

RESOLUTION NO. 2006- 442

A RESOLUTION FURTHER SUPPLEMENTING RESOLUTION NO. 86-132 OF ST. JOHNS COUNTY, FLORIDA, ADOPTED SEPTEMBER 30, 1986, AS PREVIOUSLY AMENDED AND SUPPLEMENTED; PROVIDING FOR THE ACQUISITION AND CONSTRUCTION OF CERTAIN CAPITAL PROJECTS; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$52,000,000 AGGREGATE PRINCIPAL AMOUNT OF SALES TAX REVENUE BONDS, SERIES 2006, TO FINANCE SAID CAPITAL PROJECTS; PLEDGING THE LOCAL GOVERNMENT HALF-CENT SALES TAX TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID SERIES 2006 BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID SERIES 2006 BONDS; ENTERING INTO CERTAIN COVENANTS AND AGREEMENTS WITH THE HOLDERS OF SAID SERIES 2006 BONDS; RATIFYING THE COUNTY'S ACCEPTANCE OF THE INSURER'S COMMITMENTS RELATING TO A BOND INSURANCE POLICY AND A RESERVE INSTRUMENT WITH RESPECT TO SAID SERIES 2006 BONDS; AUTHORIZING A NEGOTIATED SALE AND AWARD OF THE SALE OF SAID SERIES 2006 BONDS, APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT TO SAID SERIES 2006 BONDS; APPROVING A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO SAID SERIES 2006 BONDS AND AUTHORIZING A FINAL OFFICIAL STATEMENT WITH RESPECT THERETO; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE; APPOINTING THE REGISTRAR AND PAYING AGENT FOR SAID SERIES 2006 BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF INTERLOCAL AGREEMENTS BETWEEN THE COUNTY AND ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY; AND PROVIDING AN EFFECTIVE DATE.

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

ARTICLE I

GENERAL

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

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

“Agency” shall mean the St. Johns County Community Redevelopment Agency, a Florida public community redevelopment agency.

“Bond Register” shall mean the registration books kept by the Registrar for the purpose of registering ownership of the Series 2006 Bonds.

“Book Entry Form” or “Book Entry System” shall mean, with respect to the Series 2006 Bonds, a form or system, as applicable, under which (1) the ownership of beneficial interests in the Series 2006 Bonds and debt service payments on the Series 2006 Bonds may be transferred only through a book entry system and (2) physical Series 2006 Bond certificates in fully-registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Series 2006 Bond certificates “immobilized” in the custody of the Depository.

“Construction Account” shall mean the account created pursuant to Section 3.4 of this Instrument for the purpose of receiving a portion of the proceeds to be derived from the sale of the Series 2006 Bonds and any other funds required to pay the Costs of the Project.

“Cost” when used in connection with the Project, shall mean all expenses necessary, appurtenant or incidental to the acquisition and construction of the Project, including without limitation the cost of any land or interest therein or of any fixtures, equipment or personal property necessary or convenient therefor, the cost of labor and materials to complete such construction, expenses for needs and feasibility studies, consultant, architectural, engineering and legal expenses, fiscal expenses, expenses for estimates of costs and of revenues, expenses for plans, specifications and surveys, interest during construction, administrative expenses related solely to the acquisition and construction of the Project, all expenses incident to the financing of the Project and the issuance of the Series 2006 Bonds, and any other costs properly attributable to the issuance of the Series 2006 Bonds or such construction or acquisition, as determined by generally accepted accounting principles and shall include reimbursement to the Issuer for any such items of Cost heretofore paid by the Issuer.

“Depository” shall mean any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered

pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of beneficial interests in the Series 2006 Bonds, and to effect transfers of the Series 2006 Bonds, in Book Entry Form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“Draft Preliminary Official Statement” shall mean the draft preliminary official statement relating to the Series 2006 Bonds, substantially in the form on file with the Clerk as Exhibit B and incorporated herein by reference.

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

“Financial Advisor” shall mean Public Financial Management, Inc.

“Holder” shall mean the person in whose name any outstanding Series 2006 Bond is registered according to the Bond Register.

“Insurer” shall mean, with respect to the Series 2006 Bonds, MBIA Insurance Corporation, a New York stock insurance company, or any successor thereto.

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

“Interlocal Agreements” shall mean the Vilano Third Interlocal Agreement and the West Augustine Second Interlocal Agreement.

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

“Moody’s Investors Service” shall mean Moody’s Investors Service, and any assigns or successors thereto.

“1989 Resolution” shall mean Resolution No. 89-143 adopted by the Board on June 27, 1989, as amended and supplemented by Resolution No. 89-247 adopted by the Board on October 24, 1989 and Resolution No. 2004-198 adopted by the Board on July 27, 2004.

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

“Parity Obligations” shall mean, collectively, the Issuer’s outstanding Sales Tax Revenue Refunding Bonds, Series 1998, the Issuer’s outstanding Sales Tax Revenue Refunding Bonds, Series 2002 and the Issuer’s outstanding Sales Tax Revenue Bonds, Series 2004A and Series 2004B.

“Policy” shall mean the Financial Guaranty Insurance Policy to be issued by the Insurer with respect to the Series 2006 Bonds.

“Project” shall mean the projects listed on Exhibit A attached hereto and incorporated herein by reference, all in accordance with certain plans and specifications now or hereafter placed on file with the Issuer, with such changes, deletions, additions or modifications to such projects as shall be designated and approved by supplemental resolution of the Issuer, provided the Issuer receives an opinion of bond counsel to the effect that the exclusion of interest on the Series 2006 Bonds from gross income for federal income tax purposes will not be adversely affected by such supplemental resolution of the Issuer.

“Purchase Contract” shall mean the Bond Purchase Agreement to be executed between the Issuer and the Purchaser, substantially in the form on file with the Clerk as Exhibit C and incorporated herein by reference.

“Purchaser” shall mean, collectively, RBC Dain Rauscher Inc. (as senior manager) and Banc of America Securities LLC.

“Registrar” shall mean any bank or trust company herein or hereafter duly appointed by resolution of the Issuer to serve as Registrar with respect to the Series 2006 Bonds.

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

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

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

“Reserve Instrument Agreement” shall mean the Financial Guaranty Agreement attached to the commitment of the Insurer relating to the Reserve Instrument for the Series 2006 Bonds.

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

“Series 2006 Bonds” shall mean the Sales Tax Revenue Bonds designated Series 2006 pursuant to Section 2.1 of this Instrument.

“Surety Bond” shall mean the Reserve Instrument to be issued by the Insurer guaranteeing certain payments into the Sinking Fund with respect to the Series 2006 Bonds as provided therein and subject to the provisions therein.

“Vilano Interlocal Agreement” shall mean that certain Interlocal Reimbursement Agreement dated as of August 1, 2004, between the Issuer and the Agency, as modified by that certain Second Interlocal Reimbursement Agreement dated as of March 21, 2006 between the Issuer and the Agency.

“Vilano Third Interlocal Agreement” shall mean the Third Interlocal Reimbursement Agreement (which shall supplement the Vilano Interlocal Agreement) to be executed and delivered between the Issuer and the Agency, substantially in the form on file with the Clerk as Exhibit E and incorporated herein by reference.

“West Augustine Second Interlocal Agreement” shall mean the Second Interlocal Reimbursement Agreement (which shall supplement the West Augustine Interlocal Reimbursement Agreement dated as of August 23, 2005, between the Issuer and the Agency) to be executed and delivered between the Issuer and the Agency, substantially in the form on file with the Clerk as Exhibit F and incorporated herein by reference.

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

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

(A) The Project is necessary for the preservation of the health, welfare, convenience and safety of the citizens and inhabitants of St. Johns County, Florida. The Issuer deems it necessary and desirable and in the best interests of the Issuer that the Project be acquired and constructed and that the cost of the Project be financed with the proceeds of the Series 2006 Bonds.

