy" shall mean the insurance policy deposited in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.5(A)(4).

"Reserve Account Letter of Credit" shall mean a Credit Facility (other than a Reserve Account Insurance Policy) issued by any bank or national banking association, insurance company or other financial institution and then on deposit in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.5(A)(4) hereof.

"Reserve Account Requirement" shall mean, as of any date of calculation, an amount equal to the lesser of (1) the Maximum Debt Service Requirement, (2) 125% of the average annual Debt Service Requirement, or (3) 10% of the proceeds of each Series of

Outstanding Bonds. In computing the Reserve Account Requirement, the interest rate on Variable Rate Bonds shall be assumed to be the greater of (a) 110% of the daily average interest rate on such Variable Rate Bonds during the twelve (12) months ending with the month preceding the date of calculation, or such shorter period of time that such Bonds shall have been Outstanding, or (b) the actual rate of interest borne by the Variable Rate Bonds on such date of calculation.

“Resolution” and “this Resolution” shall mean this instrument, as the same may from time to time be amended, modified or supplemented by any and all Supplemental Resolutions.

“Restricted Revenue Account” shall mean the separate account of that name in the Revenue Fund established pursuant to Section 4.4 hereof.

“Revenue Fund” shall mean the Revenue Fund established pursuant to Section 4.4 hereof.

“Securities” shall mean Federal Securities and Prerefunded Obligations.

“Serial Bonds” shall mean all of the Bonds other than the Term Bonds.

“Series” shall mean all the Bonds delivered on original issuance in a simultaneous transaction and identified pursuant to Section 2.1 and Section 2.2 hereof or in a Supplemental Resolution authorizing the issuance by the Issuer of such Bonds as a separate Series, regardless of variations in maturity, interest rate, Amortization Installments or other provisions.

“Series 2005 Bonds” shall mean the Issuer’s Capital Improvement Revenue and Refunding Bonds, Series 2005, authorized pursuant to Section 2.2 hereof.

“Standard & Poor’s” shall mean Standard & Poor’s, a division of The McGraw-Hill Companies, the nationally recognized securities rating firm, and any successor and successors thereto; and if such corporation shall be dissolved or liquidated or shall no longer perform securities rating functions, shall mean any other nationally recognized securities rating firm designated by the Issuer and approved by the Insurer and/or the Credit Bank, as applicable.

“State” shall mean the State of Florida.

“Subordinated Indebtedness” shall mean that indebtedness of the Issuer, subordinate and junior to the Bonds, issued in accordance with the provisions of Section 5.1 hereof and any Variable Rate Bonds which become Subordinated Indebtedness in accordance with Section 5.2 hereof.

“Supplemental Resolution” shall mean any resolution of the Issuer amending or supplementing this Resolution, adopted and becoming effective prior to the issuance of the Series 2005 Bonds or in accordance with the terms of Section 7.1, Section 7.2 and Section 7.3 hereof.

"Taxable Bond" shall mean any Bond which states, in the body thereof, that the interest income thereon is includable in the gross income of the Holder thereof for federal income taxation purposes.

"Term Bonds" shall mean those Bonds which shall be designated as Term Bonds hereby or by Supplemental Resolution and which are subject to mandatory redemption by Amortization Installments.

"Underwriters" shall mean RBC Dain Rauscher and Banc of America Securities LLC.

"Unrestricted Revenue Account" shall mean the separate account of that name in the Revenue Fund established pursuant to Section 4.4 hereof.

"Variable Rate Bonds" shall mean Bonds issued with a variable, adjustable, convertible or other interest rate which at the date of issue is not fixed as one or more stated percentages for the entire term of such Bonds.

The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the singular number include the plural number, and vice versa.

Section 1.2 Authority for Resolution.

This Resolution is adopted pursuant to the provisions of the Act.

Section 1.3 Resolution to Constitute Contract.

In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds and shall be a part of the contract of the Issuer with any Credit Bank and any Insurer. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds and for the benefit, protection and security of any Credit Bank and any Insurer. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

Section 1.4 Findings.

It is hereby ascertained, determined and declared as follows:

(A) The Issuer deems it necessary, desirable and in the best interests of the Issuer that the Initial Project be acquired and constructed.

(B) A part or all of the Cost of the Initial Project shall be financed with the proceeds of the Series 2005 Bonds.

(C) The Issuer has heretofore issued and has presently outstanding and unpaid the Refunded Bonds.

(D) The Issuer deems it necessary, desirable and in the best interest of the Issuer that the Refunded Bonds be refunded in order to restructure the debt service related to such bonded indebtedness. Simultaneously with the issuance of the Series 2005 Bonds, a sufficient portion of the proceeds of the Series 2005 Bonds and other funds available will be paid by the Issuer to the Escrow Holder for deposit by the Escrow Holder into the Escrow Account for the Refunded Bonds established pursuant to the Escrow Deposit for the Refunded Bonds, 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 for the Refunded Bonds.

(E) The Issuer deems it necessary, desirable and in the best interest of the Issuer that the Pledged Funds be pledged to the payment of the principal of and interest on the Bonds. No part of the Pledged Funds has been pledged or encumbered in any manner.

(F) The estimated Pledged Funds will be sufficient to pay the principal of and interest on the Bonds, as the same become due, and all other payments provided for in this Resolution.

(G) The principal of and interest on the Bonds and all other payments provided for in this Resolution will be paid solely from the sources herein provided in accordance with the terms hereof, and no ad valorem taxing power of the Issuer will ever be exercised nor will any Holder of any Bond or any Credit Bank or any Insurer have the right to compel the exercise of such ad valorem taxing power to pay the principal of or interest on the Bonds or to make any other payments provided for in this Resolution, and the Bonds shall not constitute a lien upon any property of the Issuer or situated within its territorial limits, except the Pledged Funds.

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

(I) It is necessary and appropriate that the Issuer appoint an Escrow Holder to serve as such under the Escrow Deposit Agreement, and the institution hereinafter named is acceptable to the Issuer; and it appears to the Governing Body that the same is qualified to serve as the Escrow Holder under said Escrow Deposit Agreement in accordance with the terms of said Escrow Deposit Agreement.

(J) The Issuer is advised that due to the present volatility of the market for public obligations such as the Series 2005 Bonds, it is in the best interest of the Issuer to sell the Series 2005 Bonds by a negotiated sale, allowing the Issuer to enter into the market at the most

advantageous time, rather than any specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rates and other terms for the Series 2005 Bonds and, accordingly, the Issuer does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Series 2005 Bonds be authorized.

(K) The Underwriters have orally represented to the Issuer that the Underwriters will use their best efforts to submit to the Issuer an offer to purchase the Series 2005 Bonds in the form of the Purchase Contract upon terms acceptable to the Issuer as hereinafter authorized, and it is in the best financial interest of the Issuer to accept the offer of the Underwriters to purchase the Series 2005 Bonds at a negotiated sale and to authorize the execution and delivery of the Purchase Contract in the manner and upon the terms hereinafter provided; and upon the execution of the Purchase Contract by the Issuer and the Underwriters, the Series 2005 Bonds shall be sold to the Underwriters pursuant to the terms and provisions of the Purchase Contract.

(L) The Issuer is advised that because the terms of the Series 2005 Bonds cannot be determined on the date of adoption of this Resolution, it is in the best interest of the Issuer to delegate to the Chair or the County Administrator in the manner hereinafter provided, the authority to determine the terms of the Series 2005 Bonds not specified herein, including but not limited to their date, amortization schedule, maturity date, redemption provisions and interest rates.

(M) It is appropriate that the Issuer approve the Preliminary Official Statement for the purpose of acquainting potential investors with pertinent information with respect to the Issuer and the Series 2005 Bonds and that the Issuer approve and authorize the distribution of the Preliminary Official Statement and a final official statement prior to or contemporaneously with the issuance and delivery of the Series 2005 Bonds. For this purpose, it is appropriate that the Preliminary Official Statement be approved and that preparation and distribution of a final official statement in the manner hereinafter provided be authorized in substantially the form of the Preliminary Official Statement, the final form thereof to be approved by the Chair at any time at or prior to the issuance of the Series 2005 Bonds.

(N) It is necessary and appropriate that the Issuer appoint a Registrar and Paying Agent for the Series 2005 Bonds. In order to provide for the services of a Registrar and Paying Agent for the Series 2005 Bonds, it is necessary and appropriate that the Issuer authorize the execution and delivery of the Registrar and Paying Agency Agreement between the Issuer and the Registrar and Paying Agent in the manner hereinafter provided.

(O) In order to provide for compliance with the requirements of Securities and Exchange Commission Rule 15c2-12, it is necessary and appropriate that the Issuer authorize the execution and delivery of the Continuing Disclosure Certificate in the manner hereinafter provided.

(P) It is necessary and appropriate that the Issuer enter into an Interlocal Agreement with the St. Johns County Community Redevelopment Agency pursuant to the terms of which certain tax increment revenues will be paid by such Community Redevelopment

Agency to the Issuer in respect of a portion of the Debt Service Requirements relating to the Series 2005 Bonds.

(Q) The Issuer has received from the Insurer its commitments to provide a Bond Insurance Policy to secure the payment of the Series 2005 Bonds and a Reserve Account Insurance Policy to satisfy the Reserve Fund Requirement attributable to the Series 2005 Bonds. On behalf of the Issuer, the County Administrator accepted the Insurer's commitments, and it is in the best financial interest of the Issuer that the Issuer ratify such acceptance of the Insurer's commitments.

Section 1.5 Authorization of Initial Project.

The acquisition and construction of the Initial Project in the manner herein provided is hereby authorized.

Section 1.6 Authorization of Refunding.

The refunding of the Refunded Bonds in the manner herein provided is hereby authorized.

Section 1.7 Refunding of Refunded Bonds.

Simultaneously with the delivery of the Series 2005 Bonds to the purchaser or purchasers thereof, the Issuer will enter into the Escrow Deposit Agreement for the Refunded Bonds with the Escrow Holder. At the time such Escrow Deposit Agreement is executed, the Issuer will furnish to the Escrow Holder appropriate documentation to demonstrate that the sum being deposited with the Escrow Holder pursuant to this Resolution, together with other funds deposited into the Escrow Account pursuant to the provision of the Escrow Deposit Agreement, shall be equal to the Escrow Requirement and that such moneys and the investments to be made pursuant to the Escrow Deposit Agreement will be sufficient to produce the moneys required to make all payments described in the Escrow Deposit Agreement for the full and complete refunding and defeasance of the Refunded Bonds.

Section 1.8 Ratification of Acceptance of Insurer's Commitments.

The Issuer hereby ratifies the acceptance of the Insurer's commitments to provide a Bond Insurance Policy with respect to the Series 2005 Bonds and a Reserve Account Insurance Policy to satisfy the Reserve Account Requirement attributable to the Series 2005 Bonds, copies of which commitments are attached hereto as Exhibit H.

ARTICLE 2

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 2.1 Authorization of Bonds.

The Issuer hereby authorizes the issuance of Bonds of the Issuer to be designated as "St. Johns County, Florida, Capital Improvement Revenue Bonds," which may be issued in one or more Series as hereinafter provided. The aggregate principal amount of the Bonds which may be executed and delivered under this Resolution is not limited except as may hereafter be provided by Supplemental Resolution or as limited by the Act or by other applicable law.

The Bonds may, if and when authorized by the Issuer pursuant to this Resolution or Supplemental Resolution, be issued in one or more Series, with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine and as may be necessary to distinguish such Bonds from the Bonds of any other Series. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

The Bonds shall be issued for such purpose or purposes; shall bear interest at such rate or rates not exceeding the maximum rate permitted by law; and shall be payable in lawful money of the United States of America on such dates; all as determined by this Resolution or by Supplemental Resolution. From and after any maturity date of any of the Bonds (deposit of moneys and/or Securities for the payment of the principal and interest on such Bonds having been made by the Issuer with the Paying Agents), notwithstanding that any of such Bonds shall not have been surrendered for cancellation, no further interest shall accrue upon the principal or upon the interest which shall have accrued and shall then be due on such date, and such Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holders shall have no rights in respect of such Bonds except to receive payment of such principal and unpaid interest accrued to the maturity date.

The Bonds shall be issued in such denomination or denominations and such form, whether coupon or registered; shall be dated such date or dates; shall bear such numbers; shall be payable at such place or places; shall contain such redemption provisions; shall have such Paying Agents and Registrars; shall mature in such years and amounts; and the proceeds shall be used in such manner all as determined by this Resolution or by Supplemental Resolution. The Issuer may issue Bonds which may be secured by a Credit Facility or by a Bond Insurance Policy all as shall be determined by this Resolution or by Supplemental Resolution.

Section 2.2 Authorization and Description of Series 2005 Bonds.

A Series of Bonds entitled to the benefit, protection and security of this Resolution is hereby authorized to be issued in an aggregate principal amount not to exceed \$23,000,000 for the principal purpose of financing all or a part of the costs of refunding the Refunded Bonds and acquiring and constructing the Initial Project, funding the Reserve Account and paying certain costs of issuance incurred with respect to such Series. Such Series shall be

designated as, and shall be distinguished from the Bonds of all other Series by the title "St. Johns County, Florida, Capital Improvement Revenue and Refunding Bonds, Series 2005," provided that the Issuer may change such designation in the event the Series 2005 Bonds are not issued in calendar year 2005. The Interest Dates for the Series 2005 Bonds shall be January 1 and July 1 of each year, commencing January 1, 2006.

The Series 2005 Bonds shall be dated as of the first day of the month in which occurs the delivery of the Series 2005 Bonds to the purchaser or purchasers thereof or such other date as may be set forth in the Purchase Contract or by Supplemental Resolution; shall be issued as fully registered Bonds; and shall be numbered consecutively from one upward in order of maturity preceded by the letter "R;" shall be in such denominations and shall bear interest at a rate or rates not exceeding the maximum rate permitted by law (calculated on the basis of a 360-day year of twelve 30-day months), payable in such manner and on such dates; shall consist of such amounts of Serial Bonds, Term Bonds, Variable Rate Bonds and Capital Appreciation Bonds, maturing in such amounts and in such years not exceeding thirty-five (35) years from their date; shall have such Paying Agents and Registrars; and shall contain such redemption provisions; all as the Issuer shall hereafter provide in the Purchase Contract as described in Section 8.1 hereof or by Supplemental Resolution.

The principal of or Redemption Price, if applicable, on the Series 2005 Bonds is payable upon presentation and surrender of the Series 2005 Bonds at the office of the Paying Agent. Interest payable on any Series 2005 Bond on any Interest Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, unless otherwise provided by Supplemental Resolution, at the option of the Paying Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. In the event the interest payable on any Series 2005 Bond is not punctually paid or duly provided for by the Issuer on such Interest Date, such defaulted interest will be paid to the Holder in whose name such Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Holder, not less than ten (10) days preceding such special record date. All payments of principal of or Redemption Price, if applicable, and interest on the Series 2005 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

A Depository may act as securities depository for the Series 2005 Bonds. The ownership of one fully-registered, certificated Series 2005 Bond for each maturity, each in the aggregate principal amount of such maturity, may be registered in the name of a Depository or its nominee.

The Series 2005 Bonds in a Book Entry System registered in the name of a Depository or its nominee shall be payable in lawful money of the United States of America in immediately available funds (i) in the case of principal of and any premium on such Series 2005 Bonds, delivered or transmitted to the Depository or its authorized representative when due, and (ii) in the case of interest on the Series 2005 Bonds, delivered or transmitted on any date interest is due to the Depository or nominee that was the Holder of that Series 2005 Bond (or one or

more predecessor Series 2005 Bonds) at the close of business on the record date applicable to that interest payment date.

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

In the event that (i) the Depository determines to discontinue providing its service with respect to the Series 2005 Bonds by giving written notice to the Issuer and discharging its responsibilities with respect thereto under applicable law, and the Issuer fails to appoint a successor Depository for the Series 2005 Bonds, or (ii) the Issuer determines to discontinue the Book Entry System through a Depository, then bond certificates are required to be delivered as described in the Series 2005 Bonds. The purchasers of beneficial ownership interests in the Series 2005 Bonds (the "Beneficial Owners"), upon registration of certificates held in the Beneficial Owner's name, will become the registered owner of the Series 2005 Bonds.

Neither the Issuer, the Registrar nor the Paying Agent will have any responsibility or obligation to any Beneficial Owner or any other person with respect to (i) the accuracy of any records maintained by the Depository or any persons participating by or through the Depository; (ii) the payment by the Depository or any persons participating by or through the Depository of any amount with respect to the principal or Redemption Price, if applicable, or interest on the Series 2005 Bonds; (iii) any notice which is permitted or required to be given to Holders pursuant to this Resolution; (iv) the selection by the Depository or any persons participating by or through the Depository of any person to receive payment in the event of a partial redemption of the Series 2005 Bonds; or (v) any consent given or other action taken by the Depository as Holder.

Section 2.3 Application of Series 2005 Bond Proceeds.

Except as otherwise provided by Supplemental Resolution, the proceeds derived from the sale of the Series 2005 Bonds, including accrued interest and premium, if any, shall, simultaneously with the delivery of the Series 2005 Bonds to the purchaser or purchasers thereof, be applied by the Issuer as follows:

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

(B) An amount shall be deposited in the Reserve Account which, together with any moneys and securities on deposit therein and any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit obtained in accordance with Section 4.5(A)(4) hereof, shall equal the Reserve Account Requirement.

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

(D) The Issuer covenants and agrees to establish a separate account with an Authorized Depository to be known as the "St. Johns County, Florida, Capital Improvement Revenue and Refunding Bonds Costs of Issuance Account" (the "Costs of Issuance Account"), which shall be used only for the payment of costs and expenses described in this subsection. A sum sufficient to pay all costs and expenses in connection with the preparation, issuance and sale of the Series 2005 Bonds, including fees of financial advisors, engineering and other consulting fees, legal fees, bond insurance premiums, printing fees, rating agency fees and other similar costs shall be deposited to the credit of the Costs of Issuance Account, and all such costs and expenses shall be promptly paid by the Issuer to the persons respectively entitled to receive the same. When all moneys on deposit to the credit of the Costs of Issuance Account shall have been disbursed by the Issuer for the payment of such costs and expenses, the Costs of Issuance Account shall be closed; provided, however, that if any balance shall remain in the Costs of Issuance Account six months after issuance of the Series 2005 Bonds, such moneys shall be transferred by the Issuer to the Construction Fund and the Costs of Issuance Account shall be closed. After the Costs of Issuance Account shall be closed, the Issuer may pay from the Construction Fund any unpaid issuance expenses.

(E) The balance of the Series 2005 Bond proceeds shall be deposited in the Construction Fund.

Section 2.4 Execution of Bonds.

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

Section 2.5 Authentication.

No Bond of any Series shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such purpose. Such certificate on any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.9 hereof.

Section 2.6 Temporary Bonds.

Until the definitive Bonds of any Series are prepared, the Issuer may execute, in the same manner as is provided in Section 2.4, and deliver, upon authentication by the Registrar pursuant to Section 2.5 hereof, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Chair and the Clerk, such authorization to be evidenced conclusively by their execution of such temporary Bond or Bonds, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Issuer, at its own expense, shall prepare and execute definitive Bonds, which shall be authenticated by the Registrar. Upon the surrender of such temporary Bonds for exchange, the Registrar, without charge to the Holder thereof, shall deliver in exchange therefor definitive Bonds, of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution. All temporary Bonds surrendered in exchange for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Registrar.

Section 2.7 Bonds Mutilated, Destroyed, Stolen or Lost.

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

Any such duplicate Bonds issued pursuant to this Section 2.7 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as all other Bonds issued hereunder and shall be entitled to the same benefits and security as the Bond so lost, stolen or destroyed.

Section 2.8 Interchangeability, Negotiability and Transfer.

Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, may, at the option of the Holder thereof, be

exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any other authorized denominations.

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Issuer shall cause to be maintained and kept, at the office of the Registrar, books for the registration and transfer of the Bonds.

Each Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to any Series of Bonds, shall forthwith (a) following the fifteenth day prior to an Interest Date for such Series, (b) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Bonds of such Series, and (c) at any other time as reasonably requested by the Paying Agent of such Series, certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Issuer shall execute and the Registrar shall authenticate and deliver such Bonds in accordance with the provisions of this Resolution. Execution of Bonds by the Chair and the Clerk for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the Series of which such Bonds are a part. All Bonds surrendered in any such exchanges or transfers shall be cancelled by the Registrar. For every such exchange or transfer of Bonds, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The Issuer and the Registrar shall not be obligated to make any such exchange or transfer of Bonds of any Series during the fifteen (15) days next preceding an Interest Date on the Bonds of such Series (other than Capital Appreciation Bonds and Variable Rate Bonds), or, in the case of any proposed redemption of Bonds, during the fifteen (15) days next preceding the redemption date established for such Bonds.

The Issuer may elect to issue any Bonds as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry obligations, provided it shall establish a system of registration therefor by this Resolution or Supplemental Resolution.

Section 2.9 Form of Bonds.

Except for Capital Appreciation Bonds and Variable Rate Bonds, the form of which shall be provided by Supplemental Resolution, the Bonds shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chair or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be evidenced conclusively by the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

No. R-_____ \$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF ST. JOHNS
[CAPITAL IMPROVEMENT REVENUE BONDS, SERIES _____]

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP:</u>
_____ %	_____, ____	_____, ____	_____

REGISTERED HOLDER:

PRINCIPAL AMOUNT:

KNOW ALL MEN BY THESE PRESENTS, that St. Johns County, a political subdivision created and existing under and by virtue of the laws of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the sources of payment hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, the Principal Amount identified above on the Maturity Date identified above and interest (calculated on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above on _____ and _____ of each year commencing _____, _____ until such Principal Amount shall have been paid or provided for, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.

Such Principal Amount and interest and the premium, if any, on this bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount and the premium, if any, on this bond, are payable, upon presentation and surrender hereof, at the office of _____,

_____, _____, as paying agent, or such other paying agent as the Issuer shall hereafter duly appoint (the "Paying Agent"). Payment of each installment of interest shall be made to the person in whose name this bond shall be registered on the registration books of the Issuer maintained by _____, _____, as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "Registrar"), at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date and shall be paid by a check or draft of the Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the option of the Paying Agent, and at the request and expense of such Registered Holder, by bank wire transfer for the account of such Holder. In the event interest payable on this bond is not punctually paid or duly provided for by the Issuer on such interest payment date, payment of each installment of such defaulted interest shall be made to the person in whose name this bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Registered Holder, not less than ten (10) days preceding such special record date.

This bond is one of an authorized issue of bonds of the Issuer in the aggregate principal amount of \$ _____ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, denomination and number, issued to finance _____, in and for the Issuer, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly the Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No. 86-89, as amended, Chapter 218, Part II, Florida Statutes, as amended, and other applicable provisions of law (the "Act"), and a resolution duly adopted by the Board of County Commissioners of the Issuer on _____ (the "Resolution"), and is subject to all the terms and conditions of the Resolution.

The principal of, premium, if any, and interest on this bond are payable solely from and secured by a lien upon and a pledge of (1) the moneys distributed to the Issuer from the State of Florida Revenue Sharing Trust Fund for Counties pursuant to Chapter 218, Part II, Florida Statutes, as amended, including the moneys designated as the Issuer's "guaranteed entitlement" and "second guaranteed entitlement" thereunder (the "County Revenue Sharing Funds"), received by the Issuer in any State fiscal year in an amount equal to fifty percent (50%) of the County Revenue Sharing Funds received by the Issuer in the prior State fiscal year, and (2) until applied in accordance with the provisions of the Resolution, the proceeds of the Bonds and all moneys, including investments thereof, in certain of the funds and accounts established pursuant to the Resolution, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). It is expressly agreed by the Registered Holder of this bond that the full faith and credit of neither the Issuer, the State of Florida, nor any political subdivision thereof, is pledged to the payment of the principal of or premium, if any, or interest on this bond and that the Registered Holder shall never have the right to require or compel the exercise of any taxing power of the Issuer, the State of Florida, or any political subdivision thereof, to the payment of such principal, premium, if any, and interest. This bond and the obligation evidenced hereby shall not constitute a lien upon any property of the Issuer, except the Pledged Funds, and shall be payable solely from the Pledged Funds in accordance with the terms of the Resolution.

Neither the members of the Board of County Commissioners of the Issuer nor any person executing this bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

[Insert optional redemption provisions]

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

Year

Amortization Installments

*

*Final Maturity

Notice of redemption, unless waived, is to be given by the Registrar by mailing an official redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered holders of the Bonds to be redeemed at such holders' addresses shown on the registration books maintained by the Registrar or at such other addresses as shall be furnished in writing by such registered holders to the Registrar; provided, however, that no defect in any such notice to any registered holder of Bonds to be redeemed nor failure to give such notice to any such registered holder nor failure of any such registered holder to receive such notice shall in any manner defeat the effectiveness of a call for redemption as to all other registered holders of Bonds to be redeemed. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

This bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida, but may be transferred only in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the office of the Registrar by the Registered Holder in person or by such Holder's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or such Holder's attorney duly authorized in writing, and thereupon a new bond or bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, prescribed in the Resolution. Each of the Bonds is issuable in fully registered form in the denomination of \$5,000 or any integral multiple thereof not exceeding the aggregate

principal amount of the Bonds having the same maturity. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this bond as the absolute owner hereof for all purposes, whether or not this bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer and the Registrar shall not be obligated to make any exchange or transfer of any Bonds during the fifteen (15) days next preceding an interest payment date, or in the case of any proposed redemption of any Bonds, during the fifteen (15) days next preceding the redemption date established for such Bonds.

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

The Bonds are issuable only as fully-registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co., as nominee of DTC, which shall be considered to be the Registered Holder for all purposes of the Resolution, including without limitation, payment by the Issuer of principal of, premium, if any, and interest on the Bonds, and receipt of notices and exercise of rights of holders of the Bonds. There shall be a single Bond which shall be immobilized in the custody of DTC with the beneficial owners having no right to receive the Bonds in the form of physical securities or certificates. Ownership of beneficial interest in the Bonds shall be shown by book entry on the system maintained and operated by DTC and its participants, and transfers of ownership or beneficial interests shall be made only by DTC and its participants, by book entry, the Issuer having no responsibility therefor. DTC is expected to maintain records of the positions of participants in the Bonds, and the participants and persons acting through participants are expected to maintain records of the purchasers of beneficial interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Issuer.

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

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in connection with the issuance of this

bond, exist, have happened and have been performed, in regular and due form and time as required by the Constitution and laws of the State of Florida applicable thereto, and that the issuance of the Bonds does not violate any constitutional or statutory limitations or provisions.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Registrar.

IN WITNESS WHEREOF, St. Johns County, Florida, has issued this bond and has caused the same to be executed by the manual or facsimile signature of the Chair of its Board of County Commissioners and attested and countersigned by the manual or facsimile signature of the Clerk of its Board of County Commissioners and its official seal or a facsimile thereof to be affixed or reproduced hereon, all as of the ____ day of _____, 20__.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

By: _____
Chair, Board of County Commissioners

ATTESTED AND COUNTERSIGNED:

Clerk, Board of County Commissioners

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

Registrar

By: _____
Authorized Signatory

ASSIGNMENT

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

Insert Social Security or Other
Identifying Number of Assignee

(Name and Address of Assignee)

the within bond and does hereby irrevocably constitute and appoint _____
as attorneys to register the transfer of the said bond on the books kept for registration thereof
with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

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

NOTICE: The signature to this assignment
must correspond with the name of the
Registered Holder as it appears upon the face of
the within bond in every particular, without
alteration or enlargement or any change
whatever and the Social Security or other
identifying number of such assignee must be
supplied.

ARTICLE 3

REDEMPTION OF BONDS

Section 3.1 Privilege of Redemption.

The terms of this Article III shall apply to redemption of Bonds other than Capital Appreciation Bonds or Variable Rate Bonds. The terms and provisions relating to redemption of Capital Appreciation Bonds and Variable Rate Bonds shall be provided by Supplemental Resolution.

Section 3.2 Selection of Bonds to be Redeemed.

The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall, at least sixty (60) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the redemption date by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the Issuer by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Issuer and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Section 3.3 Notice of Redemption.

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

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

- (1) the redemption date,
- (2) the Redemption Price,

(3) if less than all outstanding Bonds are to be redeemed, the number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed,

(4) that on the redemption date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(5) that such Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price plus accrued interest at the office of the Paying Agent.

Prior to any redemption date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of and accrued interest on all the Bonds or portions of Bonds which are to be redeemed on that date.

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

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

(2) Each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by registered or certified mail or overnight delivery service to any Insurer which shall have insured, or any Credit Bank which shall have provided a Credit Facility for, any of the Bonds being redeemed and to all registered securities depositories then in the business of holding substantial amounts of obligations of types similar to the type of which the Bonds consist (such depositories now being Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

Section 3.4 Redemption of Portions of Bonds.

Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

Section 3.5 Payment of Redeemed Bonds.

Official notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. Each check or other transfer of funds issued by the Registrar and/or Paying Agent for the purpose of the payment of the Redemption Price of Bonds being redeemed shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be cancelled by the Registrar and shall not be reissued.

ARTICLE 4

SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF

Section 4.1 Bonds not to be Indebtedness of Issuer.

The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds in accordance with the terms of this Resolution. The Issuer may cause any Series of Bonds to be payable from and secured by a Credit Facility or a Bond Insurance Policy not applicable to any one or more other Series of Bonds. No Holder of any Bond or any Credit Bank or any Insurer shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay such Bond or shall be entitled to payment of such Bond from any moneys of the Issuer except the Pledged Funds, in the manner provided herein.

The Pledged Funds shall be subject to the lien of this pledge immediately upon the issuance and delivery of the Series 2005 Bonds, without any physical delivery by the Issuer of the Pledged Funds or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind against the Issuer, in tort, contract or otherwise.

Section 4.2 Security for Bonds.

The payment of the principal of or Redemption Price, if applicable, and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds; provided, however, a Series of Bonds may be further secured by a Credit Facility or a Bond Insurance Policy not applicable to any one or more other Series of Bonds, as shall be provided by this Resolution or Supplemental Resolution, in addition to the security provided herein. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds.

Section 4.3 Construction Fund.

The Issuer covenants and agrees to establish a separate fund with an Authorized Depository to be known as the "St. Johns County Capital Improvement Revenue Bonds Construction Fund," which shall be used only for payment of the Cost of the Projects. Moneys in the Construction Fund, until applied in payment of any item of the Cost of a Project in the manner hereinafter provided, shall be held in trust by the Issuer and shall be subject to a lien and charge in favor of the Bondholders and for the further security of such Holders.

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this Resolution or any Supplemental Resolution, and there may be paid into the Construction Fund, at the option of the Issuer, any moneys received for or in connection with a Project by the Issuer from any other source.

The Issuer shall establish within the Construction Fund a separate account for the Initial Project and each Additional Project, the Cost of which is to be paid in whole or in part out of the Construction Fund.