(B) The Issuer deems it necessary and desirable to pledge the Pledged Funds to the payment of the principal of and interest on the Series 2006 Bonds. No part of the Pledged Funds has been pledged or hypothecated to any obligations of the Issuer other than the Series 2006 Bonds, except that the Pledged Funds have been pledged also to the payment of the principal of and interest on the Parity Obligations. The Original Instrument, in Section 3.06(E) thereof, provides for the issuance of additional obligations of the Issuer on a parity with the Parity Obligations under the terms, limitations and conditions provided therein; and the Issuer will issue the Series 2006 Bonds as additional parity obligations within the authorization contained in Section 3.06(E) of the Original Instrument. The Series 2006 Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Funds, and in all other respects, with the Parity Obligations. Except as otherwise provided herein, each and every provision of the Original Instrument shall be applicable to the Series 2006 Bonds to the same extent as it is applicable to the Parity Obligations.

(C) This Instrument is declared to be and shall constitute a contract between the Issuer and the Holders; and the covenants and agreements herein set forth to be performed by the Issuer are and shall be for the equal benefit, protection and security of all of the Holders, all of which shall be of equal rank and without preference, priority or distinction of any of the Series 2006 Bonds over any other, except as hereinafter provided.

(D) The Issuer is not, under this Instrument, obligated to levy any ad valorem taxes on any real or personal property situated within St. Johns County to pay the principal of or

interest on the Series 2006 Bonds. The Series 2006 Bonds shall not constitute a lien upon any property of the Issuer or situated within St. Johns County.

(E) The Issuer has received from the Insurer its commitments to provide a municipal bond insurance policy and a Reserve Instrument with respect to the Series 2006 Bonds, copies of which commitments are attached hereto as Exhibit C and incorporated herein by reference; pursuant to Section 3.05 of the 1989 Resolution, the consent of the insurers of the Parity Obligations with respect to such Reserve Instrument is not required because the Insurer is a Highest Rated Reserve Instrument Provider (as defined in the 1989 Resolution); on behalf of the Issuer, Ben W. Adams, Jr., its County Administrator, accepted the Insurer's commitments; and it is in the best financial interest of the Issuer that the Issuer ratify such acceptance of said commitments.

(F) The Board is advised that due to the present volatility of the market for tax-exempt public obligations such as the Series 2006 Bonds, it is in the best interest of the Issuer to sell the Series 2006 Bonds by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Series 2006 Bonds and, accordingly, the Board does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Series 2006 Bonds be authorized.

(G) The Purchaser has verbally agreed with the Board to use its reasonable efforts to submit to the Issuer an offer to purchase the Series 2006 Bonds in the form of the Purchase Contract upon terms acceptable to the Board as hereinafter authorized, and the Board does hereby find and determine that it is in the best financial interest of the Issuer to accept the offer of the Purchaser to purchase the Series 2006 Bonds at a negotiated sale and to authorize the execution and delivery of the Purchase Contract in the manner and upon the terms hereinafter provided; and upon the execution of the Purchase Contract by the Issuer and the Purchaser, the Series 2006 Bonds shall be sold to the Purchaser pursuant to the terms and provisions of the Purchase Contract.

(H) The Issuer is advised that because the terms of the Series 2006 Bonds cannot be determined on the date of adoption of this Instrument, it is in the best interest of the Issuer to delegate the authority to determine, in accordance with Sections 2.2 and 4.5 of this Instrument, the terms of the Series 2006 Bonds, including their date, Amortization Installments, maturity dates, interest rates and redemption provisions, to the Chairman or the County Administrator in the manner hereinafter provided.

(I) It is appropriate that the Issuer authorize the distribution of a preliminary official statement and a final official statement prior to or contemporaneously with the issuance and delivery of the Series 2006 Bonds. For this purpose, it is appropriate that the distribution of the preliminary official statement and a final official statement be authorized in substantially the form of the Draft Preliminary Official Statement on file with the Clerk as Exhibit B hereto and incorporated herein by reference, the final form thereof to be approved by the Chairman or Vice-Chairman at any time at or prior to the issuance of the Series 2006 Bonds.

(J) It is necessary and appropriate that the Issuer enter into the Interlocal Agreements with the Agency pursuant to the terms of which certain tax increment revenues will be paid by the Agency to the Issuer in respect of Bond Service Requirements relating to certain portions of the Series 2006 Bonds as described therein.

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

Section 1.5 Official Intent. The Issuer expects to incur capital expenditures aggregating approximately \$49,040,000 for the Project which are expected to be paid or reimbursed with proceeds of the Series 2006 Bonds. Funds for the Project will be provided on an interim basis from existing cash resources by the Issuer (the "Temporary Advances"). Pursuant to the budgetary and financial policies and practices of the Issuer, the Temporary Advances are not available to fund the Project on a long-term basis. It is reasonably expected that the Project will be financed on a long-term basis with the proceeds of the Series 2006 Bonds and other sources. Except for any architectural, engineering and similar preliminary expenditures, this Resolution is being adopted prior to or within 60 days after payment of the capital expenditures to be reimbursed.

The Issuer hereby declares its official intent for the purposes of Section 1.150-2 of the Treasury Regulations, as follows: it is reasonably expected that (a) Temporary Advances for capital expenditures relating to the Project will be reimbursed, in whole or in part, from the proceeds of the Series 2006 Bonds; (b) the aggregate principal amount of the Series 2006 Bonds to be issued to finance the costs of the Project will not exceed \$52,000,000 (which includes allowances for financing costs and original issue discount); and (c) such reimbursement from the proceeds of the Series 2006 Bonds shall occur within 18 months following the later of (i) the date the capital expenditure to be reimbursed was paid, or (ii) the date on which the applicable Project is placed in service, but no later than three years after the date of such capital expenditure.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION

Section 2.1 Authorization of Series 2006 Bonds. Subject and pursuant to the provisions of this Instrument and the Original Instrument, obligations of the Issuer to be known as "Sales Tax Revenue Bonds, Series 2006" are hereby authorized to be issued in an aggregate principal amount not exceeding \$52,000,000 for the purpose of providing funds required to pay Costs of the Project; provided that the Issuer may change the series designation to "2007" in the event the Series 2006 Bonds are issued in calendar year 2007.

Section 2.2 Description of Series 2006 Bonds. The Series 2006 Bonds shall be issued as fully registered Series 2006 Bonds; and shall be numbered consecutively from one upward in order of maturity preceded by the letter "R"; shall be in denominations of \$5,000 and integral multiples of \$5,000; and shall bear interest at the rates, not exceeding the maximum rate permitted by law (calculated on the basis of a 360-day year of twelve 30-day months), payable

on April 1 and October 1 in each year, commencing on such date, shall mature on October 1 in such years not exceeding 30 years from their date, shall be dated such date, shall contain such redemption provisions, and shall have such other terms as are provided herein and in the Purchase Contract.

Section 2.3 Payment of Series 2006 Bonds. The Series 2006 Bonds shall be payable as to both principal and interest at such place or places as is provided in the form of the Series 2006 Bonds set out in Section 2.9 hereof, in lawful money of the United States of America, and shall bear interest from the date of issue.

From and after any maturity date or any date fixed for redemption as designated in any notice given pursuant to Section 2.4 hereof (deposit of moneys for the payment of the principal or redemption price of and/or interest on such Series 2006 Bonds having been made by the Issuer and notice of redemption having been given to the extent required hereunder), notwithstanding that any of such Series 2006 Bonds shall not have been surrendered for payment and cancellation, no further interest shall accrue upon the principal of such Series 2006 Bonds after such date, no interest shall accrue upon the interest which shall have accrued and shall then be due on such date, and such Series 2006 Bonds shall cease to be entitled to any lien, benefit or security under this Instrument, and the Holders shall have no rights in respect of such Series 2006 Bonds except to receive, but solely from legally available revenues derived from sources other than ad valorem taxation, payment of such principal or the redemption price thereof and unpaid interest accrued to the due date or redemption date.

Section 2.4 Redemption of Series 2006 Bonds. Unless waived by any Holder of Series 2006 Bonds to be redeemed, notice of any redemption made pursuant to this Instrument shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by first class mail, postage prepaid at least 30 days and not more than 60 days prior to the date fixed for redemption to each Holder of Series 2006 Bonds to be redeemed at the address of such Holder shown on the Bond Register, or at such other address as shall be furnished in writing by such Holder to the Registrar; provided, however, that no defect in any notice given pursuant to this section to any Holder of Series 2006 Bonds to be redeemed nor failure to give such notice to any such Holder nor failure of any such Holder to receive such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Series 2006 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 2006 Bonds are to be redeemed, the number (and, in the case of a partial redemption of any Series 2006 Bond, the principal amount) of each Series 2006 Bond to be redeemed,

- (4) that on the redemption date the redemption price will become due and payable upon each such Series 2006 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,
- (5) that such Series 2006 Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the redemption price at the principal office of the Registrar,
- (6) the date of issue of the Series 2006 Bonds as originally issued,
- (7) the rate of interest borne by each Series 2006 Bond to be redeemed,
- (8) the maturity date of each Series 2006 Bond to be redeemed,
- (9) the CUSIP numbers of the Series 2006 Bonds to be redeemed, and
- (10) any other descriptive information needed to identify accurately the Series 2006 Bonds being redeemed.

Prior to any redemption date, the Issuer shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 2006 Bonds or portions thereof which are to be redeemed on that date. The notice of redemption may be conditional upon the deposit by the Issuer of the redemption price.

Official notice of redemption having been given as aforesaid and the deposit with the paying agent of the redemption price, the Series 2006 Bonds or portions thereof to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Series 2006 Bonds or portions thereof shall cease to bear interest. Upon surrender of such Series 2006 Bonds for redemption in accordance with said notice, such Series 2006 Bonds shall be paid by the Registrar at the redemption price. Each check or other transfer of funds issued by the Registrar for the purpose of the payment of the redemption price of Series 2006 Bonds being redeemed shall bear the CUSIP number identifying, by issue and maturity, the Series 2006 Bonds being redeemed with the proceeds of such check or other transfer. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2006 Bond, there shall be prepared for the Holder a new Series 2006 Bond or Series 2006 Bonds of the same maturity in the amount of the unpaid principal of such partially redeemed Series 2006 Bond. All Series 2006 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

In addition to the foregoing notice, further notice shall be given by the Registrar. Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Series

2006 Bonds (such depositories now being The Depository Trust Company, Midwest Securities Trust Company of Chicago, Illinois, and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Series 2006 Bonds. No defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Section 2.5 Book-Entry Only. A Depository may act as securities depository for the Series 2006 Bonds. The ownership of one fully-registered, certified Series 2006 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 2006 Bonds in a Book-Entry System registered in the name of a Depository or its nominee shall be payable in lawful money of the United States of America in immediately available funds (i) in the case of principal of such Series 2006 Bonds, delivered or transmitted to the Depository or its authorized representative when due, and (ii) in the case of interest on the Series 2006 Bonds, delivered or transmitted on any date interest is due to the Depository or nominee that was the Holder of that Series 2006 Bond (or one or more predecessor Series 2006 Bonds) at the close of business on the record date applicable to that interest payment date.

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

In the event that (i) the Depository determines to discontinue providing its services with respect to the Series 2006 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 2006 Bonds, or (ii) the Issuer determines (in accordance with DTC's then existing policies and procedures) to discontinue the Book-Entry System through a Depository, then bond certificates are required to be delivered as described in the Series 2006 Bonds. The purchasers of beneficial ownership interest in the Series 2006 Bonds (the "Beneficial Owners"), upon registration of certificates held in the Beneficial Owner's name, will become the registered owner of the Series 2006 Bonds.

Neither the Issuer, the Registrar nor the paying agent will have any responsibility or obligation to any beneficial owner or any other person with respect to (i) the accuracy of any records maintained by the Depository or any persons participating by or through the Depository; (ii) the payment by the Depository or any persons participating by or through the Depository of any amount with respect to the principal or interest on the Series 2006 Bonds; (iii) any notice which is permitted or required to be given to Holders pursuant to this Instrument, or (iv) any consent given or other action taken by the Depository as Holder.

Section 2.6 Execution of Series 2006 Bonds. The Series 2006 Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and

the official seal of the Issuer shall be impressed or imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the Series 2006 Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Series 2006 Bonds so signed and sealed have been actually sold and delivered such Series 2006 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2006 Bonds had not ceased to hold such office. Any Series 2006 Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Series 2006 Bond shall hold the proper office of the Issuer, although at the date of such Series 2006 Bonds such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Instrument, notwithstanding that either or both shall have ceased to hold such office at the time the Series 2006 Bonds shall be actually sold and delivered.

From time to time after the adoption of this Instrument, the Issuer may deliver executed Series 2006 Bonds to the Registrar for authentication and the Registrar shall manually authenticate and deliver such Series 2006 Bonds in accordance with written instructions of the Issuer and not otherwise. No Series 2006 Bond shall be entitled to any benefit under this Instrument or be valid for any purpose unless such Series 2006 Bond shall bear thereon a certificate of authentication substantially in the form set forth in the form of Series 2006 Bond set out in Section 2.9 hereof executed on behalf of the Registrar with the manual signature of an authorized signatory of the Registrar. Such certificate of authentication executed as aforesaid on a Series 2006 Bond shall be conclusive evidence that such Series 2006 Bond has been authenticated and delivered under this Instrument.

Section 2.7 Negotiability, Registration, Transfer and Exchange. The Series 2006 Bonds shall be and shall have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive Holder, in accepting any Series 2006 Bonds shall be conclusively deemed to have agreed that the same shall be and have all of said qualities and incidents of negotiable instruments.

The transfer of Series 2006 Bonds shall be registered on the Bond Register upon delivery to the Registrar of the Series 2006 Bonds to be transferred, accompanied by a written instrument or instruments of transfer in form and with guaranty of signatures satisfactory to the Registrar, duly executed by the Holder of the Series 2006 Bonds to be transferred, or by such Holder's attorney duly authorized in writing, containing such identification information for the transferee as the Registrar shall reasonably require.

In all cases of the transfer of any Series 2006 Bond, the Registrar shall enter the transfer of ownership in the Bond Register and shall deliver in the name of the transferee or transferees a new registered Series 2006 Bond or Series 2006 Bonds of authorized denominations, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Instrument. The Issuer or the Registrar may charge the owner of such Series 2006 Bond for every such transfer an amount sufficient to reimburse it for any tax, fee or other governmental charge required to be

paid with respect to such transfer and may require that such charge be paid before any such new Series 2006 Bond shall be delivered.

The Issuer and the Registrar shall not be required to issue or transfer any Series 2006 Bonds during the period beginning with the 15th day next preceding either any interest payment date or any day on which such Series 2006 Bonds shall have been duly called for redemption in whole or in part and with respect to which the applicable notice of redemption shall have been duly given.

New Series 2006 Bonds delivered upon any transfer shall be valid, limited obligations of the Issuer, evidencing the same debt as the Series 2006 Bonds surrendered, shall be payable solely from the Pledged Funds and shall be entitled to all of the security and benefits hereof to the same extent as the Series 2006 Bonds surrendered.

The Issuer and the Registrar may treat the registered owner of any Series 2006 Bond as the absolute owner thereof for all purposes, whether or not such Series 2006 Bond shall be overdue, and any notice to the contrary shall not be binding upon the Issuer or the Registrar.