The proceeds of insurance maintained pursuant to this Resolution against physical loss of or damage to a Project, or of contractors' performance bonds with respect thereto pertaining to the period of construction thereof, shall be deposited into the appropriate account of the Construction Fund.

The Issuer covenants that the acquisition and construction of each Project will be completed without delay and in accordance with sound engineering practices. The Issuer shall make disbursements or payments from the Construction Fund to pay the Cost of a Project upon the filing with the Clerk of documents and/or certificates signed by an Authorized Issuer Officer stating with respect to each disbursement or payment to be made: (1) the item number of the payment, (2) the name and address of the Person to whom payment is due, (3) the amount to be paid, (4) the Construction Fund account from which payment is to be made, (5) the purpose, by general classification, for which payment is to be made, and (6) that (A) each obligation, item of cost or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of a Project and is a proper charge against the account of the Construction Fund from which payment is to be made and has not been the basis of any previous disbursement or payment, or (B) each obligation, item of cost or expense mentioned therein has been paid by the Issuer, is a reimbursement of a part of the Cost of a Project, is a proper charge against the account of the Construction Fund from which payment is to be made, has not been theretofore reimbursed to the Issuer or otherwise been the basis of any previous disbursement or payment and the Issuer is entitled to reimbursement thereof. The Clerk shall retain all such documents and/or certificates of the Authorized Issuer Officers for seven (7) years from the dates of such documents and/or certificates. The Clerk shall make available the documents and/or certificates at all reasonable times for inspection by any Bondholder or the agent or representative of any Bondholder.

Notwithstanding any of the other provisions of this Section 4.3, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal of or Redemption Price, if applicable, and interest on Bonds when due.

The date of completion of a Project shall be determined by the Authorized Issuer Officer who shall certify such fact in writing to the Governing Body. Promptly after the date of the completion of a Project, and after paying or making provisions for the payment of all unpaid items of the Cost of such Project, the Issuer shall deposit in the following order of priority any balance of moneys remaining in the Construction Fund in (1) another account of the Construction Fund for which the Authorized Issuer Officer has stated that there are insufficient moneys present to pay the Cost of the related Project, (2) the Reserve Account, to the extent of a deficiency therein, and (3) such other fund or account of the Issuer, including those established hereunder, as shall be determined by the Governing Body, provided the Issuer has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion, if any, of interest on the Bonds from gross income for federal income tax purposes.

Section 4.4 Funds and Accounts.

The Issuer covenants and agrees to establish with one or more Authorized Depositories separate funds to be known as the "St. Johns County Capital Improvement Revenue Bonds Revenue Fund," the "St. Johns County Capital Improvement Revenue Bonds Debt Service Fund" and the "St. Johns County Capital Improvement Revenue Bonds Rebate Fund." The Issuer shall maintain in the Revenue Fund two accounts: the "Restricted Revenue Account" and the "Unrestricted Revenue Account." The Issuer shall maintain in the Debt Service Fund four accounts: the "Interest Account," the "Principal Account," the "Bond Amortization Account," and the "Reserve Account." Moneys in the Restricted Revenue Account and the Debt Service Fund, until applied in accordance with the provisions hereof, shall be subject to a lien and charge in favor of the Holders and for the further security of the Holders.

The Issuer shall at any time and from time to time appoint one or more Authorized Depositories to hold, for the benefit of the Issuer and/or the Bondholders, any one or more of the funds and accounts established hereby. Such depository or depositories shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from each of such funds and accounts as herein set forth, and all records of such depository in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agents and employees.

Section 4.5 Flow of Funds.

(A) Promptly upon receipt by the Issuer each month of County Revenue Sharing Funds, the Issuer shall deposit from such County Revenue Sharing Funds into the Restricted Revenue Account an amount equal to one-twelfth (1/12) of fifty percent (50%) of the amount of County Revenue Sharing Funds received by the Issuer in the prior State fiscal year. On or before the last day of each month, commencing with the month in which delivery of the Series 2005 Bonds shall be made to the purchasers thereof, the moneys in the Restricted Revenue Account shall be deposited or credited in the following manner and in the following order of priority:

(1) Interest Account. The Issuer shall deposit into or credit to the Interest Account the sum which, together with the balance in said account, shall equal the interest on all Outstanding Bonds accrued and unpaid and to accrue to the end of the then current calendar

month (assuming that a year consists of twelve (12) equal calendar months of thirty (30) days each). Moneys in the Interest Account shall be applied by the Issuer to pay interest on the Bonds as and when the same shall become due, whether by redemption or otherwise, and for no other purpose. The Issuer shall adjust the amount of the deposit into the Interest Account not later than the month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest coming due on the Bonds on such Interest Date.

(2) Principal Account. Next, the Issuer shall deposit into or credit to the Principal Account the sum which, together with the balance in said account, shall equal (a) the principal amount of all Outstanding Bonds other than Term Bonds due and unpaid, (b) that portion of the principal amount of the Bonds other than Term Bonds next due which would have accrued on such Bonds next due during the then current calendar month if such principal amount thereof were deemed to accrue monthly (assuming that a year consists of twelve (12) equal calendar months of thirty (30) days each) in equal installments from a date one year preceding the due date of such Bonds next due and (c) the portion of the principal amount of the Bonds next due which shall have accrued on such basis in prior months. Serial Capital Appreciation Bonds (including their respective interest components) shall be payable entirely from moneys in the Principal Account on their respective maturity dates, and monthly deposits or credits to the Principal Account to provide funds for such purpose shall commence in the month which is one year prior to each such maturity date. Not later than the month immediately preceding any principal payment date, the Issuer shall adjust the amount of the deposit into the Principal Account so as to provide sufficient moneys in the Principal Account to pay the principal on the Bonds other than Term Bonds becoming due on such principal payment date. Moneys in the Principal Account shall be applied by the Issuer to pay the principal of the Bonds other than Term Bonds as and when the same shall become due, whether at maturity or otherwise, and for no other purpose.

(3) Bond Amortization Account. Payments to the Bond Amortization Account shall be on a parity with payments to the Principal Account. Commencing in the month which is one year prior to the due date of each Amortization Installment, the Issuer shall deposit into or credit to the Bond Amortization Account the sum which, together with the balance in said account held for the credit of such Amortization Installment and all Outstanding Term Bonds due and unpaid, shall equal (a) the principal amount of all such Outstanding Term Bonds due and unpaid, (b) that portion of such Amortization Installment which would have accrued during the then current calendar month if such Amortization Installment were deemed to accrue monthly (assuming that a year consists of twelve (12) equal calendar months of thirty (30) days each) in equal amounts from a date one year preceding such due date and (c) the portion of such Amortization Installment which shall have accrued on such basis in prior months. Term Capital Appreciation Bonds (including their respective interest components) shall be payable entirely from moneys in the Bond Amortization Account on the respective due dates of the Amortization Installments applicable thereto, and monthly deposits or credits to the Bond Amortization Account to provide funds for such purpose shall commence in the month which is one year prior to each such Amortization Installment due date. The Issuer shall adjust the amount of the deposit into the Bond Amortization Account not later than the month immediately preceding any date for payment of an Amortization Installment so as to provide sufficient moneys in the Bond Amortization Account to pay such Amortization Installment on such date. Moneys in the Bond

Amortization Account shall be applied by the Issuer to purchase or redeem Term Bonds in the manner herein provided, and for no other purpose.

Amounts accumulated in the Bond Amortization Account with respect to any Amortization Installment may be applied by the Issuer, on or prior to the sixtieth (60th) day preceding the due date of such Amortization Installment (i) to the purchase of Term Bonds of the Series and maturity for which such Amortization Installment was established, at a price not greater than the Redemption Price at which such Term Bonds may be redeemed on the first date thereafter on which such Term Bonds shall be subject to redemption, or (ii) to the redemption at the applicable Redemption Price of such Term Bonds. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Bond Amortization Account until such Amortization Installment date, for the purposes of calculating the amount of such Account. As soon as practicable after the sixtieth (60th) day preceding the due date of any such Amortization Installment, the Issuer shall proceed to call for redemption on such due date, by causing notice to be given as provided in Section 3.3 hereof, Term Bonds of the Series and maturity for which such Amortization Installment was established (except in the case of Term Bonds maturing on an Amortization Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Amortization Installment. The Issuer shall pay out of the Bond Amortization Account and the Interest Account to the respective Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the Issuer from the Restricted Revenue Account.

(4) Reserve Account. Next, the Issuer shall deposit into or credit to the Reserve Account such sum, if any, as will be necessary to immediately restore the funds on deposit therein to an amount equal to the Reserve Account Requirement including the reinstatement of any Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit therein or the cash replacement thereof. On or prior to each principal and interest payment date for the Bonds, moneys in the Reserve Account shall be applied by the Issuer to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Bond Amortization Account shall be insufficient for such purpose. Whenever there shall be surplus moneys in the Reserve Account by reason of a decrease in the Reserve Account Requirement or as a result of a deposit therein of a Reserve Account Insurance Policy and/or a Reserve Account Letter of Credit, such surplus moneys shall be deposited by the Issuer into the Principal Account, or such other appropriate fund or account of the Issuer, provided such deposit to such other fund or account will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Upon the issuance of any Series of Bonds, under the terms, limitations and conditions as herein provided, the Issuer shall provide for the funding of the Reserve Account in an amount equal to the Reserve Account Requirement. Such required amount may be paid in full or in part from the proceeds of such Series of Bonds or may be accumulated in equal monthly payments from the Revenue Fund, on a parity with the payments required by the first

sentence of this part (4), to the Reserve Account over a period of months from the date of issuance of such Series of Bonds, which shall not exceed the greater of (a) sixty (60) months, or (b) the number of months for which interest on such Series of Bonds has been capitalized, as determined by Supplemental Resolution.

Whenever moneys on deposit in the Reserve Account, together with the other available amounts in the Debt Service Fund, are sufficient to fully pay all Outstanding Bonds (including principal and interest thereon) in accordance with their terms, the funds on deposit in the Reserve Account shall be applied to the payment of Bonds.

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Account, the Issuer may, at its sole option and discretion, cause to be deposited a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums, if any, remaining on deposit in the Reserve Account after the deposit of such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit. Such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be payable to the Paying Agent for such Series (upon the giving of notice as required thereunder) on any interest payment or redemption date on which a deficiency exists which cannot be cured by funds in any other fund or account held pursuant to this Resolution and available for such purpose. The issuer providing such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be either (a) an insurer (i) whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories) by either Standard & Poor's or Moody's Investors Service, or (ii) who holds one of the two highest policyholder ratings accorded insurers by A. M. Best & Company, or any comparable service, or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have, or whose obligation to pay is guaranteed by a commercial bank, insurance company or other financial institution which has, been assigned a rating by either Moody's Investors Service or Standard & Poor's in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories).

If fifteen (15) days prior to an interest payment or mandatory redemption date, the Issuer shall determine that a deficiency exists in the amount of moneys available to pay in accordance with the terms hereof interest and/or principal due on Bonds on such date, the Issuer shall immediately notify (a) the issuer of the applicable Reserve Account Insurance Policy and/or the issuer of the Reserve Account Letter of Credit, and (b) the Insurer, if any, of the amount of such deficiency and the date on which such payment is due, and shall take all action to cause such issuer or Insurer to provide moneys sufficient to pay all amounts due on such interest payment or redemption date.

If a disbursement is made from a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit provided pursuant to this Section 4.5(A)(4), the Issuer shall reinstate the maximum limits of such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit immediately following such disbursement from moneys available in the Reserve Account in accordance with the provisions of the first paragraph of this Section 4.5(A)(4), by depositing funds in the amount of the disbursement made under such instrument, with the issuer

thereof, together with interest thereon to the date of reimbursement at the rate set forth in such Reserve Account Insurance Policy or such Reserve Account Letter of Credit, but in no case greater than the maximum rate of interest permitted by law. In addition, and in the same manner, the Issuer shall reimburse the issuer of the Reserve Account Insurance Policy and/or the issuer of the Reserve Account Letter of Credit for all reasonable expenses incurred by such issuer in connection with the draw on such Reserve Account Insurance Policy or the Reserve Account Letter of Credit, as the case may be.

The Issuer may evidence its obligation to reimburse the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy by executing and delivering to such issuer a promissory note therefor and/or an agreement relating thereto, which shall be approved hereby or by Supplemental Resolution, provided, however, any such note and any payment obligations of the Issuer under such agreement (a) shall not be a general obligation of the Issuer the payment of which is secured by the full faith and credit or taxing power of the Issuer, and (b) shall be payable solely from moneys available in the Reserve Account in accordance with the provisions of the first paragraph of this Section 4.5(A)(4). All of the provisions of such promissory note or such agreement, when executed and delivered by the Issuer, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

To the extent the Issuer causes to be deposited into the Reserve Account, a Reserve Account Insurance Policy and/or a Reserve Account Letter of Credit for a term of years shorter than the life of the Series of Bonds so insured or secured, then the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit shall provide, among other things, that the issuer thereof shall provide the Issuer with notice as of each anniversary of the date of the issuance of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit of the intention of the issuer thereof to either (a) extend the term of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit beyond the expiration dates thereof, or (b) terminate the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit on the initial expiration dates thereof or such other future date as the issuer thereof shall have established. If the issuer of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit notifies the Issuer pursuant to clause (b) of the immediately preceding sentence or if the Issuer terminates the Reserve Account Letter of Credit and/or Reserve Account Insurance Policy, then the Issuer shall deposit into the Reserve Account, on or prior to the fifteenth (15th) day of the first full calendar month following the date on which such notice is received by the Issuer, such sums as shall be sufficient to pay an amount equal to a fraction, the numerator of which is one (1) and the denominator of which is equal to the number of months remaining in the term of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit of the Reserve Account Requirement on the date such notice was received (the maximum amount available, assuming full reimbursement by the Issuer, under the Reserve Account Letter of Credit and/or the Reserve Account Insurance Policy to be reduced annually by an amount equal to the deposit to the Reserve Account during the previous twelve (12) month period) until amounts on deposit in the Reserve Account, as a result of the aforementioned deposits, and no later than upon the expiration of such Reserve Account Insurance Policy and/or such Reserve Account Letter of Credit, shall be equal to the Reserve Account Requirement applicable thereto.

If any Reserve Account Letter of Credit or Reserve Account Insurance Policy shall terminate prior to the stated expiration date thereof, the Issuer agrees that it shall fund the Reserve Account over a period not to exceed sixty (60) months during which it shall make consecutive equal monthly payments in order that the amount on deposit in such account at the end of such period shall equal the Reserve Account Requirement; provided, the Issuer may, with the prior written consent of the Insurer, if any, obtain a new Reserve Account Letter of Credit or a new Reserve Account Insurance Policy in lieu of making the payments required by this paragraph.

Prior to deposit in the Reserve Account, any Reserve Account Letter of Credit or Reserve Account Insurance Policy shall be approved in writing by each Insurer and Credit Bank and shall conform to such additional or different restrictions as such Insurer or Credit Bank shall reasonably require; provided, however, the prior written approval of each Insurer and Credit Bank shall not be required if the issuer of a proposed Reserve Account Insurance Policy is an entity licensed to issue an insurance policy guaranteeing the timely payment of debt service on instruments such as Additional Bonds with a claims paying ability rating of "AAA" or "Aaa" by Standard & Poor's or Moody's Investors Services, respectively.

(5) Unrestricted Revenue Account. The balance of any moneys remaining in the Restricted Revenue Account after the deposits required by parts (1) through (4) of this subsection (A) may be transferred, at the discretion of the Issuer, to the Unrestricted Revenue Account or to any other appropriate fund or account of the Issuer and used by the Issuer for any lawful purpose.

(B) The Issuer, in its discretion, may use moneys in the Principal Account and the Interest Account to purchase or redeem Bonds coming due on the next principal payment date, provided such purchase or redemption does not adversely affect the Issuer's ability to pay the principal or interest coming due on such principal payment date on the Bonds not so purchased or redeemed.

(C) At least one (1) business day prior to the date established for payment of any principal of or Redemption Price, if applicable, or interest on the Bonds, the Issuer shall withdraw from the Debt Service Fund sufficient moneys to pay such principal or Redemption Price, if applicable, or interest and deposit such moneys with the Paying Agent for the Bonds to be paid.

(D) In the case of Bonds secured by a Credit Facility, amounts on deposit in any funds or accounts established for such Bonds may be applied as provided in the applicable Supplemental Resolution to reimburse the Credit Bank for amounts drawn under such Credit Facility to pay the principal of or Redemption Price, if applicable, and interest on such Bonds or to pay the purchase price of any such Bonds which are tendered by the Holders thereof for payment.

Section 4.6 Rebate Fund.

Amounts on deposit in the Rebate Fund shall be held in trust by the Issuer and used solely to make required rebates to the United States Treasury (except to the extent the same

may be transferred to the Revenue Fund) and the Bondholders shall have no right to have the same applied for debt service on the Bonds. The Issuer agrees to undertake all actions required of it in its arbitrage certificate relating to each series of Bonds (other than Taxable Bonds), and other instructions from Bond Counsel, delivered in connection with or subsequent to the issuance of such Bonds, including, but not limited to:

(A) making a determination in accordance with the Code of the amount required to be deposited in the Rebate Fund;

(B) depositing from moneys in the Revenue Fund or from other moneys of the Issuer derived from sources other than ad valorem taxation and legally available for such purpose the amount determined in subsection (A) above into the Rebate Fund;

(C) paying on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund and any other legally available moneys of the Issuer such amounts as shall be required by the Code to be rebated to the United States Treasury; and

(D) keeping such records of the determinations made pursuant to this Section 4.6 as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with proceeds of the Bonds.

The provisions of the above-described arbitrage certificate and instructions of Bond Counsel may be amended from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

Section 4.7 Investments.

The Construction Fund, the Restricted Revenue Account and the Debt Service Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund, other than the Reserve Account, may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed. Moneys on deposit in the Reserve Account may be invested or reinvested in securities provided in clauses (1) through (9) of the definition of Authorized Investments which shall mature no later than five (5) years from the date of acquisition thereof.

Any and all income received by the Issuer from the investment of moneys in the Construction Fund, the Rebate Fund and the Restricted Revenue Account in the Revenue Fund and in the Interest Account, the Principal Account, the Bond Amortization Account and the Reserve Account (to the extent the amount therein is less than the Reserve Account Requirement) in the Debt Service Fund shall be retained in such respective fund or account unless otherwise required by applicable law. To the extent that the amount in the Reserve Account is greater than the Reserve Account Requirement, any and all income received by the Issuer from the investment of moneys in the Reserve Account shall be deposited in the Interest Account.

All investments shall be valued as frequently as deemed necessary by any Insurer or Credit Bank, but not less often than quarterly, at the market value thereof, exclusive of accrued interest. Nothing contained in this Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under this Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

Section 4.8 Separate Accounts.

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

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

ARTICLE 5 SUBORDINATED INDEBTEDNESS, ADDITIONAL BONDS AND COVENANTS OF ISSUER

Section 5.1 Subordinated Indebtedness.

The Issuer will not issue any other obligations, except under the conditions and in the manner provided herein, payable from the Pledged Funds or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien thereon in favor of the Bonds and the interest thereon. The Issuer may at any time or from time to time issue evidences of indebtedness that are not Additional Bonds and that are payable in whole or in part out of the Pledged Funds and which may be secured by a pledge of the Pledged Funds; provided, however, that such pledge shall be, and shall be expressed to be, subordinated in all respects to the pledge of the Pledged Funds created by this Resolution. The Issuer shall have the right to covenant with the holders from time to time of any Subordinated Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued pursuant to Section 5.2 hereof. The Issuer agrees to pay promptly any Subordinated Indebtedness as the same shall become due.

Section 5.2 Issuance of Additional Bonds.

The Issuer may issue one or more Series of Additional Bonds for any one or more of the following purposes: financing the Cost of an Additional Project, or the completion thereof or of the Initial Project, or refunding any or all Outstanding Bonds or of any Subordinated Indebtedness of the Issuer. Additional Bonds shall be deemed to have been issued pursuant to

this Resolution the same as the Outstanding Bonds, and all of the other covenants and other provisions of this Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of all Bonds issued pursuant to this Resolution; provided, however, any Supplemental Resolution authorizing the issuance of Additional Bonds may provide that any of the covenants herein contained will not be applicable to such Additional Bonds, provided that such provision shall not, in the opinion of Bond Counsel, adversely affect the rights of the Holders of any Bonds which shall then be Outstanding. Except as provided in Section 4.2 and Section 4.5 hereof, all Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Funds and their sources and security for payment therefrom without preference of any Bonds over any other; provided, however, that the Issuer shall include a provision in any Supplemental Resolution authorizing the issuance of Variable Rate Bonds pursuant to this Section 5.2 that in the event the principal thereof is accelerated due to such Bonds being held by the issuer of a Credit Facility, the lien of such Bonds on the Pledged Funds shall be subordinate in all respects to the pledge of the Pledged Funds created by this Resolution. No such Additional Bonds shall be issued by the Issuer unless the following conditions are complied with:

(A) The Issuer shall certify that it is current in all deposits into the various funds and accounts established hereby and all payments theretofore required to have been deposited or made by it under the provisions of this Resolution and has complied with the covenants and agreements of this Resolution.

(B) There shall have been obtained and filed with the Issuer a certificate of the Issuer's Finance Director or an independent certified public accountant: (1) stating that such accountant has examined the books and records of the Issuer relating to collection and receipt of the Pledged Revenues; (2) setting forth the amount of Pledged Revenues for the immediately preceding Fiscal Year or any twelve (12) consecutive months selected by the Issuer from the twenty-four (24) months immediately preceding the issuance of such Additional Bonds; (3) stating that such Pledged Revenues equal at least (a) 1.25 times the Maximum Debt Service Requirement of all Outstanding Bonds and such Additional Bonds then proposed to be issued and (b) 1.00 times the maximum annual debt service for all Subordinated Indebtedness then outstanding; and (4) stating that no Event of Default was disclosed in the report of the most recent Annual Audit, or if such Event of Default was so disclosed, that it shall have been cured.

(C) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of Section 5.2(B) shall not apply, provided that the issuance of such Additional Bonds shall not result in an increase in the aggregate amount of principal of and interest on the Outstanding Bonds becoming due in the current Fiscal Year and all subsequent Fiscal Years. The conditions of Section 5.2(B) hereof shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

(D) In the event that the total amount of any Series of Bonds authorized to be issued shall not be issued simultaneously, such Bonds which shall be issued subsequently shall be subject to the conditions of Section 5.2(B) hereof.

(E) In addition to all of the other requirements specified in this Section 5.2, the Issuer must comply with any applicable provisions of any financing documents relating to outstanding Subordinated Indebtedness to the extent such provisions impact on the ability of the Issuer to issue Additional Bonds.

(F) In computing the Maximum Debt Service Requirement for purposes of this Section 5.2, the interest rate on outstanding Variable Rate Bonds, and on any additional parity Variable Rate Bonds then proposed to be issued, shall be deemed to be the Maximum Interest Rate applicable thereto.

Section 5.3 Bond Anticipation Notes.

The Issuer may issue notes in anticipation of the issuance of Bonds which shall have such terms and details and be secured in such manner, not inconsistent with this Resolution, as shall be provided by resolution of the Issuer.

Section 5.4 Accession of Subordinated Indebtedness to Parity Status with Bonds.

The Issuer may provide for the accession of Subordinated Indebtedness to the status of complete parity with the Bonds, if (A) the Issuer shall meet all the requirements imposed upon the issuance of Additional Bonds by Section 5.2 hereof, assuming, for purposes of said requirements, that such Subordinated Indebtedness shall be Additional Bonds, and (B) the Issuer shall provide for the funding of the Reserve Account, upon such accession, in an amount equal to the increase in the amount of the Reserve Account Requirement occasioned by such accession in accordance with Section 4.5(A)(4) hereof. If the aforementioned conditions are satisfied, the Subordinated Indebtedness shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and such Subordinated Indebtedness shall be considered Bonds for all purposes provided in this Resolution.

Section 5.5 Books and Records.

The Issuer will keep books, records and accounts of the receipt of the Pledged Funds in accordance with generally accepted accounting principles, and any Credit Bank, Insurer, or Holder of any Bonds Outstanding or the duly authorized representatives thereof shall have the right at all reasonable times to inspect all books, records and accounts of the Issuer relating thereto.

The Issuer covenants that within one hundred eighty (180) days of the close of each Fiscal Year it will cause to be prepared and filed with the Clerk and mailed to all Credit Banks, Insurers and Holders who shall have filed their names and addresses with the Clerk for such purpose a statement setting forth in respect of the preceding Fiscal Year: (A) the amount of the Pledged Revenues received in the preceding Fiscal Year; (B) the total amounts deposited to the credit of each fund and account created under the provisions of this Resolution; (C) the principal amount of all Bonds issued, paid, purchased or redeemed; and (D) the amounts on deposit at the end of such Fiscal Year to the credit of each such fund or account.

Section 5.6 Annual Audit.

The Issuer shall, immediately after the close of each Fiscal Year, cause the financial statements of the Issuer to be properly audited by a recognized independent firm of certified public accountants, and shall require such accountants to complete their report of such Annual Audit in accordance with applicable law. Such Annual Audits shall contain, but not be limited to, a balance sheet, an income statement, a statement of changes in financial position, a statement of change in retained earnings, a statement of insurance coverage, and any other statements as required by law or accounting convention, and a certificate by such accountants disclosing any material default on the part of the Issuer of any covenant or agreement herein. Each Annual Audit shall be in conformity with generally accepted accounting principles. A copy of each Annual Audit shall regularly be furnished to any Credit Bank, to any Insurer and to any Holder who shall have furnished an address to the Clerk and requested in writing that the same be furnished to such Holder. The Issuer shall be permitted to make a reasonable charge for furnishing to any Holder such Annual Audit.

Section 5.7 No Impairment.

The pledging of the Pledged Funds in the manner provided herein shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceedings of the Governing Body.

Section 5.8 Collection of County Revenue Sharing Funds.

The Issuer covenants to do all things necessary on its part to maintain its eligibility to participate in the distribution of funds from the State of Florida Revenue Sharing Trust Fund for Counties as described in Chapter 218, Part II, Florida Statutes, as amended, as increased by any amendment hereafter enacted by the Florida Legislature which expands the amount of County Revenue Sharing Funds distributed pursuant to such statute or any other law (but only to the extent expressly pledged by resolution of the Issuer). The Issuer will at all times comply with all of the requirements and conditions of Chapter 218, Part II, Florida Statutes, as amended, and take every necessary action to remain qualified to receive distribution of the County Revenue Sharing Funds; and the Issuer will not take any action which will jeopardize its eligibility for receipt of such funds which may adversely affect its undertakings as provided in this Resolution. The Issuer will not take any action or enter into any agreement that shall result in reducing the level of County Revenue Sharing Funds distributed to the Issuer from that prevailing at the time the Issuer takes such action or enters into such agreement.

Section 5.9 Special Covenants Relating to Reserve Account Insurance Policy or Reserve Account Letter of Credit.

(A) The Issuer shall annually submit to the issuer of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit, records of withdrawals on such Reserve Account Insurance Policy or such Reserve Account Letter of Credit, as the case may be, received by the Paying Agent and remaining unpaid, the respective dates of such withdrawals, the interest accrued on such withdrawals and the aggregate amount of interest due by the Issuer

to the issuer of such Reserve Account Insurance Policy or such Reserve Account Letter of Credit, as the case may be.

(B) The Issuer hereby acknowledges that the issuer of the Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit shall be deemed a third-party beneficiary of this Resolution for the purpose of enforcing the terms, conditions and obligations of this Resolution which benefit the issuer of such Reserve Account Insurance Policy or such Reserve Account Letter of Credit, as the case may be.

Section 5.10 Covenants with Credit Banks and Insurers.

The Issuer may make such covenants as it may in its sole discretion determine to be appropriate with any Insurer, Credit Bank or other financial institution that shall agree to insure or to provide for Bonds of any one or more Series credit or liquidity support that shall enhance the security or the value of such Bonds. Such covenants may be set forth in this Resolution or the applicable Supplemental Resolution and shall be binding on the Issuer, the Registrar, the Paying Agent and all the Holders of Bonds the same as if such covenants were set forth in full in this Resolution.

Section 5.11 Federal Income Tax Covenants; Taxable Bonds.

(A) The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds), that it shall not use the proceeds of such Series of Bonds in any manner which would cause the interest on such Series of Bonds to be or become includable in the gross income of the Holder thereof for federal income tax purposes.

(B) The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and neither the Issuer nor any such other Person shall do any act or fail to do any act which would cause the interest on such Series of Bonds to become includable in the gross income of the Holder thereof for federal income tax purposes.

(C) The Issuer hereby covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it will comply with all provisions of the Code necessary to maintain the exclusion of interest on such series of Bonds from the gross income of the Holder thereof for federal income tax purposes, including, in particular, the payment of any amount required to be rebated to the United States Treasury pursuant to the Code.

(D) The Issuer may, if it so elects, issue one or more Series of Taxable Bonds the interest on which is (or may be) includable in the gross income of the Holder thereof for federal income taxation purposes, so long as each Bond of such Series states in the body thereof that interest payable thereon is (or may be) subject to federal income taxation and provided that the issuance thereof will not cause the interest on any other Bonds theretofore issued hereunder to be or become includable in the gross income of the Holder thereof for federal income tax purposes.

Section 5.12 Continuing Disclosure.

The Issuer agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the Issuer and dated the date of issuance of the Series 2005 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of this Resolution, failure of the Issuer to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Bondholder or Beneficial Owner (as hereinafter defined) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Section 5.12. For purposes of this Section 5.12 "Beneficial Owner" means 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 2005 Bonds (including persons holding Series 2005 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2005 Bonds for federal income tax purposes.

Section 5.13 Provisions Relating to Insurers Generally.

Notwithstanding any other provisions of this Resolution to the contrary, the following provisions shall apply with respect to the Series 2005 Bonds or any Additional Bonds hereafter issued the scheduled payment of the principal of and interest on which is insured by a Bond Insurance Policy.

(A) Except as otherwise provided in paragraph (D) below, and notwithstanding the terms of Section 7.2 of this Resolution, an Insurer shall be deemed to be the sole Holder of each Bond insured by it for purposes of exercising any voting right or privilege or giving any consent to the execution and delivery of any supplemental resolution or ordinance or any amendment, supplement or change to or modification of this Resolution and direction, approval or the taking of any other action that the Bondholders whose Bonds are insured by such Insurer are entitled to take pursuant hereto.

(B) Except as otherwise provided in paragraph ((D) below, upon the occurrence and continuance of an event of default, an Insurer shall be deemed to be the sole Holder of each Bond insured by it for purposes of directing the enforcement and exercising of rights and remedies granted to the Bondholders under this Resolution, and such Insurer shall also be entitled to approve all waivers of events of default with respect to Bonds insured by the Insurer. Notwithstanding the foregoing, however, any notices of events of default hereunder required to be sent to Bondholders shall be sent to Bondholders as well as each Insurer.