Section 2.8 Series 2006 Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2006 Bond shall become mutilated, or be destroyed stolen or lost, the Issuer may in its discretion issue and deliver a new Series 2006 Bond of like tenor as the Series 2006 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2006 Bond, upon surrender and cancellation of such mutilated Series 2006 Bond, or in lieu of and substitution for the Series 2006 Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may occur. If any such Series 2006 Bonds shall have matured or be about to mature, instead of issuing a substitute Series 2006 Bond the Issuer may pay the same, upon being indemnified as aforesaid, if such Series 2006 Bond be lost, stolen or destroyed, without surrender thereof. All Series 2006 Bonds so surrendered shall be canceled by the Issuer.

Any such duplicate Series 2006 Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Series 2006 Bonds be at any time found by anyone, and such duplicate Series 2006 Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the funds, as hereinafter pledged, to the same extent as all other Series 2006 Bonds issued hereunder.

Section 2.9 Form of Series 2006 Bonds. The text of the Series 2006 Bonds shall be in substantially the following form, with only such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by the Issuer's delivery of the Series 2006 Bonds to the purchaser or purchasers thereof):

(FORM OF BOND)

No. R-_____

\$_____

UNITED STATES OF AMERICA
STATE OF FLORIDA
ST. JOHNS COUNTY
SALES TAX REVENUE BOND, SERIES 2006

INTEREST RATE: MATURITY DATE: BOND DATE: CUSIP:
_____% _____, _____, 200__ _____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

FOR VALUE RECEIVED, St. Johns County, a political subdivision of the State of Florida (the "Issuer"), hereby promises to pay, solely from the Pledged Funds hereinafter described, to the Registered Owner identified above, or registered assigns as hereinafter provided, the Principal Amount identified above on the Maturity Date identified above, and interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the Bond Date identified above or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above on April 1 and October 1 of each year commencing April 1, 2007, until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto, and except as is provided in the Resolution, as hereinafter defined, with respect to failure to surrender this bond for payment at maturity.

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

registered owner hereof, not less than 15 days preceding such special record date. Such notice shall be mailed to the person in whose name this bond is registered at the close of business on the fifth day preceding the date of mailing.

This bond is one of an authorized issue of Sales Tax Revenue Bonds, Series 2006, of the Issuer, in the aggregate principal amount of \$ __,000,000 (the "Series 2006 Bonds") of like date, tenor and effect, except as to number, denomination, interest rate and date of maturity. The Series 2006 Bonds are issued to finance the cost of the acquisition and construction of certain capital projects of the Issuer and pay certain costs of issuance with respect to the Series 2006 Bonds, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No. 86-89, as amended, and Resolution No. 86-132 duly adopted by the Issuer on September 30, 1986, as previously amended and supplemented, particularly as supplemented by Resolution No. 89-143 duly adopted by the Issuer on June 27, 1989, as amended, and Resolution No. 2006-__ duly adopted by the Issuer on November 14, 2006 (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution.

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

The lien in favor of the owners of the Series 2006 Bonds on the Pledged Funds is on a parity, equally and ratably, with the lien thereon in favor of the owners of the Issuer's outstanding Sales Tax Revenue Refunding Bonds, Series 1998, Sales Tax Revenue Refunding Bonds, Series 2002 and Sales Tax Revenue Bonds, Series 2004A and Series 2004B.

The Series 2006 Bonds maturing prior to October 1, 20__, shall not be subject to redemption prior to maturity. The Series 2006 Bonds maturing on October 1, 20__, or thereafter may be redeemed prior to maturity at the option of the Issuer, as a whole on October 1, 20__ or on any date thereafter, or in part, from such maturity or maturities as the Issuer shall designate and by lot within a maturity, on October 1, 20__, or on any date thereafter, at the redemption price of the principal amount of the Series 2006 Bonds to be redeemed plus accrued interest to the redemption date.

The Series 2006 Bonds maturing October 1, __, are subject to mandatory redemption in part prior to maturity by lot at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, beginning on October 1, __ and on each

October 1, ____ thereafter in the years and in the principal amounts corresponding to the Amortization Installments (as defined in the Resolution) as follows:

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

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

This bond is transferable upon the registration books of Commerce Bank, National Association, as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the “Registrar”), but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender of this bond to the Registrar, with the form of Assignment hereon or other written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar duly executed by the registered owner hereof, or by such owner’s attorney duly authorized in writing, and containing the information identifying the transferee requested hereon. In all cases of the transfer of this bond, the Registrar shall enter the transfer of ownership in such registration books and shall deliver in the name of the transferee or transferees a new bond or bonds of authorized denomination or denominations and of the same maturity, interest rate and aggregate principal amount, at the earliest practicable time. Prior to every such transfer the Registrar shall be entitled to receive from the owner of this bond a sum sufficient only to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer.

The Series 2006 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 Series 2006 Bonds. Individual purchase of the Series 2006 Bonds may be made in book entry form only, and such purchasers will not receive certificates representing their interests in the Series 2006 Bonds. While the Series 2006 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 Series 2006 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 Series 2006 Bonds are issuable only as fully-registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co., as nominee of DTC, which shall be considered to be the Registered Owner for all purposes of the Resolution, including without limitation, payment by the Issuer of principal of and interest on the Series 2006 Bonds, and receipt of notices and exercise of rights of holders of the Series 2006 Bonds. There shall be a single Series 2006 Bond for each maturity that shall be immobilized in the custody of DTC with the beneficial owners having no right to receive the Series 2006 Bonds in the form of physical securities or certificates. Ownership of beneficial interest in the Series

2006 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 Series 2006 Bonds, and the participants and persons acting through participants are expected to maintain records of the purchasers of beneficial interests in the Series 2006 Bonds. The Series 2006 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 Series 2006 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 Series 2006 Bonds from the Depository, and authenticate and deliver Series 2006 Bond certificates in fully registered form (in denominations of \$5,000 or multiples thereof) to the assigns of the Depository or its nominee.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in connection with the issuance of this bond, exist, have happened and have been performed in regular and due form and time as required by the Constitution and laws of the State of Florida applicable hereto, and that the issuance of the Series 2006 Bonds does not violate any constitutional or statutory limitations or provisions.

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

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

IN WITNESS WHEREOF, St. Johns County, Florida, has issued this bond and has caused the same to be signed by the Chairman of its Board of County Commissioners and attested and countersigned by the Clerk of said Board, either manually or with their facsimile signatures and its official seal or a facsimile thereof to be affixed, impressed, imprinted or engraved hereon, all as of the ____ day of _____, 2006.

ST. JOHNS COUNTY, FLORIDA

By _____
Chairman of the Board of County
Commissioners

(SEAL)

ATTESTED AND COUNTERSIGNED:

Clerk of the Board of County Commissioners

CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 2006 Bonds of the issue herein described and issued pursuant to the within mentioned Resolution.

DATE OF AUTHENTICATION:

COMMERCE BANK, NATIONAL
ASSOCIATION, Registrar

By _____
Authorized Signatory

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at Commerce Bank, National Association, Jacksonville, Florida.

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 Commerce Bank, National Association, 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 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:

\$ _____
ST. JOHNS COUNTY, FLORIDA
SALES TAX REVENUE BONDS
SERIES 2006

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.

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

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

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

under Uniform Transfers to Minors

Act _____
(State)

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

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER
IDENTIFICATION NUMBER OF TRANSFEREE

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

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

Dated: _____

Signature Guaranteed:

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

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

ARTICLE III

COVENANTS, SPECIAL FUNDS AND APPLICATION THEREOF

Section 3.1 Series 2006 Bonds Not to Be General Indebtedness of Issuer. The Series 2006 Bonds shall not be or constitute general obligations or indebtedness of the Issuer as “bonds” within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from and secured by a prior lien upon and a pledge of the Pledged Funds. No Holder shall ever have the right to compel the exercise of any ad valorem taxing power of the Issuer, the State of Florida or any political subdivision thereof to pay the principal of or interest on any Series 2006 Bond or be entitled to payment of such Series 2006 Bond from any moneys of the Issuer except from the Pledged Funds, in the manner provided herein.