(C) In the event that the principal and/or interest due on Bonds insured by an Insurer shall be paid by such Insurer pursuant to its Bond Insurance Policy, such Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the Pledged Funds and all covenants, agreements and other obligations of the Issuer to the Holders thereof shall continue to exist and shall run to the benefit of such Insurer and the Insurer shall be subrogated to the rights of such Holders in accordance with the Bond Insurance Policy.

(D) Notwithstanding any other provision contained in this Section 5.13 or elsewhere in this Resolution to the contrary:

(1) If an Insurer shall be in default in the due and punctual performance of its payment obligations under its Bond Insurance Policy or if such policy for whatever reason is not then enforceable and in full force and effect; or

(2) If an Insurer shall apply for or consent to the appointment of a receiver, custodian, trustee or liquidator of such Insurer or of all or a substantial part of its assets, or shall admit in writing its inability, or be generally unable, to pay its debts as such debts become due, or shall make a general assignment for the benefit of its creditors, or commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect) or shall file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or shall fail to consent in a timely and appropriate manner, or acquiesce in writing to, any other petition filed against such Insurer in any involuntary case under said Federal Bankruptcy Code, or shall take any other action for the purpose of effecting the foregoing; or

(3) If a proceeding or case shall be commenced without the application or consent of an Insurer, in any court of competent jurisdiction seeking the liquidation, reorganization, dissolution, winding up or composition or readjustment of debts of such Insurer or the appointment of a trustee, receiver, custodian, or liquidator or the like of the Insurer or of all or a substantial part of its assets, or similar relief with respect to the Insurer under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such proceeding or case shall continue undismissed and an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed in effect for a period of sixty (60) days from the commencement of such proceedings or case, or any order for relief against the Insurer shall be entered in an involuntary case under said Federal Bankruptcy Code;

then and in any such event such Insurer shall not be entitled to any rights specifically granted to it herein to consent to, approve or participate in any actions proposed to be taken by the Issuer, a Bondholder or any of them pursuant to this Resolution or to receive any notices or other documents or instruments.

(E) The Issuer hereby acknowledges that the issuer of the Bond Insurance Policy shall be deemed a third-party beneficiary of this Resolution for the purpose of enforcing the terms, conditions and obligations of this Resolution which benefit the issuer of such Bond Insurance Policy.

Section 5.14 Provisions Relating to the Bond Insurance Policy and Reserve Account Insurance Policy for the Series 2005 Bonds.

Notwithstanding any provision to the contrary contained herein, the following provisions shall apply so long as the Financial Guaranty Insurance Policy (the "Policy") or the Debt Service Reserve Surety Bond (the "Surety Bond") relating to the Series 2005 Bonds issued by the Insurer shall be in full force and effect:

(A) Any notice that is required to be given to a Holder of a Series 2005 Bond or to the Paying Agent pursuant to this Resolution shall also be provided to the Insurer. All notices required to be given to the Insurer under this Resolution shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance, and Attention: Insured Portfolio Manager.

(B) The Issuer agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Insurer in connection with (i) the enforcement by the Insurer of the Issuer's obligations, or the preservation or defense of any rights of the Insurer, under this Resolution and any other document executed in connection with the issuance of the Series 2005 Bonds, and (ii) any consent, amendment, waiver or other action with respect to this Resolution or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

(C) The Issuer agrees not to use the Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Insurer's prior consent; provided however, such prohibition on the use of the Insurer's name shall not relate to the use of the Insurer's standard approved form of disclosure in public documents issued in connection with the Series 2005 Bonds to be issued in accordance with the terms of the Insurer's commitments for the Policy and the Surety Bond; and provided further such prohibition shall not apply to the use of the Insurer's name in order to comply with public notice, public meeting or public reporting requirements.

(D) The Issuer shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Series 2005 Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Series 2005 Bonds without the prior written consent of the Insurer.

(E) The following procedures shall apply for payments pursuant to the Policy. The Issuer and the Paying Agent for the Series 2005 Bonds shall comply with the following procedures:

(1) In the event that, on the second business day, and again on the business day, prior to the payment date on the Series 2005 Bonds, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Series 2005 Bonds due on the second following or following, as the case may be, business day, the Paying Agent shall immediately notify the Insurer or its designee on the same business day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

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

(3) In addition, if the Paying Agent has notice that any Bondholder has been required to disgorge payments of principal or interest on the Series 2005 Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(4) The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Series 2005 Bonds as follows:

(a) If and to the extent there is a deficiency in amounts required to pay interest on the Series 2005 Bonds, the Paying Agent shall (i) execute and deliver to U.S. Bank Trust National Association, or its successors under the Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (ii) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (iii) disburse the same to such respective Holders; and

(b) If and to the extent of a deficiency in amounts required to pay principal of the Series 2005 Bonds, the Paying Agent shall (i) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Series 2005 Bonds surrendered to the Insurance Paying agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (ii) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent, and (iii) disburse the same to such Holders.

(5) Payments with respect to claims for interest on and principal of Series 2005 Bonds disbursed by the Paying Agent from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Series 2005 Bonds, and the Insurer shall become the owner of such unpaid Series 2005 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

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

(a) They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of

or interest on the Series 2005 Bonds, the Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Resolution and the Series 2005 Bonds; and

(b) They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Resolution and the Series 2005 Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Series 2005 Bonds to Holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

(7) In connection with the issuance of Additional Bonds, the Issuer shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such Additional Bonds.

(8) Copies of any amendments made to the documents executed in connection with the issuance of the Series 2005 Bonds which are consented to by the Insurer shall be sent to Standard & Poor's.

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

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

(F) If a forward supply contract is being executed in conjunction with the refunding of the Refunded Bonds, the Insurer's consent shall be required prior to the use of such forward supply contract.

(G) The Paying Agent shall deliver to the Insurer a Demand for Payment as described in the Surety Bond provided by the Insurer at least three (3) days prior to the date on which funds are required. It will be the responsibility of the Paying Agent to maintain adequate records, verified with the Insurer, as to the amount available to be drawn at any time under the Surety Bond and as to the amounts paid and owing to the Insurer under the terms of the Financial Guaranty Agreement (the "Financial Guaranty Agreement") between the Issuer and the Insurer.

(H) The Issuer agrees to pay all amounts owed under the Financial Guaranty Agreement in the manner provided in the Financial Guaranty Agreement. All such amounts shall be paid before this Resolution can be defeased pursuant to Section 9.1 hereof.

(I) There may be no optional redemption of Series 2005 Bonds or distribution of funds to the Issuer unless all amounts owed to the Insurer under the terms of the Financial Guaranty Agreement have been paid in full.

ARTICLE 6

DEFAULTS AND REMEDIES

Section 6.1 Events of Default.

The following events shall each constitute an "Event of Default" hereunder:

(A) Default shall be made in the payment of the principal of, Amortization Installment, redemption premium or interest on any Bond when due.

(B) There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

(C) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the Issuer to be performed, and such default shall continue for a period of thirty (30) days after written notice of such default shall have been received from any Insurer or the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds Outstanding or any Credit Bank. Notwithstanding the foregoing, the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes curative action and diligently pursues such action until the default has been corrected.

Section 6.2 Remedies.

Any Holder of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Bondholders may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer or by any officer thereof.

The Holder or Holders of Bonds in an aggregate principal amount of not less than twenty-five percent (25%) of the Bonds then Outstanding may by a duly executed certificate in writing appoint a trustee for Holders of Bonds issued pursuant to this Resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Clerk. Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Issuer and

the trustee and notice of appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first trustee hereunder, no further trustees may be appointed; however, the Holders of a majority in aggregate principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

Section 6.3 Directions to Trustee as to Remedial Proceedings.

The Holders of a majority in principal amount of the Bonds then Outstanding (or any Insurer insuring, or any Credit Bank providing a Credit Facility for, any then Outstanding Bonds) have the right, by an instrument or concurrent instruments in writing executed and delivered to the trustee, to direct the method and place of conducting all remedial proceedings to be taken by the trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the trustee shall have the right to decline to follow any such direction which in the opinion of the trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

Section 6.4 Remedies Cumulative.

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

Section 6.5 Waiver of Default.

No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by Section 6.2 of this Resolution to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

Section 6.6 Application of Moneys After Default.

If an Event of Default shall happen and shall not have been remedied, the Issuer or a trustee or receiver appointed for the purpose shall apply all Pledged Funds as follows and in the following order:

(A) To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver, Registrar and Paying Agent hereunder; and

(B) To the payment of the interest and principal or Redemption Price, if applicable, then due on the Bonds, as follows:

(1) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 9.1 of this Resolution), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD: to the payment of the Redemption Price of any Bonds called for optional redemption pursuant to the provisions of this Resolution.

(2) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

Section 6.7 Control by Insurer or Credit Bank.

Upon the occurrence and continuance of an Event of Default, each Insurer or Credit Bank, if such Insurer or Credit Bank shall have honored all of its commitments under its Bond Insurance Policy or its Credit Facility, as the case may be, shall be entitled to direct and control the enforcement of all rights and remedies with respect to the Bonds it shall insure or for which such Credit Facility is provided.

For all purposes of Article 6 except the giving of notice of default to Bondholders, the Insurer shall be deemed to be the sole holder of all Bonds it has insured and the Credit Bank shall be deemed to be the sole holder of all Bonds for which it has provided a Credit Facility for so long as it has not failed to comply with its payment obligations under its Bond Insurance Policy or its Credit Facility, as the case may be.

ARTICLE 7

SUPPLEMENTAL RESOLUTIONS

Section 7.1 Supplemental Resolution Without Bondholders' Consent.

The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolution shall thereafter form a part hereof) for any of the following purposes:

(A) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder.

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

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

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

(E) To specify and determine at any time prior to the first delivery of any Series of Bonds the matters and things referred to in Section 2.1 or Section 2.2 hereof, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination.

(F) To authorize Additional Projects or to change or modify the description of the Initial Project or any Additional Project.

(G) To specify and determine matters necessary or desirable for the issuance of Capital Appreciation Bonds or Variable Rate Bonds.

(H) To authorize Additional Bonds or Subordinated Indebtedness.

(I) To make any other change that, in the opinion of Bond Counsel, would not materially adversely affect the security for the Bonds. In making such determination, Bond Counsel shall not take into consideration any Bond Insurance Policy.

Except Supplemental Resolutions described in subsections (E), (F) and (H) of this Section 7.1, no Supplemental Resolution adopted pursuant to this Article 7 shall become effective unless approved by every Insurer; and the Issuer covenants and agrees to furnish to each Insurer an executed original transcript of the Issuer's proceedings with respect to the adoption of each Supplemental Resolution.

Section 7.2 Supplemental Resolution With Bondholders', Insurer's and Credit Bank's Consent.

Subject to the terms and provisions contained in this Section 7.2 and Section 7.1 hereof, the Holder or Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolution or Resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 7.2. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 7.2 shall also require the written consent of the Insurer of, or any Credit Bank providing a Credit Facility for, any Bonds which are Outstanding at the time such Supplemental Resolution shall take effect. No Supplemental Resolution may be approved or adopted which shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (B) reduction in the principal amount of any Bond or the Redemption Price or the rate of interest thereon, (C) the creation of a lien upon or a pledge of the Pledged Funds other than the lien and pledge created by this Resolution which adversely affects any Bondholders, (D) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (E) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders, the Insurer or the Credit Bank of the adoption of any Supplemental Resolution as authorized in Section 7.1 hereof.

If at any time the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 7.2, the Clerk shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books and to all Insurers of, and Credit Banks providing a Credit Facility for, Bonds Outstanding. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Clerk and the Registrar for inspection by all Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 7.2 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 7.2.

Whenever the Issuer shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such Supplemental Resolution in

substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 7.2, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Issuer and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

Section 7.3 Amendment with Consent of Insurer and/or Credit Bank Only.

If all of the Bonds Outstanding hereunder are insured or secured as to payment of principal and interest by an Insurer or Insurers and/or by a Credit Facility provided by a Credit Bank or Credit Banks, and the Insurer or Insurers and/or the Credit Bank or Credit Banks, as applicable, are not in default, and the Bonds, at the time of the hereinafter described amendment, shall be rated by the rating agencies which shall have rated the Bonds at the time such Bonds were insured or such Credit Facility was provided no lower than the ratings assigned thereto by such rating agencies on the date such Bonds were insured or such Credit Facility was provided, the Issuer may enact one or more Supplemental Resolutions amending all or any part of Articles 1, 4, 5, and 6 hereof with the written consent of said Insurer or Insurers and/or said Credit Bank or Credit Banks, as applicable, and the acknowledgment by said Insurer or Insurers and/or said Credit Bank or Credit Banks that its Bond Insurance Policy or its Credit Facility, as the case may be, will remain in full force and effect. The consent of the Holders of any Bonds shall not be necessary. The foregoing right of amendment, however, does not apply to any amendment to Section 5.11 hereof with respect to the exclusion, if applicable, of interest on said Bonds from the gross income of the Holders thereof for federal income tax purposes nor may any such amendment deprive the Holders of any Bond of right to payment of the Bonds from, and their lien on, the Pledged Funds and any additional security pledged hereunder. Upon filing with the Clerk of evidence of such consent of the Insurer or Insurers and/or the Credit Bank or Credit Banks as aforesaid, the Issuer may adopt such Supplemental Resolution. After the adoption by the Issuer of such Supplemental Resolution, notice thereof shall be mailed in the same manner as notice of an amendment under Section 7.2 hereof.

ARTICLE 8

SALE OF 2005 BONDS; APPROVAL OF DOCUMENTS

Section 8.1 Sale of the Series 2005 Bonds; Authorization of Execution of Purchase Contract.

A negotiated sale of the Series 2005 Bonds is hereby authorized. The Chair or the County Administrator is hereby authorized and directed to award the sale of the Series 2005 Bonds to the Underwriters in an aggregate principal amount not to exceed \$23,000,000 at an aggregate purchase price of not less than 99.4% of the original principal amount of such Series 2005 Bonds (exclusive of any original issue discount), as approved by the Chair or the County Administrator (the "Minimum Purchase Price"), and with final terms, as approved by the Chair or the County Administrator provided that the following parameters (the "Parameters") are met: the true interest cost of the Series 2005 Bonds shall not exceed 5.50%; the final maturity of the Series 2005 Bonds shall not be later than July 1, 2035; the Series 2005 Bonds shall be subject to optional redemption prior to their stated maturities not later than ten and one half years after the date of issuance at a redemption price of 100%; the costs of issuance shall be comparable to or less than the issuance costs for bonds of similar tenor and amount; and the Insurer's commitments to provide the Bond Insurance Policy and the Reserve Account Insurance Policy with respect to the Series 2005 Bonds shall be in effect.

The proposed form of the Purchase Contract presented by the Underwriters is hereby approved, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chair or the County Administrator prior to the execution and delivery thereof, such necessity and/or desirability and approval to be presumed by the execution thereof by the Chair or County Administrator; the Chair or the County Administrator is hereby authorized to accept the offer of the Underwriters to purchase the Series 2005 Bonds in an aggregate principal amount not to exceed \$23,000,000 at a purchase price of not less than the Minimum Purchase Price plus accrued interest thereon to the date of delivery, upon the terms and conditions set forth in the Purchase Contract; and the Chair or the County Administrator is hereby authorized to execute and approve the Purchase Contract for and on behalf of the Issuer pursuant to the terms hereof provided that the Chair or County Administrator shall first receive a report of the Financial Advisor stating that the aggregate purchase price set forth in the Purchase Contract is not less than the Minimum Purchase Price and that the final terms and conditions of the sale of the Series 2005 Bonds meet and are within the Parameters.

The Series 2005 Bonds shall be in denominations of \$5,000 or integral multiples thereof, shall be dated such dates, shall bear interest at such rates, payable on such dates, mature on such dates, have such Amortization Installments and have such other terms as are set forth in the Purchase Contract and approved by the Chair or the County Administrator, and the authority to approve such matters is hereby expressly delegated to the Chair or the County Administrator, with such approval to be conclusively evidenced by the Chair's or the County Administrator's execution of any documents including such terms.

Prior to the execution and delivery of the Purchase Contract, the Underwriters shall file with the Issuer the disclosure statement required by the Purchase Contract and by

Section 218.385(6), Florida Statutes, as amended. The Chair, the County Administrator and the other officers, agents and employees of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Series 2005 Bonds in accordance with the provisions of this Resolution and the Purchase Contract.

The authority for the issuance of such aggregate principal amount of the Series 2005 Bonds herein authorized which shall not be delivered to the Underwriters pursuant to the provisions of the Purchase Contract is hereby canceled and rescinded.

Notwithstanding the foregoing, in the event the Purchase Contract is not executed and delivered by the Issuer and the Underwriters on or before December 31, 2005, the Chair's and the County Administrator's authority to award the sale of the Series 2005 Bonds to the Underwriters and to execute the Purchase Contract for and on behalf of the Issuer pursuant to the terms hereof shall be automatically terminated on December 31, 2005.

Section 8.2 Approval of Preliminary Official Statement and Authorization of Official Statement.

The form of the Preliminary Official Statement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chair or the County Administrator prior to the release thereof, is hereby approved, and is authorized to be delivered by the Issuer to the Underwriters at or prior to the execution and delivery of the Purchase Contract. The Chair or the County Administrator is hereby authorized to deem the Preliminary Official Statement final as of its date on behalf of the Issuer for purposes of Rule 15c2-12 of the Securities and Exchange Commission (except for such omissions permitted by such Rule 15c2-12), and to execute a certificate to that effect to be delivered to the Underwriters. A final official statement in substantially the form of the "deemed final" Preliminary Official Statement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chair or the County Administrator prior to the release thereof, is hereby authorized to be delivered by the Issuer to the Underwriters for distribution at or prior to the issuance and delivery of the Series 2005 Bonds. The Chair or the County Administrator is hereby authorized to evidence the Issuer's approval of the final official statement by his or her endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations may be presumed from such endorsement upon any copy of such final official statement. Bond Counsel is hereby directed to furnish to the Division of Bond Finance of the Department of General Services of the State of Florida a copy of the final official statement, a notice of the impending sale of the Series 2005 Bonds and the other information required by Section 218.38, Florida Statutes, as amended, within the appropriate time periods specified by such section.

Section 8.3 Escrow Holder; Authorization of Execution and Delivery of Escrow Deposit Agreement.

Wachovia Bank, National Association, is hereby appointed Escrow Holder under the Escrow Deposit Agreement. The Escrow Deposit Agreement, with such omissions, insertions and variations as may be approved on behalf of the Issuer by the Chair, such approval to be evidenced conclusively by the Chair's execution thereof, is hereby approved and authorized. The Issuer hereby authorizes and directs the Chair to execute the Escrow Deposit Agreement and

to deliver the same to the Escrow Holder. All of the provisions of the Escrow Deposit Agreement, when executed, dated and delivered by or on behalf of the Issuer as authorized herein and by or on behalf of the Escrow Holder, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

Section 8.4 Registrar and Paying Agent; Authorization of Execution and Delivery of Registrar and Paying Agency Agreement.

Wachovia Bank, National Association, is hereby appointed Registrar and Paying Agent for the Series 2005 Bonds. The Registrar and Paying Agency Agreement, with such omissions, insertions and variations as may be approved on behalf of the Issuer by the Chair, such approval to be evidenced conclusively by the Chair's execution thereof, is hereby approved and authorized. The Issuer hereby authorizes and directs the Chair to execute the Registrar and Paying Agency Agreement and to deliver the same to the Registrar and Paying Agent for the Series 2005 Bonds. All of the provisions of the Registrar and Paying Agency Agreement, when executed, dated and delivered by or on behalf of the Issuer as authorized herein and by or on behalf of the Registrar and Paying Agent for the Series 2005 Bonds, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

Section 8.5 Authorization of Execution and Delivery of Continuing Disclosure Certificate.

The Continuing Disclosure Certificate, with such omissions, insertions and variations as may be approved on behalf of the Issuer by the Chair, such approval to be evidenced conclusively by the Chair's execution thereof, is hereby approved and authorized. The Issuer hereby authorizes and directs the Chair to execute and deliver the Continuing Disclosure Certificate. All of the provisions of the Continuing Disclosure Certificate, when executed, dated and delivered by or on behalf of the Issuer as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

The Issuer agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the Issuer and dated the date of issuance of the Series 2005 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Section 8.6 Authorization of Execution of Certificates, Interlocal Agreement and Other Instruments.

The Chair is hereby authorized and directed, under the official seal of the Issuer, to execute and deliver certificates of the Issuer certifying such facts as the Issuer's attorney or Bond Counsel shall require in connection with the issuance, sale and delivery of the Series 2005 Bonds, and to execute and deliver the Interlocal Agreement and such other instruments as shall be necessary or desirable to perform the Issuer's obligations under this Resolution and the Purchase Contract and to consummate the transactions contemplated hereby and thereby. The Chair is authorized to execute such other agreements as may be required by the Insurer, Moody's Investors Service or Standard & Poor's which are necessary to obtain any Bond Insurance

Policy, any Reserve Account Insurance Policy or Reserve Account Letter of Credit, or rating required by the Purchase Contract.

ARTICLE 9

MISCELLANEOUS

Section 9.1 Defeasance.

If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of the Pledged Funds and any additional security pledged hereunder, and all covenants, agreements and other obligations of the Issuer to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agents shall pay over or deliver to the Issuer all money or securities held by them pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section 9.1 if (A) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (B) there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Issuer either moneys in an amount which shall be sufficient, or Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such bank or trust company at the same time shall be sufficient, to pay the principal of or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Neither the Securities nor any moneys so deposited with such bank or trust company nor any moneys received by such bank or trust company on account of principal of or Redemption Price, if applicable, or interest on said Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Redemption Price, if applicable, of the Bonds for the payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption thereof; provided, however, the Issuer may substitute new Securities and moneys for the deposited Securities and moneys if the new Securities and moneys are sufficient to pay the principal of or Redemption Price, if applicable, and interest on such Bonds.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or the redemption date thereof, as the case may be, by the deposit of moneys, or specified Securities and moneys, if any, in accordance with this Section 9.1, the interest to come due on such Variable Rate Bonds on or prior to the maturity or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne

interest at less than the Maximum Interest Rate for any period, the total amount of moneys and specified Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to satisfy this Section 9.1, such excess shall be paid to the Issuer free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this Resolution.

In the event the Bonds for which moneys are to be deposited for the payment thereof in accordance with this Section 9.1 are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall cause the Registrar to mail a notice to the Holders of such Bonds that the deposit required by this Section 9.1 of moneys or Securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 9.1 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of or Redemption Price, if applicable, and interest on said Bonds.

Nothing herein shall be deemed to require the Issuer to call any of the Outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

In the event that the principal of or Redemption Price, if applicable, and interest due on the Bonds or any portion thereof shall be paid by an Insurer or Insurers or a Credit Bank or Credit Banks, such Bonds or any portion thereof shall remain Outstanding, shall not be defeased and shall not be considered paid by the Issuer, and the pledge of the Pledged Funds and any additional security pledged hereunder, and all covenants, agreements and other obligations of the Issuer to the Bondholders shall continue to exist and such Insurer or Insurers or such Credit Bank or Credit Banks shall be subrogated to the rights of such Bondholders.

Section 9.2 Capital Appreciation Bonds.

For the purposes of (A) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (B) receiving payment of a Capital Appreciation Bond if the principal of all Bonds becomes due and payable under the provisions of this Resolution, or (C) computing the amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to the Issuer or any trustee or receiver appointed to represent the Bondholders any notice, consent, request or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value. For the purpose of determining the aggregate principal amount of Capital Appreciation Bonds which may be issued hereunder, only the aggregate principal amount of such Bonds at their initial offering shall be counted, without regard to the aggregated Accreted Value or face amount of such Bonds which shall be payable at their respective maturities.

Section 9.3 General Authority.

The members of the Governing Body and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this

Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the initial purchasers of the Bonds to effectuate the sale of the Bonds to said initial purchasers.

Section 9.4 No Personal Liability.

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

Section 9.5 No Third Party Beneficiaries.

Except such other Persons as may be expressly described herein or in the Bonds, nothing in this Resolution, or in the Bonds, expressed or implied, is intended or shall be construed to confer upon any Person other than the Issuer and the Holders any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Persons who shall from time to time be the Holders.

Section 9.6 Severability of Invalid Provisions.

If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

Section 9.7 Repeal of Inconsistent Resolutions.

All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

Section 9.8 Table of Contents and Headings not Part Hereof.

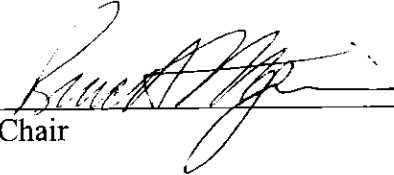
The Table of Contents preceding the body of this Resolution and the headings preceding the several articles and sections hereof shall be solely for convenience of reference and shall not constitute a part of this Resolution or affect its meaning, construction or effect.

Section 9.9 Effective Date.

This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 26th day of July, 2005.

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA



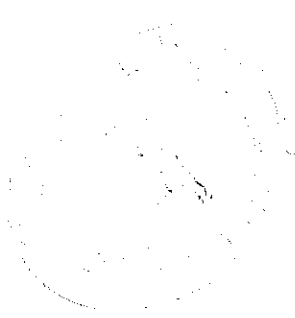
Its Chair

(OFFICIAL SEAL)

ATTEST: **Cheryl Strickland, Clerk**



Its Clerk



LIST OF EXHIBITS

- EXHIBIT A – Description of Initial Project
- EXHIBIT B – Purchase Contract
- EXHIBIT C – Preliminary Official Statement
- EXHIBIT D – Escrow Deposit Agreement
- EXHIBIT E – Registrar and Paying Agency Agreement
- EXHIBIT F – Continuing Disclosure Certificate
- EXHIBIT G – Interlocal Agreement
- EXHIBIT H – Insurer's Commitments

EXHIBIT A

Description of Initial Project

The Initial Project consists of the following capital projects: the acquisition and construction of new County administration and auditorium facilities; the renovation and expansion of the St. Johns County Sheriff's complex; the acquisition and construction of a new community center and swimming pool; and the expansion of the St. Johns County Property Appraiser's office.

EXHIBIT B

Purchase Contract

BOND PURCHASE AGREEMENT

\$ _____
ST. JOHNS COUNTY, FLORIDA
Capital Improvement Revenue and Refunding Bonds,
Series 2005

August __, 2005

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

Ladies and Gentlemen:

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

SECTION 1. PURCHASE AND SALE. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the County for offering to the public, and the County hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the County's \$ _____ aggregate principal amount of St. Johns County, Florida Capital Improvement Revenue and Refunding Bonds, Series 2005 (the "Series 2005 Bonds"). The Series 2005 Bonds shall be dated the date of their delivery, and shall be issued in such principal amounts, bear such rates of interest, and be redeemable upon such terms as set forth in Exhibit A attached hereto. Interest on the Series 2005 Bonds shall be payable January 1 and July 1 of each year, commencing January 1, 2006. The

aggregate purchase price of the Series 2005 Bonds is \$_____ (representing the principal amount of \$_____, less an underwriters' discount of \$_____, plus/less net original issue premium/discount of \$_____). The Series 2005 Bonds shall initially be offered to the public as set forth in Section 3 hereof at such prices or yields as indicated on Exhibit A attached hereto. The Series 2005 Bonds shall be issued pursuant to and under the authority of Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No. 86-89, as amended, Chapter 218, Part II, Florida Statutes, as amended, and other applicable provisions of law (collectively, the "Act"), and under and pursuant to Resolution No. 2005-____, adopted by the Board of County Commissioners of the County (the "Board") on July 26, 2005, as the same may be amended and supplemented from time to time (the "Resolution"). The Series 2005 Bonds are special and limited obligations of the County, payable solely from and secured by the Pledged Funds to the extent and in accordance with the Resolution.

The County is proposing to issue the Series 2005 Bonds to: (i) advance refund all of the County outstanding St. Johns County, Florida Capital Improvement Revenue Bonds, Series 1998 (the "Refunded Bonds") (ii) finance the acquisition, construction and installation of various capital projects within the County (the "2005 Project"), as more particularly described in the Resolution, (iii) pay the premium for a debt service reserve account surety bond in order to fund the Reserve Account (the "Surety Bond") and (iv) to pay certain costs of issuance of the Series 2005 Bonds, including the premium for a financial guaranty insurance policy (the "Bond Insurance Policy") to be issued by MBIA Insurance Corporation (the "Insurer"). The Series 2005 Bonds and the interest thereon will be payable from and secured equally and ratably by a pledge of and lien upon the Pledged Funds in the manner and to the extent set forth in the Resolution.

Concurrently with the execution and delivery of the Series 2005 Bonds, there are to be executed and delivered, among other things, (a) the Continuing Disclosure Certificate of the County dated as of the Closing Date (as hereinafter defined) (the "Continuing Disclosure Certificate"), (b) the Registrar, Paying Agent and Authenticating Agent Agreement dated as of the Closing Date (the "Registrar and Paying Agent Agreement"), between the County and _____, its successors and assigns, as registrar and paying agent for the Series 2005 Bonds (the "Registrar and Paying Agent"), (c) the Non-Arbitrage and Tax Law Compliance Certificate of the County dated as of the Closing Date (the "Tax Certificate"), (d) the Escrow Deposit Agreement dated as of the Closing Date (the "Escrow Deposit Agreement"), between the County and _____, as Escrow Agent (the "Escrow Agent"), (e) the Financial Guaranty Agreement, dated as of the Closing Date, between the County and the Insurer relating to the Surety Bond (the "Insurance Agreement") and (f) any other documents related to the transactions contemplated in the Official Statement in connection with the public offering, sale and distribution of the Series 2005 Bonds.

SECTION 2. UNDERWRITERS' LIABILITY. Delivered to you herewith, as a good faith deposit, is a federal funds wire transfer from the Managing Underwriter deposited to the account of the County previously designated by the County, in the amount of \$_____ as security for the performance by the Underwriters of their obligation to accept and pay for the Series 2005 Bonds at Closing in accordance with the provisions of this Purchase Contract. In the event that you accept this offer, such wired funds shall be held by the County and applied to the purchase price of the Series 2005 Bonds at the closing. In the event you do not accept this offer, such wired funds shall be immediately returned to the Managing Underwriter. If the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Series 2005 Bonds at the Closing as provided herein, the wired funds may be retained by the County as full liquidated damages for the failure of the Underwriters to accept and pay for the Series 2005 Bonds at closing and for any and all defaults hereunder on the part of the Underwriters, and the retention of such amounts shall constitute a full release and discharge of all claims and damages for such failure and for any and all such defaults hereunder on the part of the Underwriters, it being understood by both the County and the Underwriters that actual damages in such circumstances may be difficult or impossible to compute.