Section 3.2 Security for Series 2006 Bonds. The payment of the principal of and interest on the Series 2006 Bonds shall be secured forthwith equally and ratably by a pledge of and prior lien upon the Pledged Funds. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and premium, if any, and interest on the Series 2006 Bonds and for reserves therefor and for all other payments required hereby and by the Original Instrument. The Series 2006 Bonds are payable from the Pledged Funds on a parity, equally and ratably, with the Parity Obligations.

Section 3.3 Application of Series 2006 Bond Proceeds. The proceeds derived from the sale of the Series 2006 Bonds, including accrued interest and premium, if any, thereon shall, simultaneously with the delivery of the Series 2006 Bonds to the Purchaser, be applied by the Issuer as follows:

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

(B) An amount shall be deposited in the Reserve Account which, together with any moneys and securities on deposit therein and any Reserve Instruments provided in accordance with Section 3.05 of the 1989 Resolution, shall equal the Reserve Account Requirement.

(C) The Issuer covenants and agrees to establish a separate account with an Authorized Depository to be known as the “St. Johns County Sales Tax Revenue Bonds, Series 2006, 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 2006 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 2006 Bonds, such moneys shall be transferred by the Issuer to the Construction Account, and the Costs of Issuance Account shall be closed.

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

Section 3.4 Construction Account. The Issuer hereby covenants that it will establish with an Authorized Depository a separate account or accounts to be designated collectively as the “St. Johns County Series 2006 Construction Account,” into which shall be deposited a portion of the proceeds from the sale of the Series 2006 Bonds and the additional funds, if any, required to assure payment in full of the Cost of the Project.

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

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

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

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

Section 3.5 Covenants of the Issuer. So long as any of the principal of or premium, if any, or interest on any of the Series 2006 Bonds shall be outstanding and unpaid, or until provision for payment thereof shall have been made within the meaning of Section 4.1 hereof, except as to any Series 2006 Bonds which shall have not been surrendered for payment at maturity or on the date fixed for redemption as provided in Section 2.3 hereof, the Issuer covenants with the Holders as follows:

(A) Application of Provisions of Original Instrument. The Series 2006 Bonds shall for all purposes be considered to be additional parity obligations issued under the authority of Section 3.06(E) of the Original Instrument and shall be entitled to all the protection and security provided by the Original Instrument for the Parity Obligations and shall be in all respects entitled to the same security, rights and privileges enjoyed by the Parity Obligations. All of the covenants and pledges contained in the Original Instrument, including particularly Section 3.06 thereof, shall be applicable to the Series 2006 Bonds in like manner as applicable to the Parity Obligations. The Issuer shall pay all Pledged Funds into the Revenue Fund and the Sinking Fund established by the Original Instrument, and the principal of, interest on and redemption premiums, if any, on the Series 2006 Bonds shall be payable therefrom on a parity

with the Parity Obligations. The Reserve Account shall be as available to pay the principal of and interest on the Parity Obligations and Additional Series 2006 Bonds as to pay the principal of and interest on the Series 2006 Bonds; provided that any Reserve Instrument may be for the benefit of a particular issue of the Series 2006 Bonds or the Parity Obligations.

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

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

(C) Creation of Superior Liens. The Issuer covenants that it will not issue any other notes, bonds, certificates or obligations of any kind or nature or create or cause or permit to be created any debt, lien, pledge, assignment or encumbrance or charge payable from or enjoying a lien upon the Pledged Funds ranking prior and superior to the lien created by this Instrument for the benefit of the Series 2006 Bonds, or enjoying a lien upon the Pledged Funds equal to or on a parity with the lien in favor of the Series 2006 Bonds unless the conditions prescribed by Section 3.06(E) of the Original Instrument shall be fully complied with and no Event of Default shall exist.

(D) Arbitrage. The Issuer covenants that it will not knowingly make any investments or acquiesce in the making of any investments by any depository pursuant to or under the provisions of this Instrument or the Original Instrument which could cause the Series 2006 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the United States Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations issued thereunder (collectively, the “Internal Revenue Code”). Unless the Issuer is furnished with an opinion of its bond counsel, which counsel’s legal and tax opinion on municipal bond issues shall be nationally recognized (“Bond Counsel”), that the Series 2006 Bonds qualify for any applicable exception to the arbitrage rebate requirements contained in the Internal Revenue Code, the Issuer covenants that it shall pay, from the special account described in paragraph (2) of this subsection, any rebate amount required to be paid on behalf of the Issuer to the U.S. Treasury pursuant to Section 148 the Internal Revenue Code. The Issuer shall take the following actions to provide for payment to the U.S. Treasury pursuant to Section 148 of the Internal Revenue Code:

(1) Unless the Issuer is furnished with an opinion of Bond Counsel to the effect that failure to make such determinations will not adversely affect the tax exempt status of the Series 2006 Bonds, the Issuer shall make a determination of the amount required to be paid to the U.S. Treasury at least every year (as of the anniversary of the date of issue of the Series 2006 Bonds) and upon the final payment of the Series 2006 Bonds.

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

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

(4) The Issuer shall take any additional action required to be taken pursuant to the nonarbitrage certificate, or other instructions from its Bond Counsel, delivered in connection with or subsequent to the issuance and sale of the Series 2006 Bonds.

(5) The Issuer shall keep records of the determinations made under this section until six years after the final payment on the Series 2006 Bonds. The Issuer shall keep adequate records, including any necessary certifications, to evidence the fair market value of any securities purchased with Series 2006 Bond proceeds.

(E) Compliance with Internal Revenue Code. The Issuer covenants that it shall use its best efforts to comply with all requirements of the Internal Revenue Code that must be satisfied in order for the interest on the Series 2006 Bonds to be excluded from gross income for federal income tax purposes as described in the opinion of its Bond Counsel delivered in connection with the issuance of the Series 2006 Bonds. The Issuer covenants and agrees that it will take any additional action required to be taken pursuant to the nonarbitrage certificate, or other instructions from its Bond Counsel, whether delivered in connection with or subsequent to the issuance and sale of the Series 2006 Bonds, in order to comply with all provisions of the Internal Revenue Code compliance with which is required to maintain the tax-exempt status of the interest payable on the Series 2006 Bonds as described in said opinion of its Bond Counsel.

(F) Continuing Disclosure. The Issuer agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, substantially in the form on file with the Clerk as Exhibit G and incorporated herein by reference, executed by the Issuer and dated the date of issuance of the Series 2006 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof (the "Continuing Disclosure Certificate"). Notwithstanding any other provision of this Instrument, failure of the Issuer to comply with the Continuing Disclosure Certificate shall not be considered an event of default nor give rise to any pecuniary liability; however, any Holder or Beneficial Owner (as hereinafter defined) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Section 3.5(F). For purposes of this Section 3.5(F), "Beneficial Owner" means any person which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2006 Bonds, (including persons holding Series 2006 Bonds through

nominees, depositories or other intermediaries), or (ii) is treated as the owner of any Series 2006 Bonds for federal income tax purposes.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.1 Defeasance. If, at any time, the Issuer shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to any of the Series 2006 Bonds, then, and in that event, the pledge of and lien on the Pledged Funds in favor of the Holders of such Series 2006 Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit by the Issuer of cash and/or Federal Securities, or bank certificates of deposit fully secured as to principal and interest by Federal Securities (or deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance), in irrevocable trust with a banking institution or trust company, for the sole benefit of the Holders, in an aggregate principal amount which, together with interest to accrue thereon, will be sufficient to make timely payment of the principal of and redemption premiums, if any, and interest accrued on and which shall thereafter accrue on such Series 2006 Bonds in accordance with their terms, the Registrar's and paying agents' fees and expenses with respect thereto and any other expenses occasioned by escrow arrangements or provision for redemption, shall be considered "provision for payment." Nothing herein shall be deemed to require the Issuer to call any outstanding Series 2006 Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption. The escrow agreement providing for the deposit of such securities may provide for the investment of moneys unclaimed by Holders and for payment to the Issuer of such unclaimed moneys and the investment earnings thereon.

Section 4.2 Modification or Amendment. No material modification or amendment of this Instrument may be made without the consent in writing of the Insurer, which consent shall not be unreasonably withheld, and the Holders of 51 percent or more in principal amount of any Series 2006 Bonds then outstanding and which shall be affected by such modification or amendment; provided, however, that no modification or amendment shall permit a change in the maturity of such Series 2006 Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or reduce the number of such Series 2006 Bonds the written consent of the Holders of which are required by this section for such modification or amendment, without the consent of all Holders.

Section 4.3 Ratification of Acceptance of Insurance Commitments. The Issuer hereby ratifies the acceptance of the Insurer's commitments to provide a municipal bond insurance policy and a Reserve Instrument with respect to the Series 2006 Bonds, copies of which commitments are on file with the Clerk as Exhibit D and incorporated herein by reference. The Insurer is hereby designated as the Insurer for the Series 2006 Bonds; and as the Insurer for the Series 2006 Bonds, the Insurer shall have the same rights to receive notices, grant consents and direct actions as the insurers of the Parity Obligations. The Reserve Instrument issued by the Insurer shall be in the amount specified in the Reserve Instrument. Such amount, together with

the other amounts on deposit in or credited to the Reserve Account, shall equal not less than the Reserve Account Requirement. Such amount may equal an amount which, together with the other amounts on deposit in or credited to the Reserve Account, is greater than the Reserve Account Requirement in order to comply with the terms of the Insurer's commitments.

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

Section 4.4 Insurer. Notwithstanding any provision to the contrary contained herein, the following provision shall apply so long as the Policy and the Surety Bond shall be in full force and effect.

(A) Any modification or amendment to the Original Instrument or to this Instrument requiring consent of the Holders of the Series 2006 Bonds shall, notwithstanding the provisions of such instruments, only require the consent of the Insurer. The Issuer shall provide the Insurer notice of any other modification or amendment not requiring consent of the Holders of the Series 2006 Bonds. The Issuer shall send to S&P copies of any amendments or modifications to the Original Instrument or to this Instrument which are consented to by the Insurer.

(B) Anything in the Original Instrument and this Instrument to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders of the Series 2006 Bonds.

(C) In the event that, on the second business day, and again on the business day, prior to the payment date on the Series 2006 Bonds, the paying agent has not received sufficient moneys to pay all principal of and interest on the Series 2006 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.

(D) 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.

(E) In addition, if the paying agent has notice that any Holder has been required to disgorge payments of principal or interest on the Series 2006 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 Holder 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.

(F) The paying agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Series 2006 Bonds as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Series 2006 Bonds, the paying agent 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) 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 Series 2006 Bonds, the paying agent 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 Series 2006 Bonds 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 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) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent/Trustee, and (c) disburse the same to such Holders.

(G) Payments with respect to claims for interest on and principal of Series 2006 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 2006 Bonds, and the Insurer shall become the owner of such unpaid Series 2006 Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(H) 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:

1. 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 2006 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 the Original Instrument as supplemented by this Instrument and the Series 2006 Bonds; 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 the Original Instrument as supplemented by this Instrument and the Series 2006 Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Series 2006 Bonds to Holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

(I) 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.

(J) Copies of any amendments made to the documents (other than this Instrument) executed in connection with the issuance of the Series 2006 Bonds which are consented to by the Insurer shall be sent to S & P.

(K) The Insurer shall receive notice of the resignation or removal of the paying agent and the appointment of a successor thereto.

(L) The Insurer shall receive copies of all notices required to be delivered to Holders and, on an annual basis, copies of the Issuers audited financial statements and annual budget. Any notice that is required to be given to a Holder of the Series 2006 Bonds or to the paying agent pursuant to the Original Instrument as supplemented by this Instrument shall also be provided to the Insurer. All notices required to be given to the Insurer under the Original Instrument as supplemented by this Instrument 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 Insured Portfolio Management.

(M) The Issuer agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by law and solely from the Revenue Fund, 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 Instrument and any other document executed in connection with the issuance of the Series 2006 Bonds, and (ii) any consent, amendment, waiver or other action with respect to this Instrument 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.

(N) 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 2006 Bonds; 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.

(O) The Issuer shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Series 2006 Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Series 2006 Bonds without the prior written consent of the Insurer.

Section 4.5 Sale of the Series 2006 Bonds: Authorization of Execution of Purchase Contract. A negotiated sale of the Series 2006 Bonds is hereby authorized. The Chairman or the County Administrator is hereby authorized and directed to award the sale of the Series 2006 Bonds to the Purchaser in an aggregate principal amount which shall not exceed \$52,000,000 (the "Maximum Principal Amounts"), at an aggregate purchase price (excluding any original issue discount and original issue premium) of not less than 99.45 % of the original principal amount of such Series 2006 Bonds (the "Minimum Purchase Price"), as approved by the Chairman or the County Administrator, within the following parameters (the "Parameters"): the all-in true interest cost of the Series 2006 Bonds shall not exceed 5.25%; the final maturity of the Series 2006 Bonds shall not be later than October 1, 2036; the callable Series 2006 Bonds shall be subject to optional redemption no later than October 1, 2016, at a redemption price of no more than 100% of the principal amount thereof to be redeemed; the costs of issuance shall be comparable to or less than the current average issuance cost for bonds of similar tenor and amount; and the Insurer's commitments to provide the Bond Insurance Policy and the Reserve Instrument with respect to the Series 2006 Bonds shall be in effect.

The proposed form of the Purchase Contract presented by the Purchaser, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the County Administrator prior to the execution and delivery thereof, is hereby approved; such necessity and/or desirability and approval by the Chairman or the County Administrator to be presumed by the Chairman's or the County Administrator's execution thereof; the Chairman or the County Administrator is hereby authorized to accept the offer of the Purchaser to purchase the Series 2006 Bonds in an aggregate principal amounts not to exceed the Maximum Principal Amounts, at a purchase price of not less than the Minimum Purchase Price plus accrued interest thereon, if any, to the date of delivery and with final terms within the Parameters, upon the terms and conditions set forth in the Purchase Contract; and the Chairman or the County Administrator is hereby authorized to execute and deliver the Purchase Contract in the form approved by such person for and on behalf of the Issuer pursuant to the terms hereof. Receipt by the Chairman or the County Administrator of a report of the Financial Advisor stating that the aggregate purchase price set forth in the Purchase Contract is not less than the Minimum Purchase Price and that the final terms and conditions of the sale of the Series 2006 Bonds are within the Parameters shall constitute conclusive proof that all of the terms and conditions set forth in this Section 4.5 have been fully satisfied.

The Series 2006 Bonds shall be dated such date, shall bear interest at such rates, mature on such dates, have such Amortization Installments, be redeemable prior to maturity upon such terms and conditions and have such other terms as are set forth in the Purchase Contract and approved by the Chairman or the County Administrator, and the authority to approve such matters is hereby expressly delegated to the Chairman and the County Administrator as herein provided, with the Chairman's or the County Administrator's approval to be conclusively evidenced by the Chairman's or the County Administrator's execution of any documents including such terms.

Prior to the execution and delivery of the Purchase Contract by the Issuer, the Purchaser shall include in or attach to the Purchase Contract the disclosure statements required by Section 218.385, Florida Statutes, as amended. The Chairman, the County Administrator and the other officers, agents and employees of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Series 2006 Bonds in accordance with the provisions of the Original Instrument, this Instrument and the Purchase Contract.

Authority for the issuance of such aggregate principal amount of the Series 2006 Bonds herein authorized which shall not be hereafter delivered to the Purchaser pursuant to the provisions of the Purchase Contract is hereby cancelled and rescinded.