In the event that the County fails to deliver the Series 2005 Bonds at the Closing, or if the County is unable at or prior to the Closing Date to satisfy or cause to be satisfied the conditions to the obligations of the Underwriters contained in this Purchase Contract, or if the obligations of the Underwriters contained herein shall be cancelled or terminated for any reason permitted by this Purchase Contract, the County shall be obligated to immediately return the wired funds to the Managing Underwriter and such return shall constitute a full release and discharge of all claims by the County and the Underwriters arising out of the transaction contemplated herein except for the respective obligations of the County and the Underwriters set forth in Section 8 below.

SECTION 3. OFFERING. The Underwriters agree to make a public offering of the Bonds at the initial offering prices or yields set forth in Exhibit A attached hereto; provided, however, the Underwriters reserve the right to make concessions to dealers and to change such initial offering prices as the Underwriters shall deem necessary in connection with the marketing of the Series 2005 Bonds.

It shall be a condition of your obligation to sell the Series 2005 Bonds to the Underwriters and to deliver the Series 2005 Bonds to the Managing Underwriter as provided in Section 6 hereof, and the obligation of the Underwriters to purchase and accept delivery of the Series 2005 Bonds, that the entire initial aggregate principal amount of the Series 2005 Bonds shall be sold and delivered by you and accepted and paid for by the Underwriters at the Closing.

SECTION 4. PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT. The County hereby confirms that it has made available to the Underwriters a Preliminary Official Statement of the County relating to the Series 2005 Bonds dated July 27, 2005 (which, together with the cover page, inside cover page and appendices contained therein, is herein called the "Preliminary Official Statement"). Within seven business days of the acceptance hereof by the County, the County shall deliver to the Underwriters, at the County's expense such reasonable number of conformed copies of the Official Statement (which, together with the cover page, inside cover and appendices contained therein, is herein called the "Official Statement"), as the Managing Underwriter shall reasonably request which shall be sufficient in number to permit the Underwriters to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act of 1934") and with Rule G-32 and all other applicable rules of Municipal Securities Rulemaking Board. The County, by its acceptance hereof ratifies and approves the Preliminary Official Statement as of its date and approves and authorizes the Underwriters to use the Official Statement and all documents described therein in connection with the public offering and the sale of the Series 2005 Bonds. The County agrees to make no amendments to the Official Statement without the prior written consent of the Managing Underwriter, which consent shall not be unreasonably withheld. In addition, the County will undertake, pursuant to the Resolution and the Continuing Disclosure Certificate to provide certain annual financial and operating information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Offering Statement and will also be set forth in the Official Statement.

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

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

(a) As of the date of the Preliminary Official Statement and the date of this Purchase Contract, and as of the date of Official Statement and at the time of Closing, the statements and information contained in the Preliminary Official Statement and Official Statement will be true, correct and complete in all material respects and the Preliminary Official Statement and Official Statement will not omit any statement or information which should be included therein for the purposes for which the Preliminary Official Statement and Official Statement are to be used or which is necessary to make the statements or information contained therein, in light of the circumstances under which they were made, not misleading (provided, however, that no representation or warranty is

being provided with respect to the Insurer, the Bond Insurance Policy and the Surety Bond, or DTC and its book-entry system of registration).

(b) Between the date of this Purchase Contract and the time of Closing, the County will not execute any bonds, notes or obligations for borrowed money, other than the Series 2005 Bonds, which pledge either the full faith and credit of the County or the Pledged Funds, without giving prior written notice thereof to the Managing Underwriter.

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

(d) The County has full legal right, power and authority to: (i) enter into this Purchase Contract, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate, the Tax Certificate and the Insurance Agreement, (ii) adopt the Resolution, (iii) sell, issue and deliver the Series 2005 Bonds to the Underwriters under the Act as provided herein, (iv) refund the Refunded Bonds and acquire, construct and install the 2005 Project, (v) execute the Official Statement and (vi) carry out and consummate the transactions contemplated by this Purchase Contract, the Resolution, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, Continuing Disclosure Certificate, the Insurance Agreement and the Official Statement, and the County has complied, and at the Closing will be in compliance, in all respects, with the terms of the Act and with the obligations on its part in connection with the issuance of the Series 2005 Bonds contained in the Resolution, the Series 2005 Bonds, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate, the Tax Certificate, the Insurance Agreement and this Purchase Contract.

(e) By all necessary official action, the County has (i) duly adopted the Resolution, (ii) duly authorized and approved the Preliminary Official Statement and the Official Statement, and (iii) duly authorized and approved the execution and delivery of, and the performance by the County of, the Series 2005 Bonds, this Purchase Contract, the Resolution, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate, the Tax Certificate, the Insurance Agreement and all other obligations on its part in connection with the issuance of the Series 2005 Bonds and the consummation by it of all other transactions contemplated by this Purchase Contract, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate, the Official Statement, the Insurance Agreement and the Tax Certificate in connection with the issuance of the Series 2005 Bonds; and upon delivery of the Series 2005 Bonds at the Closing, the Resolution, this Purchase Contract, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate, the Insurance Agreement and the Tax Certificate will constitute legal, valid and binding obligations of the County, enforceable in accordance

with their terms, subject to applicable bankruptcy, insolvency, and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

(f) When delivered to the Managing Underwriter and paid for by the Underwriters at the Closing in accordance with the provisions of this Purchase Contract, the Series 2005 Bonds shall be entitled to the benefits of the Resolution, including a pledge of and lien upon the Pledged Funds in accordance with the provisions of the Resolution, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

(g) The refunding of the Refunded Bonds, the acquisition, construction and installation of the 2005 Project, the adoption of the Resolution and the authorization, execution and delivery of this Purchase Contract, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate, the Tax Certificate, the Insurance Agreement and the Series 2005 Bonds, and compliance with the provisions hereof and thereof, will not conflict with, or constitute a material breach of or default under any law, administrative regulation, consent decree, ordinance, resolution or any agreement or other instrument to which the County was or is subject, as the case may be, nor will such adoption, execution, delivery, authorization or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County, or under the terms of any law, administrative regulation, ordinance, resolution or instrument, except as expressly provided by the Resolution.

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

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

(j) The County is lawfully empowered to pledge and grant a lien on the Pledged Funds for payment of the principal of, redemption premium, if any, and interest on the Series 2005 Bonds.

(k) Except as expressly disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency or public board or body pending or, to the best knowledge of the County, threatened against the County, affecting or seeking to prohibit, restrain or enjoin

the refunding of the Refunded Bonds, the acquisition, construction and installation of the 2005 Project or the sale, issuance or delivery of the Series 2005 Bonds or the receipt of the County Revenue Sharing Funds or the pledge of and lien on the Pledged Funds or contesting or affecting as to the County the validity or enforceability in any respect of the Series 2005 Bonds, the Resolution, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate, the Tax Certificate or this Purchase Contract, or contesting the tax-exempt status of interest on the Series 2005 Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or the Board or any authority for the issuance of the Series 2005 Bonds, the adoption of the Resolution or the execution and delivery by the County of the Series 2005 Bonds, this Purchase Contract, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate, the Insurance Agreement or the Tax Certificate.

(l) The County will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Managing Underwriter may reasonably request in order to (i) qualify the Series 2005 Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate, and (ii) determine the eligibility of the Series 2005 Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Series 2005 Bonds; provided, however, that the County shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(m) The County will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Series 2005 Bonds to be applied in a manner contrary to that provided for in the Resolution, and as described in the Official Statement.

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

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

(p) If, after the date of this Purchase Contract and until the earlier of (i) 90 days from the end of the "underwriting period" (as defined in SEC Rule 15c2-12) or (ii) the time when the Official Statement is available to any person from a nationally recognized repository, but in no case less than 25 days following the end of the underwriting period,

any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the County shall notify the Managing Underwriter thereof and, if in the reasonable opinion of the Managing Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County will at its own expense forthwith prepare and furnish to the Managing Underwriter a sufficient number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Managing Underwriter) which will supplement or amend the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at such time, not misleading.

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

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

(s) Except as expressly disclosed in the Official Statement, the County has never failed to, and the County hereby covenants and agrees to, take any and all action required to be taken by it pursuant to Chapter 218, Part II, Florida Statutes, as amended and the Act in order to remain eligible to receive proceeds of the County Revenue Sharing Funds.

SECTION 6. CLOSING. At noon, local time, August 23, 2005 (the "Closing Date"), or at such time on such earlier or later date as shall be agreed upon, the County will, subject to the terms and conditions hereof, deliver to the Managing Underwriter in care of DTC or its agent, the Series 2005 Bonds in permanent form, duly executed, and will deliver the other documents herein mentioned at a location mutually agreed upon by the County and the Managing Underwriter; and the Underwriters will pay the purchase price of the Series 2005 Bonds as set forth in Section 1 hereof by immediately available funds, payable to the order of the County. This delivery and payment is herein called the "Closing."

SECTION 7. CLOSING CONDITIONS. The Underwriters have entered into this Purchase Contract in reliance upon the representations and warranties of the County herein contained and the performance by the County of its obligations hereunder, both as of the date hereof and as of the time of Closing. The obligations of the Underwriters under this Purchase Contract are and shall be subject to each of the following conditions and the obligations of the County shall be subject to the County

being paid the aggregate purchase price of the Series 2005 Bonds and the County receiving the items described in conditions (f)(ii), (f)(iv), (f)(vi) through (f)(xi) and (f)(xv), (f)(xvi) and (f)(xvii):

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

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

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

(d) At the time of the Closing, all official action of the County relating to this Purchase Contract, the Resolution, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate, the Tax Certificate, the Insurance Agreement, the Official Statement and the Series 2005 Bonds shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect, except in each case as may have been agreed to by the Managing Underwriter.

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

(i) legislation shall have been introduced in or enacted by the Congress of the United States or enacted by the State of Florida, or legislation pending in the Congress of the United States shall have been amended, or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives or legislation shall have been proposed for consideration by either such Committee, by the Staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or the State of Florida, including the Tax Court of the United States,

or a ruling shall have been made or a regulation shall have been proposed or a form of notice shall have been issued by the Treasury Department of the United States, or the Internal Revenue Service or other federal or State of Florida authority, with respect to Federal or State of Florida taxation upon interest on obligations of the general character of the Series 2005 Bonds, which (A) may have the purpose or effect, directly or indirectly, of affecting the tax status of the County, its property or income, its securities (including the Series 2005 Bonds) or the interest thereon, or any applicable tax exemption granted or authorized by the State of Florida and, (B) which in the reasonable opinion of the Managing Underwriter, affects adversely the market for the Series 2005 Bonds, or the market price generally of obligations of the general character of the Series 2005 Bonds; or

(ii) (A) in the Managing Underwriter's reasonable judgment, the market price of the Series 2005 Bonds is materially adversely affected because: (I) additional material restrictions not in force as of the effective date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (II) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Series 2005 Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force; or (III) a general banking moratorium shall have been established by federal, New York or Florida authorities; or (B) there shall have occurred any material change, or any other event which in the Managing Underwriter's reasonable opinion and concurrence by appropriate representatives of the County, materially adversely affects the marketability of the Series 2005 Bonds at the purchase price set forth in Section 1, herein; or (C) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Series 2005 Bonds or in any way contesting or affecting any authority for or the validity of the Series 2005 Bonds, any of the proceedings of the County taken with respect to the issuance or sale thereof, the pledge or application of any moneys or securities provided for the payment of the Series 2005 Bonds or the existence or powers of the County; or

(iii) (A) in the Managing Underwriter's reasonable judgment, and concurrence by the appropriate representatives of the County, the purchase price of the Series 2005 Bonds set forth in Section 1 herein is adversely affected because a war involving the United States of America shall have been declared, or (B) any other national or international calamity shall have occurred (economic or otherwise), or any conflict involving the armed forces of the United States of America shall have escalated to such magnitude as to materially affect the Underwriters' physical or technical ability to market the Series 2005 Bonds;

(iv) a stop order, release, regulation, or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject

matter shall have been issued or made to the effect that the issuance, offering, or sale of the Series 2005 Bonds, including all the underlying obligations as contemplated hereby or by the Official Statement, or any document relating to the issuance, offering or sale of the Series 2005 Bonds is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); or

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

(vi) legislation shall be enacted or be proposed or actively considered for enactment, or a decision by a court of the United States shall be rendered, or a ruling, or regulation, by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that the Series 2005 Bonds or any securities of the County, any obligations of the general character of the Series 2005 Bonds, and the Resolution, are not exempt from the registration, qualification or other requirements of the Securities Act, as then in effect or of the Trust Indenture Act, as then in effect, or otherwise, or would be in violation of any provision of the federal securities laws.

In the event that (i) any amendment or supplement to the Official Statement is proposed or deemed necessary by the Managing Underwriter, and (ii) the County notifies the Managing Underwriter that it has determined not to undertake such amendment or supplement, accompanied by a letter from its Bond Counsel and Disclosure Counsel that such firms are prepared to deliver, at the Closing of the Series 2005 Bonds, their respective opinions in the forms described herein, then the proposed amendment or supplement to the Official Statement shall be immediately disclosed by the County and the Managing Underwriter to the Rating Agencies (as defined herein) and the Insurer. In the event that as a result of such disclosure (A) any of such Ratings Agencies notify the County and the Managing Underwriter that they will provide a lower underlying rating on the Series 2005 Bonds than that specified in Section 7(f)(ix) hereof or place the Series 2005 Bonds on a "credit watch" or the equivalent, and/or (B) the Insurer notifies the County and the Managing Underwriter that it will not deliver the Bond Insurance Policy or the Surety Bond or that it will increase the premium for such policies as a result of such disclosure, this Purchase Contract may be terminated by the Managing Underwriter without liability on the part of the Underwriters.

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

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

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

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

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

(A) the Resolution has been duly adopted by the County and the Series 2005 Bonds, this Purchase Contract, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate and the Insurance Agreement have been duly authorized, executed and delivered by the County, and the Resolution, the Continuing Disclosure Certificate, the Series 2005 Bonds, when duly authenticated, and the Purchase Contract, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement and the Insurance Agreement when duly executed by the other parties thereto constitute valid, legal and binding agreements of the County enforceable against the County; provided, however, the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally;

(B) the County is a political subdivision duly existing under the Constitution and laws of the State of Florida and has good right and lawful authority to issue the Series 2005 Bonds, to secure the Series 2005 Bonds in the manner and to the extent provided in the Resolution, to carry out its powers under the Act (as defined in the Resolution) and to perform all of its obligations under the Resolution, the Series 2005 Bonds, the Purchase Contract, the Continuing Disclosure Certificate, the Escrow Deposit Agreement, the Insurance Agreement and the Registrar and Paying Agent Agreement;

(C) no consent, waiver or any other action by any person, board or body, public or private, other than the approval of the County which has been duly and validly obtained, is required as of the date hereof for the County to issue the Series 2005 Bonds or adopt the Resolution, or to execute and deliver the Purchase Contract, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate or the Insurance Agreement, or to perform its obligations under any of the foregoing;

(D) to the best of their knowledge, the adoption of the Resolution and the execution and delivery of this Purchase Contract, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate, the Insurance Agreement and the Series 2005 Bonds and compliance with the provisions of each do not and will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State of Florida, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the County is a part or is otherwise subject;

(E) except as otherwise disclosed in the Official Statement, there is no litigation or proceeding, pending or, to the best of their knowledge, threatened, challenging the creation, organization or existence of the County, the receipt of the County Revenue Sharing Funds (as defined in the Resolution) by the County or the validity of the Series 2005 Bonds, the Purchase Contract, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate or the Insurance Agreement or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or which, in any manner, questions the right of the County to issue the Series 2005 Bonds or to pledge the Pledged Funds for repayment of the Series 2005 Bonds;

(F) nothing has come to their attention that would lead them to believe that the Official Statement as of its date or as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for financial and statistical information contained in the Official Statement and the information relating to the Insurer, the Bond Insurance Policy, the Surety Bond, or DTC and its book-entry only system, as to which no view need be expressed);

(G) the use of the Preliminary Official Statement by the Underwriters for the purpose of offering the Series 2005 Bonds for sale has been duly authorized by the County;

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

(I) the County is lawfully empowered to pledge and grant a lien on the Pledged Funds, for the payment of the principal of, redemption premium, if any, and interest on the Series 2005 Bonds; and

(J) for purposes of the opinion, they have assumed that the County has obtained or will be able to obtain all permits and consents that are necessary for the 2005 Project, that the interest on the Series 2005 Bonds is excluded from gross income for federal income tax purposes and that neither the Series 2005 Bonds, the Purchase Contract, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Official Statement, the Resolution, the Continuing Disclosure Statement, the Insurance Agreement nor any other matter or documents need to be registered or qualified under the Securities Act, the Florida Securities Act, Chapter 517 Florida Statutes, as amended, the Trust Indenture Act, or the securities or blue sky laws of any jurisdiction.

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

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

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

(C) that, except as disclosed in the Official Statement, no litigation or other proceedings are pending or, to his or her knowledge, threatened against the County in any court or other tribunal of competent jurisdiction, State or Federal, in any way (I) restraining or enjoining the issuance, sale or delivery of any of the Series 2005 Bonds, or (II) questioning or affecting the validity of this Purchase Contract, the Series 2005 Bonds, the Resolution, the Registrar and Paying Agent Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Certificate, the Tax Certificate, the Insurance Agreement or the pledge by the County to the Bondholders of the Pledged Funds, or (III) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, issuance or delivery of the Series 2005 Bonds or (IV) questioning or affecting (1) the organization or existence of the County or the title to office of the officers thereof, (2) the refunding of the Refunded Bonds or the acquisition, construction and equipping of the 2005 Project or (3) the power or authority of the County to receive the County Revenue Sharing Funds or (V) asserting that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

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

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

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

(G) except as disclosed in the Official Statement, the County has continuously maintained eligibility under applicable law to receive the County Revenue Sharing Funds.

(vi) An opinion of Foley & Lardner, LLP, as Bond Counsel, addressed to the County and the Underwriters, and dated the Closing Date, to the effect that:

(A) with respect to the information in the Official Statement and based upon said firm's review of the Official Statement, as Bond Counsel, and without having undertaken to determine independently the accuracy or completeness of the contents of the Official Statement, it is of the opinion that the information in the Official Statement under the headings "INTRODUCTION" (other than the information under the subheadings "The County," "Bond Insurance Policy and Reserve Account Insurance Policy," "Continuing Disclosure" and "Additional Information"), "PLAN OF REFUNDING," "DESCRIPTION OF THE SERIES 2005 BONDS," (other than the information under the subheading "Book-Entry Only System"), "SECURITY FOR THE BONDS," "DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATION," "TAX MATTERS" (except for the financial and statistical data contained under any such headings, as to which no view need be expressed) and "APPENDIX C - FORM OF THE RESOLUTION" insofar as such information purports to be descriptions or summaries of the Resolution, the Series 2005 Bonds or state and federal laws to the extent indicated therein, are accurate and fair statements or summaries of the matters set forth or the documents referred to therein; and

(B) the Series 2005 Bonds are exempt from registration under the Securities Act and the Resolution is exempt from qualification as an indenture under the Trust Indenture Act.

(vii) An opinion of Nabors, Giblin & Nickerson, P.A., as Disclosure Counsel, addressed to the County and the Underwriters, and dated the Closing Date, substantially to the effect that (1) the Series 2005 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, (2) based upon their participation and their review of the Official Statement as Disclosure Counsel for the County and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to their attention causing them to believe that the Official Statement contains any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the financial and statistical information contained in the Official Statement and the information related to the Insurer, the Bond Insurance Policy, the Surety Bond, DTC or its book-entry only system as to which no view need be expressed), and (3) the Continuing Disclosure Certificate, together with the Official Statement and the Purchase Contract, satisfy the requirements contained in Rule 15c2-12(b)(5) promulgated by the United States Securities and

Exchange Commission for an undertaking for the benefit of the owners of the Series 2005 Bonds to provide the information at the times and in the manner required by said Rule.

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

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

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

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

(D) the Registrar and Paying Agent Agreement and the Escrow Deposit Agreement constitute valid and binding obligations of the Registrar and Paying Agent enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity; and

(E) to the best of such authorized representative's knowledge, there is no action, suit, proceeding, or investigation at law or in equity before any court, public board or body pending or, to his or her knowledge, threatened against or affecting the Registrar and Paying Agent wherein an unfavorable decision, ruling or finding on an issue raised by any party

thereto is likely to materially and adversely affect the ability of the Registrar to perform its obligations under the Resolution, the Registrar and Paying Agent Agreement and the Escrow Deposit Agreement.

(ix) Letters of Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P," and together with Moody's, the "Rating Agencies") to the effect that the Series 2005 Bonds have been assigned a rating no less favorable than "Aaa" and "AAA," respectively, and underlying ratings of "A2" and "A," respectively, which ratings shall be in effect as of the Closing Date.

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

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

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

(xiii) Internal Revenue Service Form 8038-G.

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

(xv) The Verification Report of _____.

(xvi) A certificate from the County's financial advisor that the aggregate purchase price set forth in this Purchase Contract is not less than the Minimum Purchase Price, that the final terms of the Series 2005 Bonds are within the Parameters and that the costs of issuance of the Series 2005 Bonds is comparable to or less than the issuance costs of bonds of similar terms and amount.

(xvii) Such additional legal opinions, certificates, instruments and other documents as the Managing Underwriter may reasonably request, to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the County's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the County on or prior to the Closing Date of all the agreements then to be performed and conditions then to be satisfied by it.

If the County shall be unable to satisfy the conditions to the obligations of the Managing Underwriter to accept delivery of the Series 2005 Bonds and the Underwriters to purchase and to pay for the Series 2005 Bonds contained in this Purchase Contract and the Managing Underwriter does not waive such inability in writing (except that the delivery of the Continuing Disclosure Certificate cannot be waived), or if the obligations of the Managing Underwriter to accept delivery of the Series 2005 Bonds and the Underwriters to purchase and to pay for the Series 2005 Bonds shall be terminated for any reason permitted by this Purchase Contract, or if the Series 2005 Bonds are not issued and delivered by the County in the year 2005, this Purchase Contract shall terminate, the good faith deposit described in Section 2 hereof shall be returned to the Managing Underwriter and neither the Underwriters nor the County shall be under any further obligation hereunder, except that the respective obligations of the County and the Underwriters set forth in Section 8 hereof shall continue in full force and effect.

SECTION 8. EXPENSES. The Underwriters shall be under no obligation to pay, and the County shall pay, any expense incident to the performance of the County's obligations hereunder including, but not limited to: (a) the cost of preparation, printing and delivery of the Resolution; (b) the cost of preparation and printing of the Series 2005 Bonds, (c) the fees and expenses of Bond Counsel, Disclosure Counsel and Edwards Cohen, Counsel for the County, (d) the fees and disbursements of the County's certified public accountants; (e) the fees and expenses of Public Financial Management, Inc., the County's financial advisor for the Series 2005 Bonds; (f) any other experts, consultants or advisors retained by the County, including the verification agent; (g) fees for bond ratings; (h) the fees and expenses of the Registrar, Paying Agent and Escrow Agent; and (i) the costs of preparing, printing and delivering the Preliminary Official Statement and the Official Statement and any supplements or amendments thereto. The Underwriters shall pay: (a) the cost of printing and delivery of this Purchase Contract; (b) the cost of all "Blue Sky" and legal investment memoranda and related filing fees; (c) all advertising expenses, (d) fees and expenses of its counsel and (e) all other expenses incurred by it in connection with the public offering of the Series 2005 Bonds. In the event that either party shall have paid obligations of the other as set forth in this Section 8, adjustment shall be made at the time of the Closing.

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

SECTION 10. PARTIES IN INTEREST. This Purchase Contract is made solely for the benefit of the County and the Underwriters and no other party or person shall acquire or have any right hereunder or by virtue hereof. All of the County's representations, warranties and agreements in this Purchase Contract shall remain operative and in full force and effect and shall survive the delivery of the Series 2005 Bonds.

SECTION 11. WAIVER. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Managing Underwriter, and the approval of the Underwriters when required hereunder or the determination of their satisfaction as to any document referred to herein shall be evidenced by the purchase of the Series 2005 Bonds; provided, however, the Managing Underwriter may not waive the delivery of the Continuing Disclosure Certificate.

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

SECTION 13. GOVERNING LAW. This Purchase Contract, and the terms and conditions herein, shall constitute the full and complete agreement between the County and the Underwriters with respect to the purchase and sale of the Series 2005 Bonds. This Purchase Contract shall be governed by and construed in accordance with the laws of the State of Florida.

SECTION 14. OPERATION OF WARRANTIES, ETC. All the representations, warranties, covenants and agreements of the County in this Purchase Contract shall remain operative and in full force and effect as if made on the date hereof and the Closing Date, regardless of (i) any investigation made by or on behalf of the Underwriters or by Disclosure Counsel, or (ii) delivery of and any payment for the Series 2005 Bonds hereunder.

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

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

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

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

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

Very truly yours,

RBC DAIN RAUSCHER INC., as
Managing Underwriter

By: _____
Mitchell N. Owens, Managing Director

Accepted this ____ day of August, 2005
by the Board of County Commissioners of
St. Johns County, Florida

By: _____
Bruce A. Maguire, Chair

EXHIBIT A

MATURITY SCHEDULE

\$ _____
ST. JOHNS COUNTY, FLORIDA
Capital Improvement Revenue Refunding Bonds,
Series 2005

\$ _____ Serial Series 2005 Bonds

<u>Amount*</u>	<u>Maturity</u> <u>(July 1)</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>Amount</u>	<u>Maturity</u> <u>(July 1)</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>
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\$ _____ * _____ % Term Series 2005 Bonds due July 1, 20__ – Yield _____ %

The Series 2005 Bonds maturing prior to July 1, 20__ are not subject to redemption prior to maturity. The Series 2005 Bonds maturing on or after July 1, 20__ may be redeemed prior to their respective maturities, at the option of the County, from any moneys legally available therefor, upon notice as provided in the Resolution, in whole or in part at any time on or after July 1, 20__, by lot within a maturity, and in such maturities as shall be determined by the County, at a redemption price equal to the principal amount thereof without premium, plus accrued interest to the redemption date.

The Series 2005 Bonds maturing on July 1, 20__, are subject to mandatory redemption in part prior to maturity by lot at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, beginning on July 1, 20__ and on each July 1 thereafter in the years and in the principal amounts corresponding to the Amortization Installments as follows:

*

A-2

EXHIBIT B

DISCLOSURE STATEMENT

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

Re: \$_____ St. Johns County, Florida Capital Improvement Revenue and
Refunding Bonds, Series 2005

Ladies and Gentlemen:

In connection with the proposed issuance by St. Johns County, Florida of the above-referenced Bonds (the "Series 2005 Bonds"), RBC Dain Rauscher Inc. (the "Managing Underwriter") and Banc of America Securities LLC (collectively, the "Underwriters") are underwriting a public offering of the Series 2005 Bonds. The purpose of this letter is to furnish on behalf of the Underwriters, pursuant to the provisions of Section 218.385(6), Florida Statutes, certain information in respect of the arrangements contemplated for the underwriting of the Series 2005 Bonds as follows:

(a) The nature and estimated amount of expenses to be incurred by the Underwriters in connection with the purchase and reoffering of the Series 2005 Bonds are set forth in Schedule I attached hereto.

(b) No person has entered into an understanding with the Underwriters, or to the knowledge of the Underwriters, with the County, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the County and the Underwriters or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Series 2005 Bonds.

(c) The underwriting spread, the difference between the price at which the Series 2005 Bonds will be initially offered to the public by the Underwriters and the price to be paid to the County for the Series 2005 Bonds will be \$_____ per \$1,000 of Series 2005 Bonds issued.

(d) As part of the estimated underwriting spread set forth in Paragraph (c) above, the Underwriters will charge a management fee of \$0 per \$1,000 of Series 2005 Bonds issued.

No other fee, bonus or other compensation is estimated to be paid by the Underwriters in connection with the issuance of the Series 2005 Bonds to any person not regularly employed or retained by the Underwriters (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Underwriters, as set forth in Paragraph (a) above.

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

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

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

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

RBC DAIN RAUSCHER INC., as
Managing Underwriter

By: _____
Mitchell N. Owens, Managing Director

SCHEDULE I

UNDERWRITERS' ESTIMATED EXPENSES

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

EXHIBIT C

TRUTH-IN BONDING STATEMENT

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

St. Johns, Florida (the "County") is proposing to issue \$_____ of St. Johns County, Florida, Capital Improvement Revenue and Refunding Bonds, Series 2005 (the "Series 2005 Bonds") for the principal purposes of (1) advance refunding all of the County's outstanding St. Johns County, Florida Capital Improvement Revenue Bonds, Series 2005, (2) financing the cost of acquisition, construction and equipping of various capital projects within the County, (3) paying the premium for a reserve account insurance policy in order to fund the reserve account requirement and (4) paying certain costs and expenses related to the issuance of the Series 2005 Bonds including the cost of a municipal bond insurance policy. The Series 2005 Bonds are expected to be repaid over a period of approximately __ years. At the interest rates set forth in Exhibit A of the Purchase Contract, total interest paid over the life of the Series 2005 Bonds will be \$_____.

The Series 2005 Bonds and the interest thereon will be payable solely from and secured by a pledge of and prior lien upon the Pledged Funds, which Pledged Funds include a portion of the proceeds of the County Revenue Sharing Funds, as such term is defined in Resolution No. 2005-__ of the County adopted on July 27, 2005. Authorizing the Series 2005 Bonds will result in an average of \$_____ of such Pledged Funds not being available to finance other projects of the County each year for approximately __ years.

RBC DAIN RAUSCHER INC., as
Managing Underwriter

By: _____
Mitchell N. Owens, Managing Director

EXHIBIT C

Preliminary Official Statement

PRELIMINARY OFFICIAL STATEMENT DATED JULY 27, 2005

NEW ISSUE -BOOK ENTRY ONLY

RATINGS:

Standard & Poor's: "AAA" (Insured) and "A" (Underlying)
Moody's: "Aaa" (Insured) and "A2" (Underlying)
(MBIA Insured) (See "RATINGS" herein)

In the opinion of Bond Counsel, under existing law, assuming continuing compliance with certain covenants in the Resolution described herein, interest on the Series 2005 Bonds is excluded from gross income for federal income tax purposes, and the Series 2005 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes on the interest, income or profits on debt obligations owned by corporations, as defined by Chapter 220, Florida Statutes, as amended. See, however, "TAX MATTERS" herein for a description of certain federal minimum and other special taxes that may affect the tax treatment of interest on the Series 2005 Bonds.

\$ _____ *

ST. JOHNS COUNTY, FLORIDA

County **Capital Improvement Revenue and Refunding Bonds,**
Logo **Series 2005**

Dated: Date of Delivery

**Due: July 1, as shown on the
inside cover hereof**

The St. Johns County, Florida Capital Improvement Revenue and Refunding Bonds, Series 2005 (the "Series 2005 Bonds") are being issued by St. Johns County, Florida (the "County") as fully registered bonds in denominations of \$5,000 and integral multiples thereof. Interest on the Series 2005 Bonds shall be payable on January 1, 2006 and semiannually on each July 1 and January 1 thereafter (each an "Interest Date"), by check or draft of _____, _____, _____, as Paying Agent, to the Holder in whose name such Series 2005 Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, at the option of the Paying Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. The principal of or Redemption Price, if applicable, on the Series 2005 Bonds is payable upon presentation and surrender of the Series 2005 Bonds at the office of the Paying Agent. Upon initial issuance the Series 2005 Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company ("DTC"). So long as DTC, or its nominee, is the registered owner of the Series 2005 Bonds, payment of the principal of and interest on the Series 2005 Bonds will be provided by the Paying Agent directly to DTC or its nominee, which will remit such

payment to the DTC Participants (as defined herein), which in turn will remit such payment to Beneficial Owners (as defined herein) of the Series 2005 Bonds. Beneficial Owners will not receive physical delivery of the Series 2005 Bonds.

The Series 2005 Bonds are subject to optional and mandatory redemption prior to their stated maturities as described herein.

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

The Series 2005 Bonds are being issued for the purpose of providing funds to (i) advance refund all of the County's outstanding St. Johns County, Florida Capital Improvement Revenue Bonds, Series 1998, (ii) finance the acquisition, construction and installation of various capital improvements within the County, as more particularly described herein, (iii) pay the premium for a debt service reserve account surety bond in order to fund the Reserve Account and (iv) pay certain costs of issuance of the Series 2005 Bonds, including a municipal bond insurance policy premium.

The Series 2005 Bonds are payable from and secured equally and ratably by a pledge of and lien upon (i) the moneys received by the County in any State fiscal year from the State of Florida Revenue Sharing Trust Fund for Counties pursuant to Chapter 218, Part II, Florida Statutes, as amended, including moneys designated as the County's "guaranteed entitlement" and "second guaranteed entitlement" thereunder (the "County Revenue Sharing Funds"), in an amount equal to 50% of the County Revenue Sharing Funds received by the County in the prior State fiscal year (the "Pledged Revenues") and (ii) until applied in accordance with the provisions of the Resolution No. 2005-___, adopted by the Board of County Commissioners of the County on July 26, 2005, as it may be amended and supplemented from time to time (the "Resolution"), the proceeds of the Series 2005 Bonds and all moneys, including investments thereof, in the Restricted Revenue Account and the Debt Service Fund created under the Resolution (together with the Pledged Revenues, the "Pledged Funds").

THE SERIES 2005 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE COUNTY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE COUNTY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS, IN THE MANNER AND TO THE EXTENT SET FORTH IN THE RESOLUTION. NO HOLDER OF ANY SERIES 2005 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF TO PAY SUCH SERIES 2005 BOND, OR BE ENTITLED

TO PAYMENT OF SUCH SERIES 2005 BOND FROM ANY MONEYS OF THE COUNTY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

Payment of the principal of and interest on the Series 2005 Bonds when due will be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation simultaneously with the delivery of the Series 2005 Bonds. See "BOND INSURANCE POLICY" herein.

[Insert Insurer Logo]

The Series 2005 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval as to legality by Foley & Lardner LLP, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed on for the County by Edwards Cohen, Counsel for the County, and by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Disclosure Counsel to the County. Public Financial Management, Inc., Orlando, Florida is acting as Financial Advisor to the County. It is expected that the Series 2005 Bonds will be delivered to the Underwriters through the facilities of DTC in New York, New York on or about August 23, 2005.

RBC DAIN RAUSCHER

BANC OF AMERICA SECURITIES LLC

Dated: August __, 2005

* Preliminary, subject to change.

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

\$ _____ Serial Series 2005 Bonds

<u>Amount</u>	<u>Maturity</u> <u>(July 1)</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>Initial</u> <u>CUSIP</u> <u>Number</u>	<u>Amount</u>	<u>Maturity</u> <u>(July 1)</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>Initial</u> <u>CUSIP</u> <u>Number</u>
---------------	------------------------------------	--------------------------------	---	---	---------------	------------------------------------	--------------------------------	---	---

\$ _____ % Term Series 2005 Bonds due July 1, 20__ – Yield ____%
Initial CUSIP Number _____

ST. JOHNS COUNTY, FLORIDA

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Bruce A. Maguire, Chair
James E. Bryant, Vice-Chair
Ben Rich
Cyndi Stevenson
Karen R. Stern

CONSTITUTIONAL OFFICERS

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

COUNTY ADMINISTRATOR

Ben W. Adams, Jr.

FINANCE DIRECTOR

Richard A. MacDonald, Jr.

COUNTY ATTORNEY

Daniel J. Bosanko

COUNSEL FOR THE COUNTY

Edwards Cohen
Jacksonville, Florida

BOND COUNSEL

Foley & Lardner LLP
Jacksonville, Florida

DISCLOSURE COUNSEL

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

FINANCIAL ADVISOR

Public Financial Management, Inc.
Orlando, Florida

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations in connection with the Series 2005 Bonds other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2005 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County, The Depository Trust Company, MBIA Insurance Corporation, and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the County with respect to any information provided by others. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters listed on the cover page hereof have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2005 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2005 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2005 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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APPENDIX A -	GENERAL INFORMATION CONCERNING THE COUNTY
APPENDIX B -	EXCERPTED PAGES FROM THE GENERAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY FOR FISCAL YEAR ENDED SEPTEMBER 30, 2004
APPENDIX C -	FORM OF THE RESOLUTION
APPENDIX D -	FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX E -	FORM OF BOND COUNSEL OPINION
APPENDIX F -	SPECIMEN BOND INSURANCE POLICY

OFFICIAL STATEMENT

relating to

\$ _____ *

ST. JOHNS COUNTY, FLORIDA

**Capital Improvement Revenue and Refunding Bonds,
Series 2005**

INTRODUCTION

General

This introduction is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement and should not be considered to be a complete statement of the facts material to making an informed investment decision. The offering by St. Johns County, Florida (the "County"), of its \$ _____ * St. Johns County, Florida Capital Improvement Revenue and Refunding Bonds, Series 2005 (the "Series 2005 Bonds") to potential investors is made only by means of the entire Official Statement, including all appendices attached hereto. All capitalized undefined terms used in this introduction shall have the meaning set forth in "APPENDIX C – FORM OF THE RESOLUTION" attached hereto.

The County

The County was established in 1821. The City of St. Augustine, the County seat, was founded over 400 years ago by Spanish explorers and is the nation's oldest continuously occupied city. The County encompasses approximately 608 square miles and is located in the northeastern region of the State of Florida (the "State") directly south of the City of Jacksonville and is bordered on the west by the St. Johns River, on the south by Flagler County, and on the east by the Atlantic Ocean. The 2004 population of the County was 149,336. For further information concerning the County, see "GENERAL INFORMATION CONCERNING THE COUNTY" attached hereto as APPENDIX A.

Authority for Issuance

The Series 2005 Bonds are being issued under the authority of and in full compliance with the Constitution and laws of the State, including, particularly, Chapter 125, Florida Statutes, St. Johns County Ordinance No. 86-89, as amended, Chapter 218, Part II, Florida Statutes and other applicable provisions of law, and pursuant to Resolution No. 2005-_____, duly adopted by the Board of County Commissioners of the County (the "Board") on July 26, 2005, as the same may be amended and supplemented from time to time (the "Resolution").

*Preliminary, subject to change.

Purpose of the Series 2005 Bonds

The County proposes to issue the Series 2005 Bonds for the principal purposes of providing funds to (i) advance refund all of the County's outstanding St. Johns County, Florida Capital Improvement Revenue Bonds, Series 1998 (the "Refunded Bonds") (See "PLAN OF REFUNDING" herein), (ii) finance the acquisition, construction and installation of various capital improvements within the County (the "2005 Project") (See "THE 2005 PROJECT" herein), (iii) pay the premium for a debt service reserve account surety bond in order to fund the Reserve Account, and (iv) pay certain costs of issuance of the Series 2005 Bonds, including a financial guaranty insurance policy premium.

Security for the Bonds

The Series 2005 Bonds are payable from and secured equally and ratably by a pledge of and lien upon (i) the moneys received by the County in any State fiscal year from the State of Florida Revenue Sharing Trust Fund for Counties pursuant to Chapter 218, Florida Statutes, as amended, including moneys designated as the County's "guaranteed entitlement" and "second guaranteed entitlement" thereunder (the "County Revenue Sharing Funds"), in an amount equal to 50% of the County Revenue Sharing Funds received by the County in the prior State fiscal year (the "Pledged Revenues") and (ii) until applied in accordance with the provisions of the Resolution, proceeds of the Series 2005 Bonds and all moneys, including investments thereof, in the Restricted Revenue Account and the Debt Service Fund (together with the Pledged Revenues, the "Pledged Funds"). See "SECURITY FOR THE SERIES 2005 BONDS" herein.

Redemption Provisions

The Series 2005 Bonds are subject to optional and mandatory redemption prior to their stated maturities as described herein. See "DESCRIPTION OF THE SERIES 2005 BONDS" herein.

Bond Insurance Policy and Reserve Account Insurance Policy

Payment of the principal of and interest on the Series 2005 Bonds when due will be insured by a municipal bond insurance policy (the "Bond Insurance Policy") to be issued by MBIA Insurance Corporation (the "Insurer" or "MBIA") simultaneously with the delivery of the Series 2005 Bonds. See "BOND INSURANCE POLICY" herein. In addition, MBIA will also issue its debt service reserve account surety bond (the "Surety Bond") for deposit in the Reserve Account to fund the Reserve Account Requirement with respect to the Series 2005 Bonds. See "RESERVE ACCOUNT SURETY BOND" herein.

Additional Bonds

The County may issue Additional Bonds on a parity with the Series 2005 Bonds subject to compliance with certain conditions set forth in the Resolution. The Series 2005 Bonds and any Additional Bonds issued pursuant to the Resolution are collectively referred to herein as the "Bonds." See "SECURITY FOR THE BONDS – Additional Bonds" herein.

Tax Matters

In the opinion of Bond Counsel, under existing law, assuming continuing compliance with certain covenants in the Resolution described herein, interest on the Series 2005 Bonds is excluded from gross income for federal income tax purposes, and the Series 2005 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes on the interest, income or profits on debt obligations owned by corporations, as defined by Chapter 220, Florida Statutes, as amended. See, however, "TAX MATTERS" herein for a description of certain federal minimum and other special taxes that may affect the tax treatment of interest on the Series 2005 Bonds.

Continuing Disclosure

The County has agreed and undertaken, for the benefit of Series 2005 Bondholders, to provide certain financial information and operating data relating to the County, the Pledged Funds and the Series 2005 Bonds pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE" herein.

Additional Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement contains certain information concerning MBIA, the Bond Insurance Policy and the Surety Bond, and contains certain information concerning The Depository Trust Company, New York, New York ("DTC"), and its book-entry only system of registration. Such information has not been provided by the County and the County does not certify as to the accuracy or sufficiency of the disclosure practices or content of information provided by such parties and is not responsible for the information provided by such parties.

A copy of the Resolution and all documents of the County referred to herein may be obtained from either the office of the Clerk of the Circuit Court, 4010 Lewis Speedway, St. Augustine, Florida 32084, attention: Finance Department, telephone (904) 819-3669 or the County's Financial Advisor, Public Financial Management, Inc., 300 South Orange Avenue, Suite 1170, Orlando, Florida 32801, telephone (407) 648-2208.

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

THE 2005 PROJECT

The 2005 Project generally consists of the following:

- acquisition and construction of new County administration and auditorium facilities
- renovation and expansion of St. Johns County Sheriff's complex
- acquisition and construction of a new community center and swimming pool
- expansion of St. Johns County Property Appraiser's office

The 2005 Project is more particularly described in the books and records on file with the County.

PLAN OF REFUNDING

Concurrently with the delivery of the Series 2005 Bonds, a portion of the proceeds of the Series 2005 Bonds, together with other legally available moneys, if any, shall be deposited into an escrow deposit trust account (the "Escrow Account") pursuant to the terms and provisions of the Escrow Deposit Agreement between the County and _____, as Escrow Agent thereunder (the "Escrow Deposit Agreement"). The moneys deposited pursuant to the Escrow Deposit Agreement shall be applied to the purchase of certain United States Treasury obligations (the "Escrow Securities") so as to produce sufficient funds to pay the principal of and interest on the Refunded Bonds as the same become due and payable. Upon the deposit of such moneys, the Refunded Bonds shall be deemed to be paid and shall no longer be deemed to be outstanding for purposes of the resolution pursuant to which they were issued. The holders of the Refunded Bonds shall be entitled to payment solely out of the moneys and Escrow Securities deposited pursuant to the Escrow Deposit Agreement. The moneys and Escrow Securities on deposit in the Escrow Fund will not be available for payment of the Series 2005 Bonds.

Upon delivery of the Series 2005 Bonds, _____, _____, _____ will verify the accuracy of the arithmetical computations of the adequacy of the maturing principal

amount of, and interest on the Escrow Securities, together with any uninvested amounts, to be held in the Escrow Account to pay the principal and interest on the Refunded Bonds as the same become due and payable. See "VERIFICATION OF ARITHMETICAL COMPUTATIONS" herein.

DESCRIPTION OF THE SERIES 2005 BONDS

General

The Series 2005 Bonds will be dated their date of delivery and will mature in the years, and in the amounts and will bear interest at the rates set forth on the inside cover page of this Official Statement, shall be numbered consecutively from R-1 upward, and shall be issued in the denominations of \$5,000 or integral multiples thereof.

Interest payable on any Series 2005 Bond on January 1, 2006 and semiannually on each July 1 and January 1 thereafter (each an "Interest Date") will be paid by check or draft of _____, _____, _____, as Paying Agent, to the Holder in whose name such Series 2005 Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, at the option of the Paying Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. The principal of or Redemption Price, if applicable, on the Series 2005 Bonds is payable upon presentation and surrender of the Series 2005 Bonds at the office of the Paying Agent. All payments of principal of or Redemption Price, if applicable, and interest on the Series 2005 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

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

Book-Entry Only System

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2005 Bonds. The Series 2005 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-

registered bond certificate will be issued for each maturity of Series 2005 Bonds, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and, together with the Direct Participants, the "Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2005 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2005 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2005 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2005 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing

their ownership interests in Series 2005 Bonds, except in the event that use of the book-entry system for the Series 2005 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2005 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2005 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2005 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2005 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2005 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2005 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2005 Bonds documents. For example, Beneficial Owners of Series 2005 Bonds may wish to ascertain that the nominee holding the Series 2005 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the Series 2005 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2005 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2005 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2005 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be

governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the County, subject to any statutory or regulatory requirements as maybe in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2005 Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

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

Optional Redemption of the Series 2005 Bonds

The Series 2005 Bonds maturing prior to July 1, 20__ are not subject to redemption prior to maturity. The Series 2005 Bonds maturing on or after July 1, 20__ may be redeemed prior to their respective maturities, at the option of the County, from any moneys legally available therefor, upon notice as provided in the Resolution, in whole or in part at any time on or after July 1, 20__, by lot within a maturity, and in such maturities as shall be determined by the County, at a redemption price equal to the principal amount thereof without premium, plus accrued interest to the redemption date.

Mandatory Redemption of the Series 2005 Bonds

The Series 2005 Bonds maturing on July 1, 20__, are subject to mandatory redemption in part prior to maturity by lot at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, beginning on July 1, 20__ and on each July 1 thereafter in the years and in the principal amounts corresponding to the Amortization Installments as follows:

Year

Amortization Installments

*

* Final maturity

Notice of Redemption

So long as the Series 2005 Bonds are registered in the name of Cede & Co., as nominee of DTC (or in the name of any successor securities depository), notice of redemption shall only be given on behalf of the County to Cede & Co., or any successor securities depository. See "DESCRIPTION OF THE SERIES 2005 BONDS – Book-Entry Only System" herein.

Unless waived by any Holder of Series 2005 Bonds to be redeemed, notice of any redemption made pursuant to the Resolution shall be given by the Registrar on behalf of the County by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each Holder of Series 2005 Bonds to be redeemed at the address of such Holder shown on the registration books maintained by the Register, or at such other address as shall be furnished in writing by such Holder to the Registrar; provided, however, that no defect in any notice given pursuant to the Resolution to any Holder of Series 2005 Bonds to be redeemed nor failure to give such notice to any such Holder shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Series 2005 Bonds to be redeemed.

Every official notice of redemption shall be dated and shall state: (1) the redemption date, (2) the Redemption Price, (3) if less than all outstanding Series 2005 Bonds are to be redeemed, the number (and, in the case of a partial redemption of any Series 2005 Bond, the principal amount) of each Series 2005 Bond to be redeemed, (4) that on the redemption date the Redemption Price will become due and payable upon each such Series 2005 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date and (5) that such Series 2005 Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price plus accrued interest at the office of the Paying Agent.

Prior to any redemption date, the County shall deposit with the Registrar an amount of money sufficient to pay the Redemption Price of and accrued interest on all the Series 2005 Bonds or portions thereof which are to be redeemed on that date.

Interchangeability, Negotiability and Transfer

So long as DTC's book-entry only system of registration is in effect the registration and transfer of the Series 2005 Bonds shall be governed by DTC's policies and procedures as generally described under "DESCRIPTION OF THE SERIES 2005 BONDS - Book-Entry Only System" herein.

Series 2005 Bonds, upon surrender thereof at the office of the Registrar, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity of any other authorized denominations. The Series 2005 Bonds shall be and shall have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, subject to the provisions for registration and transfer contained in the Resolution and the Series 2005 Bonds.

Each Series 2005 Bond shall be transferable only upon the books of the County, at the office of the Registrar, under such reasonable regulations as the County may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Series 2005 Bond, the County shall issue, and cause to be authenticated, in the name of the transferee a new Series 2005 Bond or Series 2005 Bonds of the same aggregate principal amount and maturity as the surrendered Series 2005 Bond.

The County, the Registrar and any Paying Agent or fiduciary of the County may deem and treat the Person in whose name any Outstanding Series 2005 Bond shall be registered upon the books of the County as the absolute owner of such Series 2005 Bond, whether such Series 2005 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Series 2005 Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Series 2005 Bond to the extent of the sum or sums so paid and neither the County nor the Registrar nor any Paying Agent or other fiduciary of the County shall be affected by any notice to the contrary.

For every such exchange or transfer of Series 2005 Bonds, the County or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The County and the Registrar shall not be obligated to make any such exchange or transfer of Series 2005 Bonds during the fifteen (15) days next preceding an Interest Date on the Series 2005 Bonds or, in the case of any proposed redemption of Series 2005 Bonds,

during the fifteen (15) days next preceding the redemption date established for such Series 2005 Bonds.

SECURITY FOR THE SERIES 2005 BONDS

General

The payment of the principal of, redemption premium, if applicable, and interest on the Series 2005 Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds. As described previously, the Pledged Funds include the (i) the County Revenue Sharing Funds received by the County in any State fiscal year in an amount equal to 50% of the County Revenue Sharing Funds received by the County in the prior State fiscal year, and (ii) until applied in accordance with the Resolution, proceeds of the Series 2005 Bonds and all moneys, including investments thereof, in the Restricted Revenue Account and Debt Service Fund established under the Resolution, all in the manner and to the extent described in the Resolution. "County Revenue Sharing Funds" is defined in the Resolution to mean the moneys distributed to the County from the State of Florida Revenue Sharing Trust Fund for Counties pursuant to Chapter 218, Florida Statutes, as amended, including the moneys designated as County's "guaranteed entitlement" and "second guaranteed entitlement" thereunder." See " - County Revenue Sharing Funds" below.

THE SERIES 2005 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE COUNTY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE COUNTY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS IN THE MANNER AND TO THE EXTENT SET FORTH IN THE RESOLUTION. NO HOLDER OF ANY SERIES 2005 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF TO PAY SUCH SERIES 2005 BOND, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2005 BOND FROM ANY MONEYS OF THE COUNTY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

County Revenue Sharing Funds

General. Pursuant to Chapter 218, Part II, Florida Statutes (the "Revenue Sharing Act"), counties that meet the eligibility requirements set forth therein are entitled to receive certain funds from the State based on certain apportionment factors described below (the "Revenue Sharing Moneys"). The Revenue Sharing Moneys consist of the "guaranteed entitlement" and the "second guaranteed entitlement for counties" as

described below and all moneys in excess of such entitlements that are distributed to the County pursuant to the Revenue Sharing Act. The "guaranteed entitlement" and "second guaranteed entitlement for counties" portions do not change from year to year.

The Revenue Sharing Act creates the Revenue Sharing Trust Fund for Counties (the "Trust Fund") and sets forth criteria for participation in State revenue sharing, the method of distribution and a formula basis for apportionment of receipts available for distribution.

For counties, the apportionment factor is composed of three equally weighted portions: (i) the proportion of the population of an eligible county to the total population of all eligible counties in the State; (ii) the proportion of the unincorporated county population of an eligible county to the unincorporated county area population of all eligible counties in the State; and (iii) the proportion of the total sales tax collections in an eligible county during the preceding year to the total sales tax collections in all eligible counties during the preceding year. The amount of the County's receipt of Revenue Sharing Moneys could be adversely affected to the extent its relative proportion of any of these factors declines.

The distribution to an eligible county is determined by the following procedure. First, a county's entitlement is computed on the basis of the apportionment factor described above applied to all Trust Fund receipts available for distribution. Second, the revenue to be shared via the formula in any State fiscal year is adjusted so that no county receives fewer funds than its "guaranteed entitlement" and its "second guaranteed entitlement for counties." "Guaranteed entitlement" is defined in the Revenue Sharing Act as the amount of revenues from certain taxes on cigarettes and intangible personal property (since replaced with certain sales and uses taxes) which must be shared with an eligible county so that such county receives no less from the Trust Fund than the amount received by that county in the aggregate from certain taxes on cigarettes, roads (since repealed) and intangible personal property in State fiscal year 1971-1972. "Second guaranteed entitlement for counties" is defined in the Revenue Sharing Act as the amount of revenue received in the aggregate by an eligible county in State fiscal year 1981-1982 under the provisions of the then existing tax on cigarettes and intangible personal property. Third, the revenue to be shared via the formula in any State fiscal year is adjusted so that all counties receive at least their "minimum entitlement," which means the amount of revenue necessary to meet its obligation as a result of pledges, assignments, trusts entered into that obligated Trust Fund moneys. Finally, after making these adjustments, any remaining Trust Fund moneys are distributed on the basis of additional money for each qualified county in proportion to the total additional money for all qualified counties.

The aggregate amount of funds distributed to the County from the Trust Fund in accordance with distribution formula described above is referred to in the Resolution as the "County Revenue Sharing Funds." Currently, the Trust Fund receives 2.9% of net

cigarette taxes imposed pursuant to Chapter 210, Florida Statutes and 2.044% of certain sales and use taxes imposed pursuant to Section 212.20, Florida Statutes. Prior to July 1, 2000, the Trust Fund received certain taxes imposed on intangible personal property instead of sales and use taxes. This legislative substitution of sales and use taxes for intangibles taxes initially resulted in a reduction in the amount of County Revenue Sharing Funds received by the County. Future legislative changes impacting the distribution formula or the distribution or funding levels could adversely impact the amount of County Revenue Sharing Funds received by the County. All of the County Revenue Sharing Funds are received by the County in substantially equal monthly payments. The revenue sharing program is administered by the Florida Department of Revenue.

Prior to July 1, 2004, a county could only pledge the "guaranteed entitlement" and "second guaranteed entitlement for counties" portions of its Revenue Sharing Moneys to the repayment of debt. Pursuant to the Revenue Sharing Act, commencing July 1, 2004, a county may assign, pledge or set aside as a trust for the payment on bonds or other indebtedness, an amount up to 50% of its Revenue Sharing Moneys received in the prior state fiscal year. **Pursuant to the Resolution, the County has pledged the County Revenue Sharing Funds received by County in any State fiscal year in an amount equal to 50% of the County Revenue Sharing Funds received by the County in the prior State fiscal year to payment of the principal of, redemption premium, if any, and interest on the Series 2005 Bonds as the same becomes due and payable.**

Eligibility. To be eligible to participate in the revenue sharing pursuant to the Revenue Sharing Act, each county is required to have:

(i) reported its finances for its most recently completed fiscal year to the State Department of Financial Services as required by Florida law;

(ii) made provisions for annual post audits of financial accounts in accordance with provisions of law;

(iii) levied, as shown on its most recent financial report, ad valorem taxes, exclusive of taxes levied for debt service or other special millages authorized by the voters, to produce the revenue equivalent to a millage rate of three (3) mills on the dollar based upon 1973 taxable values or, in order to produce revenue equivalent to that which would otherwise be produced by such three (3) mill ad valorem tax, to have collected an occupational license tax, utility tax, or ad valorem tax, or any combination of those three sources;

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

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

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

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

Additionally, in order to receive its share of such Revenue Sharing Funds, a county must certify to the State Department of Revenue that certain requirements with respect to certification of taxable value and millage rate within such jurisdiction were met.

In the event the County fails to comply with any of the eligibility requirements, the County would lose its County Revenue Sharing Funds distributions for twelve (12) months following a "determination of noncompliance" by the State Department of Revenue. Although the Revenue Sharing Act does not impose any limitation on the number of years during which a county may receive distributions of the revenues from the Trust Fund, there may be amendments to the Revenue Sharing Act in subsequent years imposing additional requirements of eligibility for counties participating in the county revenue sharing program, or the distribution formula may be revised. Pursuant to the Resolution, the County has covenanted to take all action necessary or required to continue to entitle the County to receive the County Revenue Sharing Funds and will take no action which will impair or adversely affect its receipt of such County Revenue Sharing Funds. The County has continuously maintained eligibility to receive the County Revenue Sharing Funds since the enactment of the Revenue Sharing Act in 1972.

Historical Receipts of County Revenue Sharing Funds. The following table shows the County Revenue Sharing Funds received by the County for the last five State fiscal years ended June 30, 2005. The annual amounts of County Revenue Sharing Funds shown below include the County's "guaranteed entitlement" portion and "second guaranteed entitlement" portion of \$152,548 and \$403,262, respectively. Pursuant to the Resolution, an amount of County Revenue Sharing Funds equal to 50% of the County Revenue Sharing Funds received in the prior State fiscal year are pledged for payment of debt service on the Series 2005 Bonds:

<u>State Fiscal Year Ended June 30,</u>	<u>County Revenue Sharing Funds Received</u>	<u>Percentage Change</u>
2001	\$2,710,665	--
2002	2,863,530	5.63%
2003	3,007,053	5.01
2004	3,364,457	10.65
2005	3,600,000*	7.00

*Estimate based on actual distributions of \$2,944,055 through May 2005. June distributions are historically higher than prior months.

Source: St. Johns County, Florida Finance Department.

Pro-Forma Debt Service Coverage

<u>Maximum Annual Debt Service⁽²⁾</u>	<u>Pledged Revenues Available For Debt Service on Series 2005 Bonds⁽¹⁾</u>	<u>Pro-Forma Debt Service Coverage</u>
\$ _____	\$1,682,229	____x

⁽¹⁾ Such amount calculated based on 50% of County Revenue Sharing Funds received by the County for the State fiscal year ended June 30, 2004.

⁽²⁾ Assumes that the Series 2005 Bonds are issued in the aggregate principal amount of \$ _____, bear interest at an average annual interest rate of ____% and have substantially level debt service through July 1, ____.

Funds and Accounts

Pursuant to the Resolution, the County has established the "Revenue Fund" and the "Debt Service Fund." The County maintains in the Revenue Fund two accounts; the "Restricted Revenue Account" and the "Unrestricted Revenue Account." The County maintains in the Debt Service Fund four accounts: the "Interest Account," the "Principal Account," the "Bond Amortization Account," and the "Reserve Account." The County has also established the St. Johns County Capital Improvement Revenue Bonds Construction Fund (the "Construction Fund"). All moneys deposited to the Revenue Fund shall be applied by the County only for and in the manner and order specified in the Resolution and generally described herein. Moneys in the Restricted Revenue Account and the Debt Service Fund, until applied in accordance with the provisions of the

Resolution, shall be subject to a lien and charge in favor of the Holders and for the further security of the Holders.

Construction Fund

Pursuant to the Resolution, there shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Resolution or any Supplemental Resolution, and there may be paid into the Construction Fund, at the option of the County, any moneys received for or in connection with the 2005 Project by the County from any other source.

In accordance with the Resolution, the County shall establish within the Construction Fund a separate account for the 2005 Project and each Additional Project, the Cost of which is to be paid in whole or in part out of the Construction Fund. Moneys in the Construction Fund, until applied in payment of any item of the Cost of a Project in the manner provided in the Resolution, shall be held in trust by the County and shall be subject to a lien and charge in favor of the Bondholders and for the further security of such Holders.

Promptly after the date of the completion of a Project, and after paying or making provisions for the payment of all unpaid items of the Cost of such Project, including the 2005 Project, the County shall deposit in the following order of priority any balance of moneys remaining in the Construction Fund in (1) another account of the Construction Fund for which the Authorized County Officer has stated that there are insufficient moneys present to pay the Cost of the related Project, (2) the Reserve Account, to the extent of a deficiency therein, and (3) such other fund or account of the County, including those established under the Resolution, as shall be determined by the Board, provided the County has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion, if any, of interest on Bonds from gross income for federal income tax purposes.

Notwithstanding any of the other provisions of the Resolution to the contrary, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal of or Redemption Price, if applicable, and interest on Bonds when due.

Reserve Account

The Resolution requires the establishment and maintenance of a Reserve Account in an amount equal to the Reserve Account Requirement for the benefit of the owners of Bonds. The Reserve Account Requirement is defined in the Resolution as the lesser of (i) Maximum Debt Service Requirement, (ii) 125% of average annual Debt Service Requirement, or (iii) 10% of the proceeds of each series of Outstanding Bonds. The Resolution permits the Reserve Account Requirement to be funded by cash or by an

irrevocable letter of credit, guaranty or insurance policy issued in compliance with the Resolution. Moneys in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest or Amortization Installments on the Bonds issued pursuant to the Resolution when the other moneys in the Debt Service Fund are insufficient therefor, and for no other purpose.

Pursuant to the Resolution, upon delivery of the Series 2005 Bonds, the County shall deposit to the Reserve Account, a debt service reserve account surety bond issued by MBIA (the "Surety Bond"). See "RESERVE ACCOUNT SURETY BOND" herein. The amount of such Surety Bond is equal to \$_____, which is equal to the Maximum Debt Service Requirement for the Series 2005 Bonds. See "APPENDIX C - FORM OF THE RESOLUTION" for more information concerning the Reserve Account and use of reserve account credit facilities such as the Surety Bond.