Notwithstanding the foregoing, in the event the Purchase Contract is not executed and delivered by the Issuer and the Purchaser on or before March 31, 2007, the Chairman's and the County Administrator's authority to award the sale of the Series 2006 Bonds to the Purchaser and to execute the Purchase Contract for and on behalf of the Issuer pursuant to the terms hereof shall be automatically terminated on March 31, 2007.

Section 4.6 Approval of Draft Preliminary Official Statement and Authorization of Preliminary Official Statement and Final Official Statement. The Draft Preliminary Official Statement is hereby approved, and a preliminary official statement and a final official statement in substantially the form of the Draft Preliminary Official Statement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by Chairman or Vice Chairman prior to the release thereof, are hereby approved and each is authorized to be delivered by the Issuer to the Purchaser for distribution prior to or contemporaneously with the issuance and delivery of the Series 2006 Bonds. The Chairman's or the Vice Chairman's approval of the preliminary official statement shall be presumed by the delivery thereof to the Purchaser. The Chairman or the Vice Chairman is hereby authorized to deem the preliminary official statement final for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. The Chairman or the Vice Chairman is hereby authorized to evidence the Issuer's approval of the final official statement by either's endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations may be presumed from such endorsement upon any copy of such final official statement. Bond Counsel is hereby directed to furnish to the Division of Bond Finance of the State Board of Administration of the State of Florida a copy of the final official statement, a notice of the impending sale of the Series 2006 Bonds and the other information required by Section 218.38, Florida Statutes, as amended, within the appropriate time periods specified by such section.

Section 4.7 Registrar and Paying Agent. Commerce Bank, National Association is hereby appointed as Registrar and paying agent under the Original Instrument to serve as Registrar and paying agent for the Series 2006 Bonds; and the Chairman or Vice Chairman and the Clerk or any deputy clerk are hereby authorized to execute and deliver on behalf of the Issuer a registrar and paying agency agreement in a form which shall be approved by the Issuer's attorney, such approval to be conclusively presumed by their execution thereof.

Section 4.8 Authorization of Execution and Delivery of Interlocal Agreements. The Chairman or Vice Chairman and the Clerk or any deputy clerk are hereby authorized to execute and deliver the Interlocal Agreements, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or Vice Chairman and the Clerk or any deputy clerk prior to the delivery thereof, such necessity and/or desirability and approval by the Chairman or Vice Chairman and the Clerk or any deputy clerk to be presumed by their execution and delivery thereof.

Section 4.9 General Authority. The members of the Board and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this Instrument or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2006 Bonds and this Instrument, and they are hereby authorized to execute and deliver all documents which shall be reasonably required by Bond Counsel or the Purchaser to effectuate the sale and delivery of the Series 2006 Bonds.

Section 4.10 Authorization of Execution of Certificates and Other Instruments. The Chairman or Vice Chairman and the Clerk or any deputy clerk are hereby authorized and directed, either alone or jointly, under the official seal of the Issuer, to execute and deliver certificates of the Issuer certifying such facts as the Issuer's attorney, counsel to the Purchaser or Bond Counsel shall require in connection with the issuance, sale and delivery of the Series 2006 Bonds, and to execute and deliver such other instruments (including the Interlocal Agreements) as shall be necessary or desirable to perform the Issuer's obligations under this Instrument, the Original Instrument and the Purchase Contract and to consummate the transactions contemplated hereby and thereby.

Section 4.11 No Personal Liability. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Series 2006 Bonds, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Series 2006 Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Board, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Series 2006 Bonds or any certificate or other instrument to be executed in connection with the issuance of the Series 2006 Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

Section 4.12 No Third Party Beneficiaries. Except as may be expressly described herein or in the Series 2006 Bonds, nothing in this Instrument, or in the Series 2006 Bonds,

expressed or implied, is intended or shall be construed to confer upon any person, firm, corporation or other entity other than the Issuer, the Insurer and the Holders any right, remedy or claim, legal or equitable, under and by reason of this Instrument or any provision hereof, or of the Series 2006 Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer, the Insurer and the Holders.

Section 4.13 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions of this Instrument or of the Series 2006 Bonds should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements and provisions of this Instrument and the Series 2006 Bonds.

Section 4.14 Repeal of Inconsistent Resolutions. All other resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

Section 4.15 Original Instrument in Full Force and Effect. Except as hereby supplemented, the Original Instrument shall remain in full force and effect.

Section 4.16 Table of Contents and Heading not Part Hereof. The Table of Contents preceding the body of this Instrument and the headings preceding the several articles and sections hereof shall be solely for convenience of reference and shall not constitute a part of this Instrument or affect its meaning, construction or effect.

Section 4.17 Effective Date. This Instrument shall take effect immediately upon its passage.

PASSED, APPROVED AND ADOPTED this 14th day of November, 2006.

(OFFICIAL SEAL)

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

By: James E Bryant
Its Chairman

ATTEST:

Cheryl Strickland
Its Clerk



I, Cheryl Strickland, Clerk of the Board of County Commissioners of St. Johns County, Florida, hereby certify that the foregoing is a true and correct copy of Resolution No. 2006-442 of said County passed and adopted on November 14, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said County this 21 day of November, 2006.

Cheryl Strickland
Clerk of the Board of County Commissioners

(OFFICIAL SEAL)



EXHIBIT A

Project List

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

Primary Projects

New County Administration Building
Vilano Beach Development Project - Phase II
Aberdeen Park Development
Remote Site Prison Farm
West Augustine Park Development
Landfill Soccer Park Development
Supervisor of Elections Building Renovations
New County Purchasing Building
Plantation Soccer Park Development
Northwest District Community Center and Pool
Ponte Vedra Community Center and Pool
Hastings Gym Improvements and Pool

Alternate Projects

New County Emergency Operations Center
County Parkland
County Administrative Building Land

LIST OF EXHIBITS ON FILE WITH CLERK

The following Exhibits are on file with the Clerk:

Exhibit B	--	Draft Preliminary Official Statement
Exhibit C	--	Bond Purchase Agreement
Exhibit D	--	Insurer's Commitments
Exhibit E	--	Vilano Third Interlocal Agreement
Exhibit F	--	West Augustine Second Interlocal Agreement
Exhibit G	--	Continuing Disclosure Certificate

EXHIBIT B

PRELIMINARY OFFICIAL STATEMENT DATED: _____

NEW ISSUE –BOOK ENTRY ONLY RATINGS: Standard & Poor's: "AAA" (Insured); "___" (Underlying)
Moody's: "Aaa" (Insured); "___" (Underlying)
(MBIA Insured) (See "RATINGS" herein)

In the opinion of Rogers Towers, P.A., Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2006 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Series 2006 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Bond Counsel is also of the opinion that the Series 2006 Bonds and the interest thereon are exempt from taxation under existing laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2006 Bonds. See "TAX MATTERS" herein.

\$ _____ *

[LOGO]

ST. JOHNS COUNTY, FLORIDA
Sales Tax Revenue Bonds, Series 2006

Dated: Date of Delivery

Due: October 1, as shown below

The St. Johns County, Florida Sales Tax Revenue Bonds, Series 2006 (the "Series 2006 Bonds") are being issued by St. Johns County, Florida (the "County") as fully registered bonds, which initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only through Participants (defined herein) in denominations of \$5,000 and integral multiples thereof. Purchasers of the Series 2006 Bonds (the "Beneficial Owners") will not receive physical delivery of certificates. Transfers of ownership interests in the Series 2006 Bonds will be effected by the DTC book-entry system as described herein. As long as Cede & Co. is the registered owner as nominee of DTC, principal and interest payments will be made directly to such registered owner which will, in turn, remit such payments to the Participants for subsequent disbursement to the Beneficial Owners. Interest on the Series 2006 Bonds is payable on April 1, 2007 and semiannually on each October 1 and April 1 thereafter. Principal of, premium, if any, and interest on the Series 2006 Bonds will be payable by Commerce Bank, National Association, as Paying Agent and Registrar.