Flow of Funds

Promptly upon receipt by the County each month of County Revenue Sharing Funds, the County shall deposit from such County Revenue Sharing Funds into the Restricted Revenue Account an amount equal to one-twelfth (1/12) of fifty percent (50%) of the amount of County Revenue Sharing Funds received by the County in the prior State fiscal year. On or before the last day of each month, the moneys in the Restricted Revenue Account shall be deposited or credited in the following manner and in the following order of priority:

(1) The County shall deposit into or credit to the Interest Account the sum which, together with the balance in said account, shall equal the interest on all Outstanding Bonds accrued and unpaid and to accrue to the end of the then current calendar month (assuming that a year consists of 12 equal calendar months of 30 days each). Moneys in the Interest Account shall be applied by the County to pay interest on the Bonds as and when the same shall become due, whether by redemption or otherwise, and for no other purpose. The County shall adjust the amount of the deposit into the Interest Account not later than the month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest coming due on the Bonds on such Interest Date.

(2) The County shall next deposit or credit to the Principal Account the sum which, together with the balance in said account, shall equal (a) the principal amount of all Outstanding Bonds other than Term Bonds due and unpaid, (b) that portion of the principal amount of the Bonds other than Term Bonds next due which would have accrued on such Bonds next due during the then current calendar month if such principal amount thereof were deemed to accrue monthly (assuming that a year consists of 12 equal calendar months of 30 days each) in equal installments from a date one year preceding the due date of such Bonds next

due and (c) the portion of the principal amount of the Bonds next due which shall have accrued on such basis in prior months. Not later than the month immediately preceding any principal payment date, the County shall adjust the amount of the deposit into the Principal Account so as to provide sufficient moneys in the Principal Account to pay the principal on the Bonds other than Term Bonds becoming due on such principal payment date. Moneys in the Principal Account shall be applied by the County to pay the principal of the Bonds other than Term Bonds as and when the same shall become due, whether at maturity or otherwise, and for no other purpose.

(3) Commencing in the month which is one year prior to the due date of each Amortization Installment, and on a parity with payments to the Principal Account, the County shall deposit into or credit to the Bond Amortization Account the sum which, together with the balance in said account held for the credit of such Amortization Installment and all Outstanding Term Bonds due and unpaid, shall equal (a) the principal amount of all such Outstanding Term Bonds due and unpaid, (b) that portion of such Amortization Installment which would have accrued during the then current calendar month if such Amortization Installment were deemed to accrue monthly (assuming that a year consists of 12 equal calendar months of 30 days each) in equal amounts from a date one year preceding such due date and (c) the portion of such Amortization Installment which shall have accrued on such basis in prior months. The County shall adjust the amount of the deposit into the Bond Amortization Account not later than the month immediately preceding any date for payment of an Amortization Installment so as to provide sufficient moneys in the Bond Amortization Account to pay such Amortization Installment on such date. Moneys in the Bond Amortization Account shall be applied by the County to purchase Term Bonds in the manner provided in the Resolution, and for no other purpose.

(4) Next, the County shall deposit into or credit to the Reserve Account such sum, if any, as will be necessary to immediately restore the funds on deposit therein to an amount equal to the Reserve Account Requirement including the reinstatement of any Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit therein or the cash replacement thereof. On or prior to each principal and interest payment date for the Bonds, moneys in the Reserve Account shall be applied by the County to the payment of the principal of, redemption price, if applicable and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Bond Amortization Account shall be insufficient for such purpose. Whenever there shall be surplus moneys in the Reserve Account by reason of a decrease in the Reserve Account Requirement or as a result of a deposit therein of a Reserve Account Insurance Policy and/or a Reserve Account Letter of Credit, such surplus moneys shall be deposited by the County into the Principal Account, or such other appropriate fund or account of

the County, provided such deposit to such other fund or account will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

(5) The balance of any moneys remaining in the Restricted Revenue Account after the deposits required under paragraphs (1) through (4) above may be transferred, at the discretion of the County, to the Unrestricted Revenue Account or to any other appropriate fund or account of the County and used by the County for any lawful purpose.

Moneys in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund, other than the Reserve Account, may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed. Moneys on deposit in the Reserve Account may be invested or reinvested in securities provided in clauses (1) through (9) of the definition of Authorized Investments which shall mature no later than five (5) years from the date of acquisition thereof. "Authorized Investments" has the meaning ascribed to such term in "APPENDIX C – FORM OF THE RESOLUTION" attached hereto.

Any and all income received by the County from the investment of moneys in the Construction Fund, the Rebate Fund and the Restricted Revenue Account in the Revenue Fund and in the Interest Account, the Principal Account, the Bond Amortization Account and the Reserve Account (to the extent the amount therein is less than the Reserve Account Requirement) in the Debt Service Fund shall be retained in such respective fund or account unless otherwise required by applicable law. To the extent that the amount in the Reserve Account is greater than the Reserve Account Requirement, any and all income received by the County from the investment of moneys in the Reserve Account shall be deposited in the Interest Account.

Additional Bonds

No Additional Bonds, payable on a parity with the Bonds then Outstanding pursuant to the Resolution, shall be issued except upon the conditions and in the manner provided in the Resolution. The County may issue Additional Bonds payable from the Pledged Funds on a parity with the Series 2005 Bonds and any Additional Bonds then outstanding pursuant to the Resolution, provided that:

(1) The County shall certify that it is current in all deposits into the various funds and accounts established by the Resolution and all payments theretofore required to have been deposited or made by it under the provisions of

this Resolution and has complied with the covenants and agreements of the Resolution.

(2) There shall have been obtained and filed with the County a certificate of the County's Finance Director or an independent certified public accountant: (a) stating that such accountant has examined the books and records of the County relating to collection and receipt of the Pledged Revenues; (b) setting forth the amount of Pledged Revenues for the immediately preceding Fiscal Year or any twelve (12) consecutive months selected by the County from the twenty-four (24) months immediately preceding the issuance of such Additional Bonds; (c) stating that such Pledged Revenues equal at least (i) 1.25 times the Maximum Debt Service Requirement of all Outstanding Bonds and such Additional Bonds then proposed to be issued and (ii) 1.00 times the maximum annual debt service for all Subordinated Indebtedness then outstanding; and (d) stating that no Event of Default was disclosed in the report of the most recent Annual Audit, or if such Event of Default was so disclosed, that it shall have been cured.

(3) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of paragraph (2) above shall not apply, provided that the issuance of such Additional Bonds will not result in an increase in the aggregate amount of principal of and interest on the Outstanding Bonds becoming due in the current Fiscal Year and all subsequent Fiscal Years. The conditions of paragraph (2) above shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

(4) In the event that the total amount of any Series of Bonds authorized to be issued shall not be issued simultaneously, such Bonds which shall be issued subsequently shall be subject to the conditions of paragraph (2) above.

(5) In addition to all of the other requirements specified in this section, the County must comply with any applicable provisions of any financing documents relating to outstanding Subordinated Indebtedness to the extent such provisions impact on the ability of the County to issue Additional Bonds.

Collection of County Revenue Sharing Funds

The County covenants in the Resolution to do all things necessary on its part to maintain its eligibility to participate in the distribution of funds from the State of Florida Revenue Sharing Trust Fund for Counties as described in Chapter 218, Part II, Florida Statutes, as amended, as increased by any amendment hereafter enacted by the Florida Legislature which expands the amount of County Revenue Sharing Funds distributed pursuant to such statute or any other law (but only to the extent expressly pledged by

resolution of the County). The County covenants in the Resolution that it will at all times comply with all of the requirements and conditions of Chapter 218, Part II, Florida Statutes, as amended, and take every necessary action to remain qualified to receive distribution of the County Revenue Sharing Funds; and that the County will not take any action which will jeopardize its eligibility for receipt of such funds which may adversely affect its undertakings as provided in the Resolution. The County covenants in the Resolution not to take any action or enter into any agreement that shall result in reducing the level of County Revenue Sharing Funds distributed to the County from that prevailing at the time the County takes such action or enters into such agreement.

No Impairment

The County covenants in the Resolution that the pledging of the Pledged Funds in the manner provided in the Resolution shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceedings of the Board.

Books and Records

The County agreed in the Resolution to keep books, records and accounts of the receipt of the Pledged Funds in accordance with generally accepted accounting principles, and any Credit Bank, Insurer, or Holder of any Bonds Outstanding or the duly authorized representatives thereof shall have the right at all reasonable times to inspect all books, records and accounts of the County relating thereto.

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ESTIMATED SOURCES AND USES OF FUNDS

The table that follows summarizes the estimated sources and uses of funds relating to the sale of the Series 2005 Bonds:

SOURCES:

Principal Amount of Series 2005 Bonds
Plus/Less: Net Original Issue Premium/Discount

TOTAL SOURCES

USES:

Deposit to Series 2005 Construction Account⁽¹⁾
Deposit to Escrow Account⁽²⁾
Costs of Issuance⁽³⁾

TOTAL USES

-
- (1) To be applied to the payment of costs of the 2005 Project.
 - (2) To be applied to refund the Refunded Bonds. See "PLAN OF REFUNDING" herein.
 - (3) Includes Bond Insurance Policy premium, Surety Bond premium and Underwriters' discount, financial advisory and legal fees and expenses, and miscellaneous costs of issuance related to the Series 2005 Bonds.

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DEBT SERVICE SCHEDULE

Debt service requirements for the Series 2005 Bonds are as follows:

Year Ending <u>July 1</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u>
2006			
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
TOTALS			

BOND INSURANCE POLICY

General

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

Payment of the principal of and interest on the Series 2005 Bonds when due will be insured by a financial guaranty insurance policy (the "Bond Insurance Policy") to be issued by MBIA simultaneously with the delivery of the Series 2005 Bonds. See "APPENDIX F – SPECIMEN BOND INSURANCE POLICY."

The MBIA Insurance Corporation Bond Insurance Policy

The following information has been furnished by MBIA for use in this Official Statement. Reference is made to Appendix F for a specimen of the Bond Insurance Policy.

MBIA does not accept any responsibility for the accuracy or completeness of this Offering Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurance Policy and MBIA set forth under the heading "MUNICIPAL BOND INSURANCE". Additionally, MBIA makes no representation regarding the Series 2005 Bonds or the advisability of investing in the Series 2005 Bonds.

The Bond Insurance Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Board to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Series 2005 Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Bond Insurance Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the Series 2005 Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a "Preference").

The Bond Insurance Policy does not insure against loss of any redemption premium which may at any time be payable with respect to any Series 2005 Bonds. The

Bond Insurance Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; or (iii) any Preference relating to (i) or (ii) above. The Bond Insurance Policy also does not insure against nonpayment of principal of or interest on the Series 2005 Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Series 2005 Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any Owner of the Series 2005 Bonds the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series 2005 Bonds or presentment of such other proof of ownership of the Series 2005 Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2005 Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such Owners of the Series 2005 Bonds in any legal proceeding related to payment of insured amounts on the Series 2005 Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such Owners or the Paying Agent payment of the insured amounts due on such Series 2005 Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

MBIA

MBIA is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

Regulation

As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The Bond Insurance Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law or the Florida Insurance Guaranty Association created under Chapter 631, Florida Statutes.

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2005 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2005 Bonds. MBIA does not guaranty the market price of the Series 2005 Bonds nor does it guaranty that the ratings on the Series 2005 Bonds will not be revised or withdrawn.

MBIA Financial Information

As of December 31, 2004, MBIA had admitted assets of \$10.4 billion (unaudited), total liabilities of \$7.0 billion (unaudited), and total capital and surplus of \$3.4 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2005 MBIA had admitted assets of \$10.6 billion (unaudited), total liabilities of \$7.0 billion (unaudited), and total capital and surplus of \$3.6 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2004 and December 31, 2003 and for each of the three years in the period ended December 31, 2004, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2004 and the consolidated financial statements of MBIA and its subsidiaries as of March 31, 2005 and for the three month periods ended March 31, 2005 and March 31, 2004 included in the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2005, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at <http://www.mbia.com> and at no cost, upon request to MBIA at its principal executive offices.

Incorporation of Certain Documents by Reference

The following document filed by the Company with the Securities and Exchange Commission (the "SEC") is incorporated herein by reference:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2004; and
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of the Company's most recent Quarterly Report on form 10-Q, and prior to the termination of the offering of the Series 2005 Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December

31, 2004, and (2) the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004) are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of MBIA is (914) 273-4545.

RESERVE ACCOUNT SURETY BOND

Concurrently with the issuance of the Series 2005 Bonds, MBIA will issue a debt service reserve account surety bond (the "Surety Bond") for deposit into the Reserve Account. A general description of MBIA is contained under the heading "BOND INSURANCE POLICY" above. The following information under this heading has been furnished by MBIA for use in this Official Statement.

The Resolution requires the funding of the Reserve Account in an amount equal to \$ _____. The Resolution authorizes the County to obtain the Surety Bond in place of fully funding the Reserve Account. Accordingly, application has been made to MBIA for a commitment to issue the Surety Bond for the purpose of funding the Reserve Account (see "SECURITY FOR THE BONDS – Reserve Account" herein). The Series 2005 Bonds will only be delivered upon the issuance of the Surety Bond. The premium on the Surety Bond is to be fully paid at or prior to the issuance and delivery of the Series 2005 Bonds.

The Surety Bond will provide that upon notice from the Paying Agent to MBIA to the effect that insufficient amounts are on deposit in the Debt Service Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the Series 2005 Bonds, MBIA will promptly deposit with the Paying Agent an amount sufficient to pay the principal of and interest on the Series 2005 Bonds or the available amount of the Surety Bond, whichever is less. Upon the later of: (i) three (3) days after receipt by MBIA of a Demand for Payment in the form attached to the Surety Bond, duly executed by the Paying Agent; or (ii) the payment date of the Series 2005 Bonds as specified in the Demand for Payment presented by the Paying Agent to MBIA, MBIA will make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

The available amount of the Surety Bond is the initial face amount of the Surety Bond less the amount of any previous deposits by MBIA with the Paying Agent which have not been reimbursed by the County. The County and MBIA have entered into a Financial Guaranty Agreement, dated the date of delivery of the Series 2005 Bonds (the

"Agreement"). Pursuant to the Agreement, the County is required to reimburse MBIA, within one year of any deposit, the amount of such deposit made by MBIA with the Paying Agent under the Surety Bond. Such reimbursement shall be made only after all required deposits to the Revenue Fund and the Debt Service Fund have been made.

Under the terms of the Agreement, the Paying Agent is required to reimburse MBIA, with interest, until the face amount of the Surety Bond is reinstated before any deposit is made to the Unrestricted Revenue Account. No optional redemption of Series 2005 Bonds may be made until MBIA's Surety Bond is reinstated. The Surety Bond will be held by the Paying Agent in the Reserve Account and is provided as an alternative to the County depositing funds equal to the Reserve Account Requirement for outstanding Series 2005 Bonds. The Surety Bond will be issued in the face amount equal to 100% of Maximum Debt Service Requirement for the Series 2005 Bonds and the premium therefore will be fully paid by the County at the time of delivery of the Series 2005 Bonds.

INVESTMENT POLICY

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

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

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

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

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

To enhance safety, the investment policy requires the diversification of the portfolio to reduce the risk of loss resulting from over-concentration of assets in a

specific class of security. The investment policy provides guidelines for diversification, setting forth maximum percentages for the various allowable investments. The policy also provides maturity and liquidity requirements for investments. The responsibility for the administration of the investment program is granted to the County's Finance Director.

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

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

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Series 2005 Bonds are subject to an approving legal opinion of Foley & Lardner LLP, Jacksonville, Florida, Bond Counsel, whose approving opinion (a form of which is attached hereto as "APPENDIX E –FORM OF BOND COUNSEL OPINION") will be available at the time of delivery of the Series 2005 Bonds. Certain legal matters will be passed on for the County by Edwards Cohen, Counsel for the County and Nabors, Giblin & Nickerson P.A., Tampa, Florida, Disclosure Counsel.

LITIGATION

There is no pending or, to the knowledge of the County, any threatened litigation against the County of any nature whatsoever which in any way questions or affects the validity of the Series 2005 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the adoption of the Resolution, or the pledge of the Pledged Funds. Neither the creation, organization or existence, nor the title of the present members of the Board, or other officers of the County is being contested.

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

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the County except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Florida Department of Banking and Finance (the "Department"). Pursuant to Rule 3E-400.003, Florida

Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the County, and certain additional financial information, unless the County believes in good faith that such information would not be considered material by a reasonable investor. The County is not and has not been in default on any bond issued since December 31, 1975 which would be considered material by a reasonable investor.

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the Series 2005 Bonds, including investment restrictions, a requirement of periodic payments of arbitrage profits to the United States, requirements regarding the use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to use its best efforts to comply with all requirements of the Code that must be satisfied in order for the interest on the Series 2005 Bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Series 2005 Bonds to be included in gross income retroactive to the date of issuance of the Series 2005 Bonds.

Subject to the condition that the County comply with the pertinent requirements of the Code, under existing law, in the opinion of Bond Counsel, interest on the Series 2005 Bonds will be excluded from the gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Reference is made to a proposed form of the Bond Counsel opinion attached hereto as APPENDIX E for the complete text thereof.

In rendering the opinion, Bond Counsel will rely upon certificates of the County with respect to certain material facts relating to the property financed and refinanced with the proceeds of the Series 2005 Bonds and the application of the proceeds of the Series 2005 Bonds.

The Code contains numerous provisions which could affect the economic value of the Series 2005 Bonds to certain owners of the Series 2005 Bonds. The following is a brief summary of some of the significant provisions that may be applicable to particular owners of the Series 2005 Bonds. Prospective owners of the Series 2005 Bonds, however, should consult their own tax advisors with respect to the impact of such provision on their own tax situations.

The Series 2005 Bonds will not be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. Interest on indebtedness incurred or continued to purchase or carry the Series 2005 Bonds or, in the case of banks and certain other financial institutions, interest expense allocable to interest on the Series 2005 Bonds, will not be deductible for federal income tax purposes.

Insurance companies (other than life insurance companies) are required to reduce the amount of their deductible underwriting losses by 15% of the amount of tax-exempt interest received or accrued on certain obligations, including the Series 2005 Bonds, acquired after August 7, 1986. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income. Life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest, such as interest on the Series 2005 Bonds.

Interest on the Series 2005 Bonds must be included in the "adjusted current earnings" of corporations (other than S corporations, regulated investment companies, real estate investment trusts, and REMICs), and such corporations are required to include in their calculation of alternative minimum taxable income 75% of the excess of adjusted current earnings over alternative minimum taxable income (determined with regard to this adjustment and prior to reduction of certain net operating losses).

Certain recipients of social security benefits and railroad retirement benefits are required to include a portion of such benefits in gross income by reason of the receipt or accrual of interest on tax-exempt obligations, such as the Series 2005 Bonds.

For foreign corporations that operate branches in the United States, Section 884 of the Code imposes a branch level tax on certain earnings and profits in the tax years beginning after 1986. Interest on tax-exempt obligations, such as the Series 2005 Bonds, may be included in the determination of such domestic branches' taxable base on which this tax is imposed.

From time to time, legislative proposals are pending in Congress that if enacted would alter or amend one or more of the federal tax matters referred to above in certain respects or would adversely affect the market value of the Series 2005 Bonds. It cannot be predicted whether or in what form any such proposals, either pending or that could be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Series 2005 Bonds.

Florida Tax Matters

It is also the opinion of Bond Counsel that, under existing law, the Series 2005 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt

obligations owned by corporations, as defined in Chapter 220, Florida Statutes, as amended.

Original Issue Discount

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of the Series 2005 Bonds maturing in the years _____ through _____, inclusive and _____ (the "Discount Bonds"), is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Discount Bond is or would be excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of a Discount Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discount Bonds were sold (the "issue price").

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

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

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

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

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

Owners of such Discount Bonds should consult their own tax advisors with respect to state and local tax consequences of the Discount Bonds. It is possible that under the applicable provisions governing the determination of state and local income taxes, accrued original issue discount on Discount Bonds may be deemed to be received in the year of accrual, even though there will not be a corresponding cash payment until a later year.

Original Issue Premium

Each of the Series 2005 Bonds maturing in the years _____, _____ and _____ through _____, inclusive (the "Premium Bonds") has an issue price that is greater than the amount payable at maturity of such Premium Bonds. Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (e.g., upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at an issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of the Premium Bonds.

RATINGS

Standard & Poor's Ratings Services ("S&P") and Moody's Investors Service, Inc. ("Moody's") are expected to assign their municipal bond ratings of "AAA" and "Aaa," respectively, to the Series 2005 Bonds with the understanding that upon delivery of the Series 2005 Bonds, the Bond Insurance Policy will be issued by MBIA. In addition, S&P and Moody's have assigned underlying ratings of "A" and "A2," respectively, without giving any regard to such Bond Insurance Policy. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward

change in or withdrawal of any of such ratings, may have an adverse effect on the market price of the Series 2005 Bonds. An explanation of the significance of the ratings can be received from the rating agencies, at the following addresses: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041 and Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007-2796.

FINANCIAL ADVISOR

The County has retained Public Financial Management, Inc., Orlando, Florida, as Financial Advisor in connection with the County's financing plans and with respect to the authorization and issuance of the Series 2005 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The Financial Advisor did not participate in the underwriting of the Series 2005 Bonds. The Financial Advisor may receive a fee for bidding investments for certain proceeds of the Series 2005 Bonds.

AUDITED FINANCIAL STATEMENTS

Excerpted pages from the General Purpose Financial Statements of the County for the Fiscal Year Ended September 30, 2004, and report thereon dated as of January 13, 2005 of Davis Monk & Company (the "Independent Certified Public Accountant") are attached hereto as "APPENDIX B – EXCERPTED PAGES FROM THE GENERAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY FOR FISCAL YEAR ENDED SEPTEMBER 30, 2004." Such statements speak only as of September 30, 2004. Such portion of the General Purpose Financial Statements from the Comprehensive Annual Financial Report of the County have been included in this Official Statement as a public document and consent of the Independent Certified Public Accountant was not requested.

The Series 2005 Bonds are payable solely from the Pledged Funds as described in the Resolution and herein and the Series 2005 Bonds are not otherwise secured by, or payable from, the general revenues of the County. See "SECURITY FOR THE BONDS" herein. The General Purpose Financial Statements are presented for general information purposes only.

VERIFICATION OF ARITHMETICAL COMPUTATIONS

The accuracy of (i) the arithmetical computation of the adequacy of the maturing principal amounts and interest earnings thereon of the Escrow Securities deposited under the Escrow Agreement to pay when due all principal of and interest on the Refunded Bonds and (ii) the arithmetical computation supporting the conclusion that the Series

2005 Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code will be verified for the County by _____, _____, _____ (herein the "Verification Agent"). Such verification will be based on certain information supplied to the Verification Agent by the Financial Advisor to the County and the County.

UNDERWRITING OF SERIES 2005 BONDS

The Series 2005 Bonds are being purchased by RBC Dain Rauscher and Banc of America Securities LLC (collectively, the "Underwriters") at an aggregate purchase price of \$_____ (which equals the principal amount of the Series 2005 Bonds, plus/less a net original issue premium/discount of \$_____ and less Underwriters' discount of \$_____). The Underwriters' obligations are subject to certain conditions precedent contained in a contract of purchase entered into with the County, and they will be obligated to purchase all of the Series 2005 Bonds if any Series 2005 Bonds are purchased. The Series 2005 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2005 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2005 Bonds upon an event of default under the Resolution, the Bond Insurance Policy and the Surety Bond are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Resolution, the Series 2005 Bonds, the Bond Insurance Policy and the Surety Bond may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2005 Bonds, including Bond Counsel's approving opinion, will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. See "APPENDIX C –FORM OF THE RESOLUTION" attached hereto for a description of events of default and remedies.

CONTINUING DISCLOSURE

The County has covenanted for the benefit of the Series 2005 Bondholders to provide certain financial information and operating data relating to the County and the Series 2005 Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The County has agreed to file annual financial information

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

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. The Continuing Disclosure Certificate shall be executed by the County prior to the issuance of the Series 2005 Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

With respect to the Series 2005 Bonds, no party other than the County is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. The County has made eleven prior agreements to provide continuing disclosure information pursuant to the Rule. The deadlines by which the County is obligated to provide the Annual Reports differs among many of the prior agreements. In one of the agreements, the deadline is June 30 of each year, in four of the agreements the deadline is June 27 of each year, and in two of the agreements the deadline is June 1 of each year. In three of the agreements, all of which were executed in 2002, the deadline was inadvertently designated as March 29. The County missed the March 29 deadlines set forth in those three agreements each year but has met the deadline in the other eight agreements. The County has always provided all of the required information annually.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the County and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2005 Bonds, the security for the payment of the Series 2005 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument. Copies of such documents may be obtained from either the office of the Clerk of the Circuit Court, 4010 Lewis Speedway, St. Augustine, Florida 32084, attention: Finance Department, telephone (904) 819-3669 or the County's Financial Advisor, Public Financial Management, Inc.,

300 South Orange Avenue, Suite 1170, Orlando, Florida 32801, telephone (407) 648-2208.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2005 Bonds.

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

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the County. At the time of delivery of the Series 2005 Bonds, the County will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that the Official Statement (other than information herein related to MBIA, the Bond Insurance Policy, the Surety Bond, DTC, the book-entry only system of registration and the information contained under the caption "TAX MATTERS" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2005 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

ST. JOHNS COUNTY, FLORIDA

By: _____
Chair

APPENDIX A

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APPENDIX B

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EXHIBIT D

Escrow Deposit Agreement

ESCROW DEPOSIT AGREEMENT

In consideration of the facts hereinafter recited and of the mutual covenants and agreements herein contained, ST. JOHNS COUNTY, a political subdivision, created and existing under the laws of the State of Florida (the "Issuer"), and _____, _____, Florida, a national banking association, as Escrow Holder (the "Escrow Holder"), do hereby agree as follows as of the ____ day of August, 2005:

Section 1. Definitions.

All terms used herein, which are not defined herein, shall have the meanings specified in the Resolution, as hereinafter defined, unless the context otherwise requires. The following terms shall have the following meanings:

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

"Agreement" shall mean this Escrow Deposit Agreement.

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

"Bonds" shall mean the Issuer's Capital Improvement Revenue and Refunding Bonds, Series 2005, dated August __, 2005.

"Escrow Account" shall mean the Escrow Account held for the benefit of the holders of the Refunded Bonds by the Escrow Holder under the this Agreement.

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

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

"Refunded Bonds" shall mean the Issuer's outstanding Capital Improvement Revenue Bonds, Series 1998, dated as of October 15, 1998.

"Resolution" shall mean the Resolution adopted by the Issuer on August __, 2005, as amended and supplemented from time to time, authorizing issuance of the Series 2005 Bonds and the execution and delivery of this Agreement.

"Verification Report" shall mean the Verification Report dated _____, 2005, issued by _____ independent certified public accountants, in connection with the issuance of the Bonds, a copy of which is attached hereto as Exhibit A and incorporated herein by reference.

Section 2. Recitals.

(a) The Issuer adopted the Resolution for the purpose of authorizing the issuance of the Bonds for the purpose of financing the cost of refunding the Refunded Bonds.

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

Section 3. Deposit of Funds.

There is hereby created and established with the Escrow Holder a special account to be known as the "Escrow Account." Simultaneously with the execution and delivery of this Agreement, the Issuer has deposited with the Escrow Holder, for deposit by the Escrow Holder to the Escrow Account, a portion of the proceeds of the Series 2005 Bonds in the amount of \$ _____, and \$ _____ heretofore held by or on behalf of the Issuer for the payment of the principal of and interest on the Refunded Bonds, totaling \$ _____.

After such funds are invested to the extent required to purchase the Federal Securities, the uninvested portion of such funds and the principal amount of such Federal Securities and the interest to become due thereon will equal or exceed the applicable Escrow Requirement as of the date of the delivery of this Agreement. Such Federal Securities shall mature and such interest shall be payable on or before the funds represented thereby shall be required for timely payment of the principal of and interest on the Refunded Bonds as the same shall become due and payable in accordance with their terms, as described in the Verification Report.

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

Section 4. Use and Investment of Funds in the Escrow Account.

The Escrow Holder acknowledges receipt of the cash described in Section 3 of this Agreement to be deposited in the Escrow Account and agrees:

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

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

(c) to retain \$_____ thereof in cash in the Escrow Account for application as shown in the Verification Report;

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

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

Section 5. Payment of the Refunded Bonds and Expenses.

(a) The owners of the Refunded Bonds shall have a first and prior lien on the principal of and interest on the Federal Securities and all moneys held by the Escrow Holder in the Escrow Account, until all such moneys shall be used and applied by the Escrow Holder as provided in this Agreement. On each date which shall be an interest payment date for any of the Refunded Bonds, the Escrow Holder shall pay to the paying agent for the Refunded Bonds, from the moneys on deposit in the Escrow Account, a sum sufficient to pay that portion of Annual Debt Service due on such date, as shown in the Verification Report. After making such payments from the Escrow Account, the Escrow Holder, upon the written request of the Issuer, signed by the Chair or Vice Chair of the Board of County Commissioners of the Issuer, shall pay to the Issuer any moneys remaining in said account in excess of the Escrow Requirement, for the Issuer to use for any lawful purpose, provided that, prior to any such payment, the Escrow Holder shall have received a verification report prepared by a nationally recognized firm of independent certified public accountants verifying the Escrow Requirement and that such moneys to be paid to the Issuer are in excess of the Escrow Requirement.

(b) In consideration of the services rendered by the Escrow Holder under this Agreement, the Issuer upon the execution hereof has paid to the Escrow Holder the fees listed on Exhibit B hereto for all services and ordinary expenses to be incurred as Escrow Holder in connection with such services. The term "ordinary expenses" means expenses of holding, investing and disbursing the Escrow Account as provided herein.

(c) The Issuer shall also reimburse the Escrow Holder for any extraordinary expenses incurred by it in connection herewith. The term "extraordinary expenses" includes (i) expenses arising out of the assertion of any third party to any interest in the Escrow Account or any challenge to the validity hereof, including reasonable attorneys' fees, (ii) expenses relating to

any substitution under Section 8 hereof, and (iii) expenses (other than ordinary expenses) not occasioned by the Escrow Holder's willful misconduct or negligence.

(d) The fees and expenses payable by the Issuer under this section shall not be paid from the Escrow Account, but shall be paid by the Issuer from legally available funds of the Issuer. The Escrow Holder shall have no lien for the payment of its fees or expenses or otherwise for its benefit on the Escrow Account and hereby waives any rights of set off against the Escrow Account which it may lawfully have or acquire.

Section 6. Notice of Advanced Refunding.

Within thirty (30) days after the issuance of the Bonds, the Escrow Holder shall give or cause to be given notice of the advance refunding of the Refunded Bonds, which notice shall be substantially in the form of the Notice of Advance Refunding attached hereto as Exhibit B. Such notice shall be sent by first class mail, postage prepaid, to each owner of Refunded Bonds at the address of such owner shown on the registration books maintained by the registrar for the Refunded Bonds, to the registrar for the Refunded Bonds and to Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania, and to one or more national information services that disseminate notices of advance refunding of obligations such as the Refunded Bonds.

Section 7. No Redemption or Acceleration of Maturity.

The Issuer covenants that it will not accelerate the maturity of any Refunded Bonds. The Refunded Bonds are not subject to redemption prior to their respective maturities.

Section 8. Reinvestment.

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

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

The Issuer will not request the Escrow Holder to exercise any of the powers described in the preceding sentence in any manner which will cause the Series 2005 Bonds or the Refunded Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations proposed or promulgated thereunder.

The Escrow Holder may, at the written direction of the Issuer, substitute other noncallable Federal Securities ("Substitute Federal Securities") in lieu of the Federal Securities

then on deposit in an Escrow Account provided that, prior to any such substitution, the Escrow Holder and the Issuer shall have received:

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

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

(c) An opinion of nationally recognized bond counsel to the effect that such substitution is permissible hereunder, that (based on said new Debt Service and Cash Flow Schedules and New Verification Report as to sufficiency) such substitution will not adversely affect the defeasance of the Refunded Bonds or the exclusion from gross income for federal income tax purposes of the interest payable on the Series 2005 Bonds or the Refunded Bonds.

Section 9. Indemnity.

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

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

Section 10. Responsibilities of Escrow Holder.

The Escrow Holder and its respective successors, agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, by reason of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance and disposition of the various moneys and funds described herein, the purchase, retention or disposition of the Federal Securities or the proceeds thereof, any payment, transfer or other application of funds or securities by the Escrow Holder in accordance with the provisions of this Agreement or any non-negligent act, omission or error of the Escrow Holder made in good faith in the conduct of its duties. The Escrow Holder shall, however, be liable to the Issuer and to holders of the Refunded Bonds to the extent of their respective damages for negligent or willful acts, omissions or errors of the Escrow Holder which violate or fail to comply with the terms of this Agreement. The duties and obligations of the Escrow Holder shall be determined by the express provisions of this Agreement. The Escrow Holder may consult with counsel, who may or may not be counsel to the Issuer, and be entitled to receive from the Issuer reimbursement of the reasonable fees and expenses of such counsel, and in reliance upon the opinion of such counsel have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Holder shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Issuer.

Section 11. Resignation of Escrow Holder.

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

Section 12. Removal of Escrow Holder.

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

(b) The Escrow Holder may also be removed at any time by any court of competent jurisdiction upon the application of the Issuer or the owners of not less than five per

centum (5%) in aggregate principal amount of the Refunded Bonds then outstanding for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Agreement with respect to the duties or obligations of the Escrow Holder.

Section 13. Successor Escrow Holder.

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

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

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

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

Section 14. Predecessor Escrow Holder.

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

Section 15. Amendments.

This Agreement is made for the benefit of the Issuer and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the

written consent of all such holders, the Escrow Holder and the Issuer; provided, however, that the Issuer and the Escrow Holder may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

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

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

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

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

Section 16. Notices.

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

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

If to the Escrow Holder: _____

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

Section 17. Term.

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

Section 18. Severability.

If any of the covenants, agreements or provisions of this Agreement on the part of the Issuer or the Escrow Holder to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant, agreement or provision shall be null and void, shall be deemed separable from the remaining covenants, agreements and provisions of this Agreement and shall in no way affect the validity of the remaining covenants, agreements or provisions of this Agreement.

Section 19. Counterparts.

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

Section 20. Governing Law.

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

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and their seals to be hereunto affixed and attested, all as of the 23rd day of August, 2005.

ST. JOHNS COUNTY, FLORIDA

By: _____
Bruce A. Maguire, Chair of its Board of
County Commissioners

Attest:

By: _____
Cheryl Strickland, Clerk of its Board of
County Commissioners

By: _____

Exhibit A

Verification Report

Exhibit B

Escrow Holder's Fees

Escrow Holder Fee

\$ _____

Exhibit C

NOTICE OF ADVANCE REFUNDING of St. Johns County, Florida, Capital Improvement Revenue Bonds Series 1998

Notice is hereby given by _____, _____,
Florida, as Escrow Holder for the outstanding St. Johns County, Florida, Capital Improvement Revenue Bonds, Series 1998, dated as of October 15, 1998 (the "Bonds"), that the Bonds have been advance refunded by depositing in irrevocable escrow cash and obligations of the United States of America sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable until the respective maturity dates of the Bonds. The Bonds are not subject to redemption prior to their respective maturity dates, and St. Johns County, Florida (the "Issuer") will not accelerate the respective maturities of the Bonds.

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

<u>Maturity Date (July 1)</u>	<u>Principal Amount</u>	<u>CUSIP No.</u>
2006	\$280,000	
2007	290,000	
2008	305,000	
2009	315,000	
2010	330,000	

The Bonds are deemed to be no longer outstanding under the resolution of the Issuer authorizing the issuance of the Bonds.

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

Dated: _____.

_____,
as Escrow Holder

By _____
Title:

EXHIBIT E

Registrar and Paying Agency Agreement

**REGISTRAR, PAYING AGENT AND
AUTHENTICATING AGENT AGREEMENT**

between

ST. JOHNS COUNTY, FLORIDA

and

pertaining to the

**ST. JOHNS COUNTY, FLORIDA
CAPITAL IMPROVEMENT
REVENUE AND REFUNDING BONDS, SERIES 2005**

Dated as of August __, 2005

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Fees for Registrar, Paying Agent and Authenticating Agent Services	ANNEX A
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**REGISTRAR, PAYING AGENT AND
AUTHENTICATING AGENT AGREEMENT**

This REGISTRAR, PAYING AGENT AND AUTHENTICATING AGENT AGREEMENT (the "Agreement") by and between St. Johns County, Florida (the "Issuer") and _____ (the "Bank"), a national banking association duly organized and validly existing under the laws of the United States of America.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Capital Improvement Revenue and Refunding Bonds, Series 2005 Bonds (the "Bonds"), in an original aggregate principal amount of \$_____ to be issued as registered securities without coupons; and

WHEREAS, all things necessary to make the Bonds the valid obligations of the Issuer, in accordance with their terms, will have been taken upon the issuance and delivery thereof;

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, redemption premium, if any, and interest on the Bonds, in accordance with the terms thereof, and that the Bank act as Registrar and Authenticating Agent for the Bonds;

WHEREAS, the Issuer has duly authorized the execution and delivery of this Agreement, and all things necessary to make this Agreement a valid agreement of the Issuer, in accordance with its terms, have been done;

WHEREAS, the Bank, being a duly organized and validly existing national banking association organized under the laws of the United States, has full power and authority to serve as Registrar, Paying Agent and Authenticating Agent hereunder.

NOW, THEREFORE, it is mutually agreed to the following terms:

ARTICLE ONE

**APPOINTMENT OF BANK AS
REGISTRAR, PAYING AGENT AND AUTHENTICATING AGENT**

Section 1.01. Appointment

(a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Bonds, in paying to the Owners of the Bonds the principal and interest on all or any of the Bonds.

(b) The Issuer hereby appoints the Bank as Registrar and Authenticating Agent with respect to the Bonds.

(c) The Bank hereby accepts its appointment, and agrees to act as the Registrar, Paying Agent and Authenticating Agent with respect to the Bonds in accordance with the terms hereof and the Bond Resolution, as hereinafter defined.

Section 1.02. Compensation.

As compensation for Bank's services as Registrar, Paying Agent and Authenticating Agent the Issuer agrees to pay the Bank the fees and amounts set forth in Annex A hereto. The Issuer agrees to reimburse the Bank for any non-recurring expenses, disbursements or advances provided that the Issuer has been notified in advance and has approved such expense, disbursement or advance prior to being incurred or made. The Bank will provide documentation as to such non-recurring expenses and fees incurred by either an invoice or an internally generated document. Such fees and expenses shall be paid to the Bank as billed.

ARTICLE TWO

DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement.

"Authenticating Agent" means the Bank when it is performing the functions of authenticating the Bonds, in accordance with the terms in this Agreement and the Bond Resolution.

"Bank" means _____.

"Bank Office" means the office of the Bank in _____, _____. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Bond" or **"Bonds"** means the Issuer's Capital Improvement Revenue and Refunding Bonds, Series 2005, dated August __, 2005.

"Bond Insurance Policy" means the _____ Insurance Policy issued by the Bond Insurer, insuring the payment of the principal of and interest on the Bonds.

"Bond Insurer" means _____.

"Bond Resolution" means Resolution No. 2005-____ adopted by the Issuer on July __, 2005, as amended and supplemented, providing for the issuance of the Bonds.

"Fiscal Year" means each 12-month period ending September 30.

"Interest Period" means the number of days from the Bond's dated date or from the Bond's previous payment date based on a 30-day month.

"Issuer" means St. Johns County, Florida.

“Issuer Request” and ***“Issuer Order”*** means a request in writing signed by the Issuer’s Finance Director, or any other officer or official of the Issuer duly authorized and satisfactory to the Bank.

“Legal Holiday” means a day on which the Bank is required or authorized to be closed.

“Owner” means the Depository Trust Company (“DTC”) or any successor company, unless the Bonds are no longer maintained under a system of book-entry, then such term shall mean the Person in whose name a Bond is registered in the Register.

“Paying Agent” means the Bank when it is performing the functions of paying principal, redemption premium, if any, and interest on the Bonds, all in accordance with the terms in this Agreement and the Bond Resolution.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, organization or government or any agency or political subdivision of a government.

“Predecessor Bonds” of any particular Bond means every previous Bond evidencing all or a portion of the same obligation as that evidenced by such particular Bond (and, for the purposes of this definition, any Bond registered and delivered under Section 4.06 hereof in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Bond).

“Register” means a register in which the Bank shall, on behalf of the Issuer, provide for the registration and transfer of Bonds.

“Registrar” means the Bank when it is performing the functions of registrar in accordance with the terms in this Agreement and the Bond Resolution.

“Responsible Officer” when used with respect to the Bank means the President or Vice President of the Board of Directors, the Chairman or Vice Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such officer’s knowledge of and familiarity with the particular subject.

“Stated Maturity” means the date specified on the face of the Bond as the fixed date on which the principal of the Bond is due and payable or the date fixed in accordance with the terms of the Bond Resolution for earlier redemption of the Bond, or any portion thereof, prior to the fixed maturity date.

ARTICLE THREE

PAYING AGENT

Section 3.01. Duties of Paying Agent.

(a) The Bank, as Paying Agent and on behalf of the Issuer, shall pay to the Owner, at the Stated Maturity or upon redemption prior to Stated Maturity and upon the surrender of the Bond or Bonds so maturing at the Bank Office, the principal amount of the Bond or Bonds then maturing or subject to redemption, provided that the Bank shall have been provided by or on behalf of the Issuer adequate collected funds to make such payment, or in the event that DTC is the Owner then payment is to be made to DTC or its successor by whatever means is agreeable between DTC, or its successor, and the Paying Agent.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Bonds to each Owner of the Bonds (or their Predecessor Bonds) as shown in the Register at the close of business on the record date, with respect to the Bonds, provided that the Bank shall have been provided by or on behalf of the Issuer adequate collected funds to make such payments; such payments shall be made by computing the amount of interest to be paid each Owner (by multiplying the outstanding principal for each maturity or redemption by its respective interest rate and by the number of days in the interest period the product of which is divided by 360), preparing the checks, and mailing the checks on each interest payment date addressed to each Owner's address as it appears in the Register, or in the event that DTC is the Owner then payment is to be made to DTC or its successor by whatever means is agreeable between DTC, or its successor, and the Paying Agent.

(c) If the funds received by the Bank from the Issuer are insufficient for the payment of the principal of or interest on the Bonds on any principal or interest payment date, the Bank shall notify the Issuer and the Bond Insurer of such deficiency in accordance with the Bond Insurance Policy. In the event the Bonds have been defeased in accordance with the Bond Resolution, then the Bank shall notify the escrow agent for the trust account for the defeased bonds.

(d) The Bank, as Paying Agent, shall perform all obligations under the Bond Resolution, as supplemented and amended, and under any credit facility deposited in the Bond reserve account as may be required thereunder in connection with such credit facility.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Bonds on the dates specified in the Bond Resolution and on subsequent payment dates until the Bonds are ultimately retired.

ARTICLE FOUR

REGISTRAR AND AUTHENTICATING AGENT

Section 4.01. Transfer and Exchange.

(a) The Issuer shall keep the Register at the Bank Office, and subject to such reasonable written regulations as the Issuer may prescribe, which regulations shall be furnished to the Bank herewith or subsequent hereto by Issuer Order, the Issuer shall provide for the registration and transfer of the Bonds. The Bank, is hereby appointed as and accepts the role of "Registrar and Authenticating Agent" for the purpose of registering, transferring and authenticating the Bonds as herein provided. The Bank agrees to maintain the Register while it is Registrar.

(b) The Registrar hereby agrees that at any time while any Bond is outstanding, the Owner may deliver such Bond to the Registrar for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the persons, the maturities, and the principal amounts to and in which such Bond is to be transferred and the addresses of such persons; the Registrar shall thereupon, within not more than three business days, register and deliver such Bond or Bonds as provided in such instructions. The Bank shall, as Authenticating Agent, authenticate and deliver Bonds only in accordance with the terms of the Bond Resolution. To the extent any transfer and exchange procedures set forth herein are in conflict with such provisions in the Bond Resolution, the provisions of the Bond Resolution shall control.

(c) Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a commercial bank or trust company or a member firm of the New York Stock Exchange, in form satisfactory to the Bank, duly executed by the Owner thereof or such Owner's attorney duly authorized in writing.

(d) The Registrar may request any supporting documentation necessary to effect a re-registration.

(e) The Owner may be charged an amount sufficient to reimburse the Issuer or the Registrar for any tax, fee or other governmental charge required to be paid for any registration, transfer, or exchange of Bond(s).

Section 4.02. The Bonds.

The Clerk of the Issuer shall provide an adequate inventory of unregistered Bonds to facilitate transfers of the Bonds in the event the Bonds are no longer maintained under a book-entry system. The Bank covenants that it will maintain the unregistered Bonds in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03. Form of Register.

The Bank as Registrar will maintain the records of the Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than a form which the Bank has currently available and currently utilizes at the time.

Section 4.04. List of Owners.

(a) The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Issuer may also inspect the information in the Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

(b) Except as otherwise provided in the Bond Resolution, the Bank will not release or disclose the content of the Register to any person other than to the Issuer's Finance Director, or any other officer or official of the Issuer duly authorized and satisfactory to the Bank, except upon the direction or request of an authorized officer or designee of the Issuer or upon receipt of a subpoena or court order. Upon receipt of a subpoena or court order and as permitted by law, the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order.

Section 4.05. Cancellation of Bonds.

All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already canceled, shall be promptly canceled by the Bank. The Issuer may, at any time, deliver to the Bank for cancellation any Bonds previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Bank. All canceled Bonds held by the Bank shall be disposed of by the Bank as directed by the Issuer. The Bank will surrender to the Issuer, at such reasonable intervals as it determines, certificates of destruction, in lieu of which or in exchange for which other Bonds have been issued or which have been paid.

Section 4.06. Mutilated, Destroyed, Lost, or Stolen Bonds.

(a) Subject to the provisions of this Section 4.06, the Issuer hereby instructs the Bank to deliver fully registered Bonds in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds as long as the same does not result in an over issuance, all in conformance with the requirements of the Bond Resolution.

(b) If (i) any mutilated Bond is surrendered to the Bank, or the Issuer and the Bank receives evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Issuer and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then, in the absence of notice to the Issuer or the Bank that such Bond has been acquired by a bona fide purchaser, upon the Issuer's request the Bank shall authenticate, shall register and deliver, in exchange for or in lieu of any such mutilated,

destroyed, lost, or stolen Bond, a new Bond of the same stated maturity and of like tenor and principal amount bearing a number not contemporaneously outstanding.

(c) Duplicate replacement Bonds issued in place of any mutilated, destroyed, stolen or lost Bonds shall only be issued in accordance with the Bond Resolution and general law of the State of Florida.

(d) Upon the satisfaction of the Bank and the Issuer that a Bond has been mutilated, destroyed, lost or stolen, and upon receipt by the Bank and the Issuer of such indemnity or security as they may require, the Bank shall cancel the Bond number on such Bond, with a notation in the Register that said Bond has been mutilated, destroyed, lost or stolen, and a new Bond shall be issued of the same stated maturity and of like tenor and principal amount bearing a number, according to the Register not contemporaneously outstanding.

(e) The Bank may charge the Owner any expenses of the Issuer or the Bank in connection with issuing a new Bond in lieu of or exchange for a mutilated, destroyed, lost or stolen Bond.

Section 4.07. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Bonds it has paid pursuant to Section 3.01, Bonds it has delivered upon the transfer or exchange of any Bonds pursuant to Section 4.01, and Bonds it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds pursuant to Section 4.06.

ARTICLE FIVE

THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and in accordance with the Bond Resolution and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium, if any, and interest on the Bonds to pay the Bonds as the same shall become due, and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent.

Section 5.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely as to the truth of the statements and correctness of the opinions expressed on any certificate or opinion furnished to the Bank which the Bank reasonably believes to be true and correct.

(b) The Bank shall not be liable for any error of judgment or any act or steps taken or permitted to be taken in good faith, or for any mistake in law or fact, or for anything it may do or refrain from doing in connection herewith, except for its own willful misconduct or negligence.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, note, security, or other paper or document believed reasonably by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Bonds, but is protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Owner or an attorney-in-fact for or legal representative of the Owner. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, direction, consent, order, certificate, note, security paper or document supplied by Issuer.

(e) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

(f) The Bank may consult with nationally recognized counsel, and the advice of such counsel or any opinion of such counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

Section 5.03. Recitals of Issuer.

(a) The recitals contained herein and in the Bonds shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

(b) The Bank shall in no event be liable to the Issuer, any Owner or Owners or any other Person for any amount due on any Bond except in the event of the Bank's willful misconduct or negligence.

Section 5.04. May Hold Bonds.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent, Registrar, and Authenticating Agent or any other agent.

Section 5.05. Money Held by Bank.

(a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

(b) The Bank shall be under no liability for interest on any money received by it hereunder.

(c) Unless otherwise provided in the Bond Resolution, any money deposited with the Bank for the payment of the principal, redemption premium, if any, or interest on any Bond and remaining unclaimed for three years after final maturity of the Bond has become due and payable will be paid by the Bank to the Issuer, and the Owner of such Bond shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease.

Section 5.06. Mergers or Consolidations.

Any corporation into which the Bank, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Bank or any successor to it shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Registrar, Paying Agent and Authenticating Agent shall be transferred shall be the successor Bank under this Agreement with written notice to the Issuer of the merger or consolidation within 60 days after the effective date of such transaction.

Section 5.07. Indemnification.

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 Bank 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 reasonable legal fees and disbursements), which may be imposed on, incurred by, or asserted against, at any time, the Bank and in any way relating to or arising out of the execution and delivery of this Agreement, the acceptance of the funds and securities deposited hereunder, and any payment, transfer or other application of funds and securities by the Bank in accordance with the provisions of this Agreement and the Bond Resolution; or any other duties of the Bank hereunder; provided, however, that the Issuer shall not be required to indemnify the Bank against the Bank's own negligence or willful misconduct. In no event shall the Issuer be liable to any person by reason of the transactions contemplated hereby other than to the Bank as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Bank as Registrar, Paying Agent and/or Authenticating Agent.

Section 5.08. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its persons as well as funds on deposit, waive personal service of

any process, and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in Section 6.03 hereof shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in St. Johns County, Florida or Duval County, Florida (as provided in Section 6.11) to determine the rights of any person claiming any interest herein.

ARTICLE SIX

MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank, and any notice of deficiency to the Bond Insurer in accordance with Section 3.01(c) herein, shall be mailed first class postage prepaid or hand delivered to the Issuer or Bank or Bond Insurer at the respective addresses shown below:

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

If to the Bank:

If to the Bond Insurer:

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by either party shall bind its successors and assigns whether so expressed or not.

Section 6.06. Severability.

In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent, Registrar and Authenticating Agent and if any conflict exists between this Agreement and the Bond Resolution, the Bond Resolution shall govern.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

(a) This Agreement will terminate on the date of final payment by the Bank issuing its final payment of principal and interest of the Bonds, anticipated to be _____.

(b) This Agreement may be earlier terminated with or without cause upon 60 days written notice by either party. Upon such termination, the Issuer reserves the right to appoint a successor Paying Agent, Registrar and Authenticating Agent. If the Bank terminates pursuant to this subsection (b) and appointment of a successor is not made within 60 days from the date of written notice, the Bank shall deliver all records and any unclaimed funds to the Issuer, without a right of setoff by the Bank for any fees, charges or expenses from the dated date of the written notice; provided, however, that the Bank is entitled to payment of all outstanding fees and expenses incurred prior to the date of written notice to the Issuer. In the event this Agreement is terminated by giving written notice, then the Bank agrees, upon request by the Issuer, to give

notice by first-class mail to all registered holders of the name and address of the successor Paying Agent, Registrar and Authenticating Agent. Expenses for such notice to the registered holders shall be paid by the Issuer.

The Issuer may appoint any Registrar, Paying Agent and Authenticating Agent, unless otherwise prohibited by State law, as may be amended from time to time.

(c) The provisions of Section 1.02 and Article Five shall survive, and remain in full force and effect following the termination of this Agreement.

(d) In the event this Agreement is terminated prior to the time set forth in (a) above, a pro rated portion of the one-time, up front fee that the County paid the Bank pursuant to Section 1.02 and Annex A shall be returned to the County. The pro rated portion shall be calculated by dividing the number of separate principal and interest payments that remain to be paid by the Bank to the individual Owners under this Agreement at the time of termination of this Agreement by the total number of separate principal and interest payments that are required to be made by the Bank to the Owners pursuant to this Agreement without regard to early termination and then multiplying the quotient by the amount of the one-time, upfront fee.

Section 6.11. Governing Law; Venue.

This Agreement shall be construed in accordance with and governed by the laws of the State of Florida. Any action or proceeding, in law or equity, arising out of or in any way related to this Agreement or the obligations hereunder shall be in St. Johns County, Florida or if in federal court, in Duval County, Florida.

[The remainder of this page is deliberately left blank.
Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of this 23rd day of August, 2005.

ST. JOHNS COUNTY, FLORIDA

By: _____
Bruce A. Maguire, Chair of its Board of
County Commissioners

ATTEST:

Cheryl Strickland, Clerk of its Board of
County Commissioners

By: _____
Name: _____
Title: _____

ANNEX A

FEEES FOR REGISTRAR, PAYING AGENT AND AUTHENTICATING AGENT SERVICES

Fee for services as Registrar, Paying Agent and Authenticating Agent for the term of this Agreement shall be \$_____, payable as a one-time, upfront fee, paid in full upon the delivery hereof. Should the Bank resign or be removed from its duties hereunder, it shall refund to the Issuer a pro rata portion of the fee as stated in Section 6.10(d) of this Agreement.

The fee stated above includes set up and transfer fees and wire transaction fees. The Issuer may be billed for non-recurring expenses as stated in Section 1.02 of this Agreement.

EXHIBIT F

Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by St. Johns County, Florida (the "Issuer") in connection with the issuance of its \$_____ St. Johns County, Florida Capital Improvement Revenue and Refunding Bonds, Series 2005 (the "Series 2005 Bonds"). The Series 2005 Bonds are being issued pursuant to the Issuer's Resolution No. 2005-____, adopted by the Issuer on July 26, 2005, as the same may be amended and supplemented from time to time (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. PURPOSE OF DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Series 2005 Bondholders and in order to assist the original underwriters of the Series 2005 Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 (the "Rule").

SECTION 2. PROVISION OF ANNUAL INFORMATION. Except as otherwise provided herein, the Issuer shall provide to all of the nationally recognized municipal securities information repositories described in Section 4 hereof (the "NRMSIRs"), to any state information depository that is established within the State of Florida (the "SID") and to MBIA Insurance Corporation ("MBIA"), on or before June 30 of each year, commencing June 30, 2006, the information set forth below in this Section 2. Notwithstanding the immediately preceding sentence, to the extent any such information does not become available to the Issuer before June 30 of any year, the Issuer shall provide such information when it becomes available, but no later than one year following the end of the Issuer's Fiscal Year.

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

(B) to the extent not set forth in the CAFR, additional financial information and operating data of the type included with respect to the Issuer in the final official statement prepared in connection with the sale and issuance of the Series 2005 Bonds (as amended, the "Official Statement"), as set forth below:

1. Updates of information set forth in the Official Statement relating to the table set forth under the sub-heading "Historical Receipts of County Revenue Sharing Funds" (p. 14);

2. Description of any additional indebtedness secured in whole or in part from the Pledged Funds (as defined in the Official Statement).

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

SECTION 3. REPORTING SIGNIFICANT EVENTS. The Issuer shall provide to the NRMSIRs or the Municipal Securities Rulemaking Board (the "MSRB"), to the SID and to MBIA, on a timely basis, notice of any of the following events, if such event is material with respect to the Series 2005 Bonds or the Issuer's ability to satisfy its payment obligations with respect to the Series 2005 Bonds:

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults;
- (C) Unscheduled draws on the debt service reserve fund reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancement reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions or events affecting the tax-exempt status of the Series 2005 Bonds;
- (G) Modifications to rights of Series 2005 Bondholders;
- (H) Calls on the Series 2005 Bonds;
- (I) Defeasance of the Series 2005 Bonds;
- (J) Release, substitution, or sale of property securing repayment of the Series 2005 Bonds;

(K) Rating changes; and

(L) Notice of any failure on the part of the Issuer or any other Obligated Person (as defined herein) to meet the requirements of Section 2 hereof.

The Issuer may from time to time, in its discretion, choose to provide notice of the occurrence of certain other events, in addition to those listed in this Section 3, if, in the judgment of the Issuer, such other events are material with respect to the Series 2005 Bonds, but the Issuer does not specifically undertake to commit to provide any such additional notice of the occurrence of any material event except those events listed above.

Whenever the Issuer obtains knowledge of the occurrence of a significant event described in this Section 3, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities law to holders of Series 2005 Bonds, provided, that any event under clause (L) above will always be deemed to be material.

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

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

- (B) FT Interactive Data
Attn: NRMSIR
100 Williams Street
New York, New York 10038
Phone: 212/771-6999
Fax: 212/771-7390 (Secondary Market Information)
212/771-7391 (Primary Market Information)
Email: NRMSIR@FTID.com

(C) Standard & Poor's Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, New York 10041
Phone: 212/438-4595
Fax: 212/438-3975
Email: nrmsir_repository@sandp.com

(D) DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Phone: 201/346-0701
Fax: 201/947-0107
Email: nrmsir@dpcdata.com

(E) Any NRMSIRs that are established subsequently and approved by the SEC.

(F) A list of the names and addresses of all designated NRMSIRs as of any date may currently be obtained by calling the SEC's Fax on Demand Service at 202/942-8088 and requesting document number 0206 or by visiting the SEC's website at "www.sec.gov/info/municipal/nrmsir.htm." However, in lieu of filing with the NRMSIRs and SID, if any, the Issuer may provide the required information to:

DisclosureUSA.org
P.O. Box 684667
Austin, Texas 78768-4667
<http://www.disclosureusa.org>
Fax: (512) 476-6403

SECTION 5. NO EVENT OF DEFAULT. Notwithstanding any other provision in the Resolution to the contrary, failure of the Issuer to comply with the provisions of this Disclosure Certificate shall not be considered an event of default under the Resolution. To the extent permitted by law, the sole and exclusive remedy of any Series 2005 Bondholder for the enforcement of the provisions hereof shall be an action for mandamus or specific performance, as applicable, by court order, to cause the Issuer to comply with its obligations hereunder. For purposes of this Disclosure Certificate, "Series 2005 Bondholder" shall mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2005 Bonds (including persons holding Series 2005 Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Series 2005 Bond for federal income tax purposes.

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

SECTION 7. DISSEMINATION AGENTS. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor disseminating agent.

SECTION 8. TERMINATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon (A) the legal defeasance, prior redemption or payment in full of all of the Series 2005 Bonds, or (B) the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

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

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in its annual information described in Section 2 hereof or notice of occurrence of a significant event described in Section 3 hereof, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in its annual information or notice of occurrence of a significant event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in its future annual information or notice of occurrence of a significant event.

SECTION 11. OBLIGATED PERSONS. If any person, other than the Issuer, becomes an Obligated Person (as defined in the Rule) relating to the Series 2005 Bonds, the Issuer shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

SECTION 12. DISSEMINATION COVER SHEET. For the convenience of the Issuer, attached hereto as Exhibit A is a cover sheet that the Issuer may use to accompany any report that is required to be filed pursuant to the provisions of this Certificate. The Issuer is not required to use such cover sheet.

Dated: _____, 2005

ST. JOHNS COUNTY, FLORIDA

By: _____
Chair, Board of County Commissioners

APPENDIX A

DISSEMINATION COVER SHEET

Municipal Secondary Market Disclosure Information Cover Sheet

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

See www.sec.gov/info/municipal/nrmsir.htm for list of current NRMSIRs and SIDs

IF THIS FILING RELATES TO A SINGLE BOND ISSUE:

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

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

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

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

Other Obligated Person's Name (if any):

(Exactly as it appears on the Official Statement Cover)

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

(Contact CUSIP's Municipal Disclosure Assistance Line at 212-438-6518 for assistance with obtaining the proper CUSIP numbers.)

TYPE OF FILING:

☐ Electronic (number of pages attached)

 ☐ Paper (number of pages attached)

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

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

A. ☐ Annual Financial Information and Operating Data pursuant to Rule 15c2-12

(Financial information and operating data should not be filed with the MSRB.)

Fiscal Period Covered: _____

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

Fiscal Period Covered: _____

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

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

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

E. ☐ Other Secondary Market Information (Specify): _____

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

Issuer Contact:

Name: _____ Title: _____

Employer: _____

Address: _____ City: _____ State: _____ Zip Code: _____

Telephone: _____ Fax: _____

Email Address: _____ Issuer Web Site Address: _____

Dissemination Agent Contact, if any:

Name: _____ Title: _____

Employer: _____

Address: _____ City: _____ State: _____ Zip Code: _____

Telephone: _____ Fax: _____

Email Address: _____ Issuer Web Site Address: _____

Obligor Contact, if any:

Name: _____ Title: _____

Employer: _____

Address: _____ City: _____ State: _____ Zip Code: _____

Telephone: _____ Fax: _____

Email Address: _____ Issuer Web Site Address: _____

Investor Relations Contact, if any:

Name: _____ Title: _____

Telephone: _____ Email Address: _____

EXHIBIT G
Interlocal Agreement

INTERLOCAL REIMBURSEMENT AGREEMENT

This Interlocal Reimbursement Agreement (the "Agreement") is entered into on August __, 2005, by and between ST. JOHNS COUNTY, FLORIDA, a political subdivision of the State of Florida (the "County"), and the ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY, a Florida public community redevelopment agency (the "Agency").

WITNESSETH:

WHEREAS, the Board of County Commissioners of the County by the adoption of its Resolution 2000-146 established the boundaries of the West Augustine Community Redevelopment Area and by the adoption of its Resolution 2002-208 incorporated the boundary areas of the West Augustine Community Redevelopment Area into the Agency; and

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

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

WHEREAS, the Agency has determined to undertake a capital project for the redevelopment of West Augustine, including the acquisition and construction of a community center and swimming pool (the "Project"), and has requested the assistance of the County in obtaining financing for the Project; and

WHEREAS, the County proposes to issue its Capital Improvement Revenue and Refunding Bonds, Series 2005 (the "Bonds"), authorized to be issued pursuant to Resolution No. 2005-__ of the County adopted ____, 2005 (the "Bond Resolution"), to finance, among other things, the cost of the Project; and

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

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

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

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

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

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

3. Financing.

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

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

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

(i) all current debt service on the West Augustine Bonds as set forth on Exhibit A attached hereto;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[Remainder of page intentionally left blank]

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

(OFFICIAL SEAL)

ST. JOHNS COUNTY, FLORIDA

By: _____
Chairman of its Board of County
Commissioners

ATTEST:

Clerk of its Board of County
Commissioners

ST. JOHNS COUNTY COMMUNITY
REDEVELOPMENT AGENCY

By: _____
Chairman

ATTEST:

Clerk

Exhibit A

Debt Service Schedule for West Augustine Bonds

EXHIBIT H

Insurer's Commitments



Capital Strength. Triple-A Performance.

VIA COURIER

July 14, 2005

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

Doug Timms
Saint Johns County
4020 Lewis Speedway
Saint Augustine, Florida 32095

RE: \$21,370,000 (est) St. Johns County, Florida, Capital Improvement Revenue and Refunding Bonds, Series 2005

\$2,137,000 (est) Debt Service Reserve Fund for the \$21,370,000 (est) St. Johns County, Florida, Capital Improvement Revenue and Refunding Bonds, Series 2005

Dear Mr. Timms:

Enclosed please find the following documents for the referenced issues:

1. Two Commitments for the Financial Guaranty Insurance Policy (the "Policy") and two Commitments for the Debt Service Reserve Fund Surety Bond (the "Surety Bond"). Please execute each document and return one of the original Commitments for the Policy and the Surety Bond to our offices in the enclosed self-addressed stamped envelope. The second set of original Commitments should be retained for your files;
2. Disclosure language and a form of the Financial Guaranty Insurance Policy (the "Policy") for inclusion in the Official Statement;
3. A form of our Statement of Insurance for printing on the Obligations; and
4. A form of our "Payments Under the Policy/Other Required Provisions" for inclusion in your authorizing document. In the event the authorizing document is completed prior to choosing MBIA as the insurer, please have the Issuer and Paying Agent sign the attached "Schedule A".

Please note that all of the conditions to the Commitment must be met prior to the Policy being released by MBIA. All materials and questions regarding the conditions should be directed to the attention of Karen Wagner, whose direct dial telephone number is (914) 765-3213.



July 14, 2005
Dough Tims
Saint Johns County
Page Two

In addition, under no circumstances should any changes be made to Items 2, 3 and 4, nor should any other versions of these materials be used on any financing unless you have direct confirmation from MBIA as to the acceptability of such changes. Confirmation regarding items 2 and 3 may come only from our Documentation and Closing Department or our Legal Department and may be written or verbal. Confirmation regarding item 4 should come from Karen Wagner. Since the responsibility for this information remains with us, please send us drafts prior to the printing of any of these documents for our approval.

The following payments will be due at the closing of the issue. The premium payments in the amount of .35% of total debt service and 2.5% of total debt service, for the Policy and Surety Bond, respectively, should be wired to MBIA's account number 910-2-721728 at JP Morgan Chase Bank, New York, New York on the day of closing. Chase's ABA number is 021000021. MBIA's claims paying ability is rated triple A by Fitch IBCA, Inc., Moody's Investors Service and the Standard and Poor's Rating Group. Inquiries related to ratings on transactions, fees and billing matters should be addressed to the appropriate rating agency.

We would like to request a copy of the final debt service schedule for this issue. We would also appreciate receiving three copies of the final Official Statement and three executed unbound copies of the closing transcripts within 60 days of the closing.

Thank you for your cooperation concerning these matters. If you have any questions, please contact our offices.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra R. Lisanti".

Sandra R. Lisanti
Associate
Documentation and Closing Dept.
Phone: (914) 765-3651
Fax: (914) 765-3161/3162
Sandra.Lisanti@mbia.com



**COMMITMENT TO ISSUE A
FINANCIAL GUARANTY INSURANCE POLICY**

Application No.: 2005-006632-001

Sale Date: July 2005 (t)

Program Type: Negotiated DP

Re: \$21,370,000 (est) St. Johns County, Florida, Capital Improvement Revenue and Refunding Bonds, Series 2005
(the "Obligations")

This commitment to issue a financial guaranty insurance policy (the "Commitment") dated July 14, 2005, constitutes an agreement between SAINT JOHNS COUNTY (the "Applicant") and MBIA Insurance Corporation (the "Insurer"), a stock insurance company incorporated under the laws of the State of New York.

Based on an approved application dated July 14, 2005, the Insurer agrees, upon satisfaction of the conditions herein, to issue on the earlier of (i) 120 days of said approval date or (ii) on the date of delivery of and payment for the Obligations, a financial guaranty insurance policy (the "Policy") for the Obligations, insuring the payment of principal of and interest on the Obligations when due. The issuance of the Policy shall be subject to the following terms and conditions:

1. Payment by the Applicant, or by the Trustee on behalf of the Applicant, on the date of delivery of and payment for the Obligations, of a nonrefundable premium in the amount of .35% of total debt service, premium rounded to the nearest thousand. The premium set out in this paragraph shall be the total premium required to be paid on the Policy issued pursuant to this Commitment.
2. The Obligations shall have received the unqualified opinion of bond counsel with respect to the tax-exempt status of interest on the Obligations.
3. There shall have been no material adverse change in the Obligations or the Resolution, Bond Ordinance, Trust Indenture or other official document authorizing the issuance of the Obligations or in the final official statement or other similar document, including the financial statements included therein.
4. There shall have been no material adverse change in any information submitted to the Insurer as a part of the application or subsequently submitted to be a part of the application to the Insurer.
5. No event shall have occurred which would allow any underwriter or any other purchaser of the Obligations not to be required to purchase the Obligations at closing.
6. A Statement of Insurance satisfactory to the Insurer shall be printed on the Obligations.
7. Prior to the delivery of and payment for the Obligations, none of the information or documents submitted as a part of the application to the Insurer shall be determined to contain any untrue or misleading statement of a material fact or fail to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading.



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

9. The Insurer's "Payments Under the Policy/Other Required Provisions" (see attached) shall be included in the authorizing document.

10. The Applicant agrees not to use the Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Insurer's prior consent; provided however, such prohibition on the use of the Insurer's name shall not relate to the use of the Insurer's standard approved form of disclosure in public documents issued in connection with the current Obligations to be issued in accordance with the terms of the Commitment; and provided further such prohibition shall not apply to the use of the Insurer's name in order to comply with public notice, public meeting or public reporting requirements.

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

12. Compliance with the Insurer's following conditions (see attached).

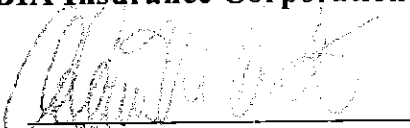
- a. General Document Provisions;
- b. List of Permissible Investments for Indentured Funds; and
- c. Standard Conditions for Refundings.

13. Additional Bonds Test of 1.25x

Dated this 14th day of July, 2005.

MBIA Insurance Corporation

By


Assistant Secretary

SAINT JOHNS COUNTY

By: _____

Title: _____

GENERAL DOCUMENT PROVISIONS

- A. Notice to the Insurer The basic legal documents must provide that any notices required to be given by any party should also be given to the Insurer, Attn: Insured Portfolio Management.
- B. Amendments. In the basic legal document, there are usually two methods of amendment. The first, which typically does not require the consent of the bondholders, is for amendments which will cure ambiguities, correct formal defects or add to the security of the financing. The second, in which bondholder consent is a prerequisite, covers the more substantive types of amendments. For all financings, the Insurer must be given notice of any amendments that are of the first type and the Insurer's consent must be required for all amendments of the second type. All documents must contain a provision which requires copies of any amendments to such documents which are consented to by the Insurer to be sent to Standard & Poor's.
- C. Supplemental Legal Document. If the basic legal document provides for a supplemental legal document to be issued for reasons other than (1) a refunding to obtain savings; or (2) the issuance of additional bonds pursuant to an additional bonds test, there must be a requirement that the Insurer's consent also be obtained prior to the issuance of any additional bonds and/or execution of such supplemental legal document.
- D. Events of Default and Remedies. All documents normally contain provisions which define the events of default and which prescribe the remedies that may be exercised upon the occurrence of an event of default. At a minimum, events of default will be defined as follows:
1. the issuer/obligor fails to pay principal when due;
 2. the issuer/obligor fails to pay interest when due;
 3. the issuer/obligor fails to observe any other covenant or condition of the document and such failure continues for 30 days and
 4. the issuer/obligor declares bankruptcy.

The Insurer, acting alone, shall have the right to direct all remedies in the event of a default. The Insurer shall be recognized as the registered owner of each bond which it insures for the purposes of exercising all rights and privileges available to bondholders. For bonds which it insures, the Insurer shall have the right to institute any suit, action, or proceeding at law or in equity under the same terms as a bondholder in accordance with applicable provisions of the governing documents. Other than the usual redemption provisions, any acceleration of principal payments must be subject to the Insurer's prior written consent.

- E. Defeasance requires the deposit of:
1. Cash
 2. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -- "SLGs")
 3. Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities
 4. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
 5. Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.



6. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.
 - a. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
 - b. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
 - c. Federal Financing Bank
 - d. General Services Administration
Participation certificates
 - e. U.S. Maritime Administration
Guaranteed Title XI financing
 - f. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

The Insurer shall be provided with an opinion of counsel acceptable to the Insurer that the Obligations have been legally defeased and that the escrow agreement establishing such defeasance operates to legally defease the Obligations within the meaning of the Indenture and the Supplemental Indenture relating to the Obligations. In addition, the Insurer will be entitled to receive (i) 15 business days notice of any advance refunding of the Obligations and (ii) an accountant's report with respect to the sufficiency of the amounts deposited in escrow to defease the Obligations.

F. Agents:

1. In transactions where there is an agent/enhancer (other than the Insurer), the trustee, tender agent (if any), and paying agent (if any) must be commercial banks with trust powers.
2. The remarketing agent must have trust powers if they are responsible for holding moneys or receiving bonds. As an alternative, the documents may provide that if the remarketing agent is removed, resigns or is unable to perform its duties, the trustee must assume the responsibilities of remarketing agent until a substitute acceptable to the Insurer is appointed.



LIST OF PERMISSIBLE INVESTMENTS FOR INDENTURED FUNDS

- A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 - 1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
 - 2. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
 - 3. Federal Financing Bank
 - 4. Federal Housing Administration Debentures (FHA)
 - 5. General Services Administration
Participation certificates
 - 6. Government National Mortgage Association (GNMA or "Ginnie Mae")
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations
(not acceptable for certain cash-flow sensitive issues.)
 - 7. U.S. Maritime Administration
Guaranteed Title XI financing
 - 8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds
- C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):
 - 1. Federal Home Loan Bank System
Senior debt obligations
 - 2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates
Senior debt obligations
 - 3. Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations
 - 4. Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior debt obligations



5. Resolution Funding Corp. (REFCORP) obligations
 6. Farm Credit System
Consolidated systemwide bonds and notes
- D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAM-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2.
- E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.
- F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.
- G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to MBIA (Investment Agreement criteria is available upon request).
- H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P.
- I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.
- J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.
- K. Repurchase Agreements for 30 days or less must follow the following criteria. Repurchase Agreements which exceed 30 days must be acceptable to MBIA (criteria available upon request)
- Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.
1. Repos must be between the municipal entity and a dealer bank or securities firm
 - a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Services, or
 - b. Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.



2. The written repo contract must include the following:
 - a. Securities which are acceptable for transfer are:
 - (1) Direct U.S. governments, or
 - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)
 - b. The term of the repo may be up to 30 days
 - c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
 - d. Valuation of Collateral
 - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest
 - (a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.
3. Legal opinion which must be delivered to the municipal entity:
 - a. Repo meets guidelines under state law for legal investment of public funds.

Additional Notes

- (i) There is no list of permitted investments for non-indentured funds. Your own credit judgment and the relevant circumstances (e.g., amount of investment and timing of investment) should dictate what is permissible.
- (ii) Any state administered pool investment fund in which the issuer is statutorily permitted or required to invest will be deemed a permitted investment.
- (iii) DSRF investments should be valued at fair market value and marked to market at least once per year. DSRF investments may not have maturities extending beyond 5 years, except for Investment Agreements approved by the Insurer.



STANDARD CONDITIONS FOR REFUNDINGS

- A. Receipt by the Insurer of the final debt service schedule on the issue within three business days from the sale date.
- B. Receipt, satisfactory review and subsequent oral approval by the Insurer at least ten days in advance of closing of draft copies of:
 - 1. a verification by an independent CPA firm of the sufficiency of the escrow to timely retire the refunded bonds;
 - 2. the escrow securities purchase contracts of SLG subscription forms or open market confirmations; and,
 - 3. the escrow agreement

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

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

- C. Receipt by the Insurer at least five business days prior to closing of a draft opinion from Bond Counsel (or Special Tax Counsel) to the effect that the refunding bonds are being issued in compliance with state law and that the interest on the refunding bonds is tax-exempt.
 - D. Receipt by the Insurer at least five business days prior to closing of a draft opinion from Bond Counsel stating that the refunded bonds have been legally defeased. (This condition is only applicable in those situations where the refunding issue is legally defeasing the refunded issue.)
- Final executed copies of items C and D to be sent via overnight mail.

- E. If the escrow agreement allows for the substitution of securities in the escrow account, then it should be provided in the escrow agreement that no such substitution may occur unless there has first been delivered to the escrow agent/trustee, (1) a CPA verification that the escrow investments, as substituted, are sufficient to pay debt service, as it becomes due, on the refunded bonds and (2) an opinion of nationally recognized bond counsel to the effect that the substitution is permitted under the documents and the substitution has no adverse effect on the tax-exempt nature of the refunding bonds. See 2 above for the definition of an independent CPA.
- F. Escrow investments must be limited to:
 - 1. Cash
 - 2. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -- "SLGS").
 - 3. Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.
 - 4. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
 - 5. Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.



6. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

- a. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
- b. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
- c. Federal Financing Bank
- d. General Services Administration
Participation certificates
- e. U.S. Maritime Administration
Guaranteed Title XI financing
- f. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

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

- 1. The Insurer must review and approve the forward supply contract at least five business days prior to closing (or after closing, at least five business days prior to execution if not contemplated at the time of closing).
- 2. The forward supply contract must provide by its terms that the securities delivered under the forward supply are sufficient (when taken with other funds remaining in the escrow) as to amount and timeliness to retire the refunded bonds.
- 3. The Insurer requires an opinion from a nationally recognized bankruptcy counsel that the securities in escrow and payments to owners of refunded bonds will not constitute assets of the forward supply contract supplier and will not be subject to automatic stay in the event of bankruptcy and/or insolvency of the supplier.
- 4. The supplier of the securities delivered under the forward supply contract must affirm in the contract that it has no rights to or interest in the monies or securities held in the escrow.
- 5. The escrow agent must be acceptable to the Insurer. The Insurer reserves the right to replace the escrow agent for cause.
- 6. See 6 above for investments permitted under the forward supply contract. Investments must be non-callable.
- 7. The supplier should have no right to substitute the original escrow securities. The supplier may substitute securities previously delivered by the supplier under the forward supply contract only if:



- a. The substituted securities mature on a date that is later than the previously delivered securities would have matured; and
 - b. The substituted securities mature prior to the date needed to pay principal and/or interest on the bonds.
8. Two days before each delivery date for the forward supply securities, the escrow agent must notify the Insurer in writing of the securities to be delivered, the maturity amount of the securities and the maturity date.
9. The forward supply contract cannot be amended or modified without the Insurer's written consent.



**COMMITMENT TO ISSUE A
DEBT SERVICE RESERVE SURETY BOND**

Application No.: 2005-006632-002
Sale Date: July 2005 (t)
Program Type: Negotiated DP

RE: \$2,137,000 (est) Debt Service Reserve Fund for the \$21,370,000 (est) St. Johns County, Florida, Capital Improvement Revenue and Refunding Bonds, Series 2005 (the "Obligations")

This commitment to issue a debt service reserve surety bond (the "Commitment") constitutes an agreement between SAINT JOHNS COUNTY (the "Applicant"), and MBIA Insurance Corporation (the "Insurer"), a stock insurance company incorporated under the laws of the State of New York.

Based on an approved application dated July 14, 2005, the Insurer agrees, upon satisfaction of the conditions herein, to issue on the earlier of (i) 120 days of said approval date or (ii) on the date of delivery of and payment for the Obligations, a debt service reserve surety bond (the "Surety Bond"), for the Obligations, guaranteeing the payment to the issuer of up to \$2,137,000 (est) on the Obligations. The issuance of the Surety Bond shall be subject to the following terms and conditions:

1. Payment by the Applicant, or by the Trustee on behalf of the Applicant, on the date of delivery of and payment for the Obligations, of a nonrefundable premium in the amount of 2.5% of total debt service, premium rounded to the nearest thousand. The premium set out in this paragraph shall be the total premium required to be paid on the Policy issued pursuant to this Commitment.
2. The Obligations shall have received the unqualified opinion of bond counsel with respect to the tax-exempt status of interest on the Obligations.
3. There shall have been no material adverse change in the Obligations or the Resolution, Bond Ordinance, Trust Indenture or other official document authorizing the issuance of the Obligations or in the final official statement or other similar document, including the financial statements included therein.
4. There shall have been no material adverse change in any information submitted to the Insurer as a part of the Application or subsequently submitted to be a part of the Application to the Insurer.
5. No event shall have occurred which would allow any underwriter or any other purchaser of the Obligations not to be required to purchase the Obligations at closing.
6. Prior to the delivery of and payment for the Obligations, none of the information or documents submitted as a part of the Application to the Insurer shall be determined to contain any untrue or misleading statement of a material fact or fail to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading.
7. No material adverse change affecting any security for the Obligations shall have occurred prior to the delivery of and payment for the Obligations.
8. This Commitment may be signed in counterpart by the parties hereto.

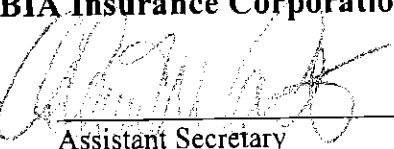


9. Compliance with the Insurer's Term Sheet for Debt Service Reserve Fund Program
(see Attachment A).

Dated this 14th day of July, 2005.

MBIA Insurance Corporation

By


Assistant Secretary

SAINT JOHNS COUNTY

By: _____

Title: _____



(Attachment A)

TERM SHEET FOR DEBT SERVICE RESERVE FUND PROGRAM

Introduction

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

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

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

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

The program criteria are subject to change by the Insurer.

General Terms

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

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

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

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

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

If the documents provide for the issuance of additional bonds that do not share a common reserve fund with the current issue, the Insurer can issue a surety bond that is, by its terms,



available only as a reserve for the current issue. In such cases, the Insurer would require a covenant that any revenues available for debt service must be distributed between the current issue and any additional bonds on a pro rata basis without regard to the existence of a funded debt service reserve or a surety bond.

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

Required Terms

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

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

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

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

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

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

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

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

8/12/93

STANDARD FORM FOR MBIA DISCLOSURE FOR OFFICIAL STATEMENTS

[March 31, 2005]

[The section entitled "The MBIA Insurance Corporation Insurance Policy" is for use in public finance transactions]

The MBIA Insurance Corporation Insurance Policy

The following information has been furnished by MBIA Insurance Corporation ("MBIA") for use in this Official Statement. Reference is made to Appendix ____ for a specimen of MBIA's policy [(the "Policy")].

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Policy and MBIA set forth under the heading ["_____"]. Additionally, MBIA makes no representation regarding the [Bonds/Securities] or the advisability of investing in the [Bonds/Securities].

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

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

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a [Bond/Security] the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such [Bonds/Securities] or presentment of such other proof of ownership of

the [Bonds/Securities], together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the [Bonds/Securities] as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the [Bonds/Securities] in any legal proceeding related to payment of insured amounts on the [Bonds/Securities], such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such [Bonds/Securities], less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

MBIA Insurance Corporation

MBIA Insurance Corporation ("MBIA") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

Regulation

As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

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

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

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

or withdrawal of any of the above ratings may have an adverse effect on the market price of the [Bonds/Securities]. MBIA does not guaranty the market price of the [Bonds/Securities] nor does it guaranty that the ratings on the [Bonds/Securities] will not be revised or withdrawn.

MBIA Financial Information

As of December 31, 2004, MBIA had admitted assets of \$10.4 billion (unaudited), total liabilities of \$7.0 billion (unaudited), and total capital and surplus of \$3.4 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2005 MBIA had admitted assets of \$10.6 billion (unaudited), total liabilities of \$7.0 billion (unaudited), and total capital and surplus of \$3.6 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2004 and December 31, 2003 and for each of the three years in the period ended December 31, 2004, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2004 and the consolidated financial statements of MBIA and its subsidiaries as of March 31, 2005 and for the three month periods ended March 31, 2005 and March 31, 2004 included in the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2005, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at <http://www.mbia.com> and at no cost, upon request to MBIA at its principal executive offices.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated by reference into this Official Statement:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2004; and
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, and prior to the termination of the offering of the [Bonds/Securities] offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings (including (1) the

Company's Annual Report on Form 10-K for the year ended December 31, 2004, and (2) the Company's Quarterly Reports on Form 10-Q for the quarter ended March 31, 2005) are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA at its principal executive offices.

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

STD-FL

DEBT SERVICE RESERVE FUND SURETY BOND

Application has been made to the MBIA Insurance Corporation (the "Insurer") for a commitment to issue a surety bond (the "Debt Service Reserve Fund Surety Bond"). The Debt Service Reserve Fund Surety Bond will provide that upon notice from the Paying Agent to the Insurer to the effect that insufficient amounts are on deposit in the Debt Service Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the Obligations, the Insurer will promptly deposit with the Paying Agent an amount sufficient to pay the principal of and interest on the Obligations or the available amount of the Debt Service Reserve Fund Surety Bond, whichever is less. Upon the later of: (i) three (3) days after receipt by the Insurer of a Demand for Payment in the form attached to the Debt Service Reserve Fund Surety Bond, duly executed by the Paying Agent; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Paying Agent to the Insurer, the Insurer will make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

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

Under the terms of the Agreement, the Paying Agent is required to reimburse the Insurer, with interest, until the face amount of the Debt Service Reserve Fund Surety Bond is reinstated before any deposit is made to the General Fund. No optional redemption of Obligations may be made until the Insurer's Debt Service Reserve Fund Surety Bond is reinstated. The Debt Service Reserve Fund Surety Bond will be held by the Paying Agent in the Debt Service Reserve Fund and is provided as an alternative to the City depositing funds equal to the Debt Service Requirement for outstanding Obligations. The Debt Service Reserve Fund Surety Bond will be issued in the face amount equal to 100% of Maximum Annual Debt Service for the Obligations and the premium therefor will be fully paid by the City at the time of delivery of the Obligations.

FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

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

[PAR]
[LEGAL NAME OF ISSUE]

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

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

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

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

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

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

COUNTERSIGNED:

Resident Licensed Agent

MBIA Insurance Corporation

President

Attest:

Assistant Secretary

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at [INSERT NAME OF TRUSTEE OR PAYING AGENT, INCLUDING CITY, STATE].

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

[\$ PAR AMOUNT]
[ISSUER]
[DESCRIPTION OF BONDS]

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

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

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

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

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

MBIA INSURANCE CORPORATION

PAYMENTS UNDER THE POLICY/OTHER REQUIRED PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

K. The Issuer/Obligor agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Insurer in connection with (i) the enforcement by the Insurer of the Issuer's/Obligor's obligations, or the preservation or defense of any rights of the Insurer, under this Resolution/Indenture and any other document executed in connection with the issuance of the Obligations, and (ii) any consent, amendment, waiver or other action with respect to the Resolution/Indenture or any

related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

L. The Issuer/Obligor agrees not to use the Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Insurer's prior consent; provided however, such prohibition on the use of the Insurer's name shall not relate to the use of the Insurer's standard approved form of disclosure in public documents issued in connection with the current Obligations to be issued in accordance with the terms of the Commitment; and provided further such prohibition shall not apply to the use of the Insurer's name in order to comply with public notice, public meeting or public reporting requirements.

M. The Issuer/Obligor shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Bonds without the prior written consent of MBIA.

Revised 4/04

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§
NAME OF ISSUER
SERIES DESCRIPTION

CERTIFICATE RE: MBIA INSURANCE POLICY
SCHEDULE 'A'

This Certificate of MBIA Insurance Policy (the "Certificate") is furnished by the City of _____, as issuer (the "Issuer") of its \$ _____ General Obligation Bonds, dated _____ (the "Bonds"), and _____, as paying agent under the Bonds (the "Paying Agent"). This Certificate is furnished for use by MBIA Insurance Corporation ("MBIA") in connection with its issuance of a municipal bond insurance policy No. _____ (the "Policy"), which Policy shall guarantee the payment of the principal and interest on the Bonds when due.

The Issuer and the Paying Agent hereby certifies as follows:

1. The parties acknowledge receipt and review of MBIA's "Payments Under the Policy" provisions with respect to the Policy, all as more particularly set forth in Schedule A attached hereto and made a part hereof.
2. The parties hereby agree, during the term of the Policy and to the best of their abilities, to abide by the terms, obligations, and provisions required by MBIA as set forth in Schedule A hereto.

IN WITNESS WHEREOF, we have executed this Certificate as of the ____ day of _____.

_____,
, as Issuer

_____,
as Paying Agent

By: _____

Director of Finance

By: _____

Assistant Vice President

FINANCIAL GUARANTY AGREEMENT

FINANCIAL GUARANTY AGREEMENT made as of [CLOSING DATE], by and between [ISSUER] (the "Issuer") and MBIA Insurance Corporation (the "Insurer"), organized under the laws of the state of New York.

WITNESSETH:

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

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

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

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

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

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

ARTICLE I DEFINITIONS; SURETY BOND

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

Section 1.02. Surety Bond.

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

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

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

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

ARTICLE II REIMBURSEMENT AND INDEMNIFICATION OBLIGATIONS OF ISSUER AND SECURITY THEREFOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 2.06. On-Going Information Obligations of Issuer.

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

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

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

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

ARTICLE III AMENDMENTS TO DOCUMENT

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

ARTICLE IV EVENTS OF DEFAULT; REMEDIES

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

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

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

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

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

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

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

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

ARTICLE V SETTLEMENT

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

ARTICLE VI MISCELLANEOUS

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

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

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

Section 6.04. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Issuer and the Insurer and their respective successors and assigns; provided, that the Issuer may not transfer or assign any or all of its rights and obligations hereunder without the prior written consent of the Insurer.

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

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

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

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

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

If to the Issuer: [ISSUER]
[STREET ADDRESS]
[CITY, STATE ZIP]
Attention: [PERSON AT ISSUER]

If to the Paying Agent: [PAYING AGENT]
Attention: Corporate Trust Officer

If to the Insurer: MBIA Insurance Corporation
113 King Street
Armonk, New York 10504
Attention: Insured Portfolio
Management Group

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

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

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

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

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

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

[ISSUER]

By: _____

Title: _____

MBIA Insurance Corporation

President

Attest:

Assistant Secretary

ANNEX A
DEBT SERVICE RESERVE
SURETY BOND
MBIA Insurance Corporation
Armonk, New York 10504

Surety Bond No. [POLICY NO.]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments that are to be applied to payment of principal of and interest on the Obligations (as hereinafter defined) and that are required to be made by or on behalf of [NAME OF ISSUER] (the "Issuer") under the [TITLE OF THE DOCUMENT] (the "Document") to [NAME OF PAYING AGENT], (the "Paying Agent"), as such payments are due but shall not be so paid, in connection with the issuance by the Issuer of [TITLE OF THE OBLIGATIONS] (the "Obligations"), provided, that the amount available hereunder for payment pursuant to any one Demand for Payment (as hereinafter defined) shall not exceed [a: FIXED COVERAGE [Dollar Amount of Coverage] or the debt service reserve fund requirement for the Obligations, whichever is less (the "Surety Bond Limit"); provided, further, that the amount available at any particular time to be paid to the Paying Agent under the terms hereof (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth herein.] or [b: VARIABLE COVERAGE the annual amount set forth for the applicable bond year on Exhibit A attached hereto (the "Surety Bond Limit"); provided, further, that the amount available at any particular time to be paid to the Paying Agent under the terms hereof (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth herein.]

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

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

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

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

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

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

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

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

[NOS. 9 and 11 are OPTIONAL]

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

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

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

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

MBIA

INSURANCE CORPORATION

President

Assistant Secretary

SB-DSRF-9-[STATE CODE]

4/95

EXHIBIT A

Surety Bond No. [POLICY NO.]

<u>Bond Year</u>	<u>Maximum Annual Debt Service</u>
20 to 20	\$
20 to 20	\$
20 to 20	\$

Attachment 1
Surety Bond No. [POLICY NO.]

DEMAND FOR PAYMENT

20__

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

Attention: President

Reference is made to the Surety Bond No. [POLICY NO.] (the "Surety Bond") issued by the MBIA Insurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Paying Agent hereby certifies that:

- (a) In accordance with the provisions of the Document (attached hereto as Exhibit A), payment is due to the Owners of the Obligations on _____ (the "Due Date") in an amount equal to \$_____ (the "Amount Due").
- (b) The [Debt Service Reserve Fund Requirement] for the Obligations is \$_____.
- (c) The amounts legally available to the Paying Agent on the Due Date will be \$_____ less than the Amount Due (the "Deficiency").
- (d) The Paying Agent has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

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

[Paying Agent's Account]

[PAYING AGENT]

By _____

Its _____

NOTICE OF REINSTATEMENT

_____, 20__

[Paying Agent]

[Address]

Reference is made to the Surety Bond No. [POLICY NO.] (the "Surety Bond") issued by the MBIA Insurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

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

MBIA Insurance Corporation

President

Attest:

Assistant Secretary

ANNEX B
DEFINITIONS

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

"Agreement" means this Financial Guaranty Agreement.

"Closing Date" means [CLOSING DATE], 20__.

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

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

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

"Document" means [DOCUMENT].

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

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

"Issuer" means [ISSUER].

"Obligations" means [LEGAL TITLE OF ISSUE].

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

"Paying Agent" means [PAYING AGENT].

"Premium" means [PREMIUM} payable to the Insurer on or prior to the Closing Date.

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

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

"State" means [STATE].

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

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

"Surety Bond Limit" means [SURETY BOND LIMIT].

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

ANNEX C
COMMITMENT
[To be provided.]