The Series 2006 Bonds may be 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 2006 Bonds are being issued for the purpose of providing funds to (i) finance the cost of various capital improvements within the County, as more particularly described herein, (ii) fund the Reserve Account Requirement for the Series 2006 Bonds through the purchase of a debt service reserve account surety bond, and (iii) pay certain costs of issuance of the Series 2006 Bonds, including the financial guaranty insurance policy premium.

The Series 2006 Bonds are payable from and secured by a pledge of and lien upon all moneys allocated to the County from the Local Government Half-Cent Sales Tax Clearing Trust Fund pursuant to the provisions of Part VI, Chapter 218, Florida Statutes, as amended, and all moneys on deposit to the credit of the funds and accounts created under the Resolution (as defined herein) and the earnings on the investment thereof (collectively, the "Pledged Funds"). The Series 2006 Bonds are being issued pursuant to the Resolution on parity in all respects with the County's outstanding Sales Tax Revenue Refunding Bonds, Series 1998, Sales Tax Revenue Refunding Bonds, Series 2002, Sales Tax Revenue Bonds, Series 2004A and Sales Tax Revenue Bonds, Series 2004B (collectively, the "Parity Obligations").

THE SERIES 2006 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE COUNTY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE COUNTY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS, WITH AND TO THE EXTENT SET FORTH IN THE RESOLUTION AND ON PARITY IN ALL RESPECTS WITH THE PARITY OBLIGATIONS. NO HOLDER OF ANY SERIES 2006 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 2006 BOND, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2006 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 2006 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 2006 Bonds. See "FINANCIAL GUARANTY INSURANCE POLICY" herein.

[INSERT INSURER LOGO]

The Series 2006 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval as to legality by Rogers Towers, P.A., Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed on for the County by Edwards Cohen, Counsel for the County, and by Bryant Miller Olive P.A., Jacksonville, 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 2006 Bonds will be delivered to the Underwriters through the facilities of DTC in New York, New York on or about _____, 2006.

RBC Capital Markets

Banc of America Securities LLC

Dated: _____, 2006

*Preliminary, subject to change.

Red Herring Language:

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall there be any sale of the Series 2006 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The County has deemed this Preliminary Official Statement "final," except for certain permitted

omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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

\$ _____ * SERIAL BONDS

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

\$ _____ * ____ % Term Bonds due October 1, 20__, yield ____ %, Initial CUSIP No. _____

*Preliminary, subject to change.

ST. JOHNS COUNTY, FLORIDA

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

James E. Bryant[, Chair]
Cyndi Stevenson[, Vice-Chair]
[Bruce A. Maguire]
Ben Rich
[Karen R. Stern]
[update for election results]

CONSTITUTIONAL OFFICERS

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

COUNTY ADMINISTRATOR

Ben W. Adams, Jr.

FINANCE DIRECTOR

Richard A. MacDonald, Jr.

COUNTY ATTORNEY

Patrick F. McCormack

COUNSEL FOR THE COUNTY

Edwards Cohen
Jacksonville, Florida

BOND COUNSEL

Rogers Towers, P.A.
Jacksonville, Florida

DISCLOSURE COUNSEL

Bryant Miller Olive P.A.
Jacksonville, 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 2006 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 2006 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 2006 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 2006 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 2006 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.

TABLE OF CONTENTS

	Page
INTRODUCTION.....	1
General.....	1
The County.....	1
Authority for Issuance.....	1
Purpose of the Series 2006 Bonds.....	2
Security for the Bonds	2
Redemption Provisions	2
Financial Guaranty Insurance Policy and Reserve Account Surety Bond	2
Additional Bonds	2
Tax Matters	3
Continuing Disclosure.....	3
Additional Information	3
THE 2006 PROJECT.....	4
DESCRIPTION OF THE SERIES 2006 BONDS	4
General.....	4
Book-Entry Only System.....	5
Optional Redemption of the Series 2006 Bonds.....	7
Mandatory Redemption of the Series 2006 Bonds	8
Notice of Redemption.....	8
Interchangeability, Negotiability and Transfer	9
SECURITY FOR THE BONDS	10
General.....	10
Funds and Accounts	10
Construction Account.....	11
Reserve Account.....	11
Flow of Funds	12
Additional Bonds	14
Receipt of Sales Tax Revenues	15
SALES TAX REVENUES	15
General.....	15
Eligibility	17
Distribution.....	18
Distribution Percentages.....	19
Changes in Distribution and Collections.....	19
Historical Receipts of Local Government Half-Cent Sales Tax by the County	20
Economic Impacts on Local Government Half-Cent Sales Tax Revenues	20
ESTIMATED SOURCES AND USES OF FUNDS	22

FINANCIAL GUARANTY INSURANCE POLICY.....	24
RESERVE ACCOUNT SURETY BOND	28
INVESTMENT POLICY.....	29
LEGAL MATTERS.....	30
LITIGATION	30
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS.....	31
TAX MATTERS.....	31
RATINGS	33
FINANCIAL ADVISOR.....	34
AUDITED FINANCIAL STATEMENTS.....	34
UNDERWRITING OF SERIES 2006 BONDS.....	34
ENFORCEABILITY OF REMEDIES.....	35
CONTINUING DISCLOSURE.....	35
CONCURRENT FINANCING	36
ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT	36
AUTHORIZATION OF OFFICIAL STATEMENT	38
APPENDIX A -	GENERAL INFORMATION CONCERNING THE COUNTY
APPENDIX B -	EXCERPTED PAGES FROM THE GENERAL PURPOSE STATEMENTS OF THE COUNTY FOR FISCAL YEAR ENDED SEPTEMBER 30, 2005
APPENDIX C -	SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION
APPENDIX D -	FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX E -	FORM OF BOND COUNSEL OPINION
APPENDIX F -	SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

OFFICIAL STATEMENT
relating to

\$ _____ *
ST. JOHNS COUNTY, FLORIDA
Sales Tax Revenue Bonds, Series 2006

INTRODUCTION

General

This introduction is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement and should not be considered to be a complete statement of the facts material to making an informed investment decision. The offering by St. Johns County, Florida (the "County"), of its \$ _____ * St. Johns County, Florida Sales Tax Revenue Bonds, Series 2006 (the "Series 2006 Bonds") to potential investors is made only by means of the entire Official Statement, including all appendices attached hereto. [All capitalized undefined terms used in this introduction shall have the meaning set forth in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" attached hereto.]

The County

The County was established in 1821. The City of St. Augustine, the County seat, was founded over 400 years ago by Spanish explorers and is the nation's oldest continuously occupied city. The County encompasses approximately 608 square miles and is located in the northeastern region of the State of Florida directly south of the City of Jacksonville and is bordered on the west by the St. Johns River, on the south by Flagler County, and on the east by the Atlantic Ocean. The 2005 population of the County was 157,278. For further information concerning the County, see "GENERAL INFORMATION CONCERNING THE COUNTY" attached hereto as APPENDIX A.

Authority for Issuance

The Series 2006 Bonds are being issued under the authority of and in full compliance with the Constitution and laws of the State of Florida, including, particularly, Chapter 125, Part I, Florida Statutes, as amended, and Ordinance No. 86-69 enacted by the County on December 9, 1986, as amended, and other applicable provisions of law, and pursuant to Resolution No. 86-132, duly adopted by the County on September 30, 1986, as previously amended and supplemented, particularly as supplemented by Resolution No. 89-143, duly adopted by the County on July 27, 1989, as amended, and Resolution No. 2006-_____, duly adopted by the County on November 14, 2006 (collectively, the "Resolution").

* Preliminary, subject to change.

Purpose of the Series 2006 Bonds

The County proposes to issue the Series 2006 Bonds for the principal purposes of providing funds to (i) finance the acquisition, construction and equipping of various capital improvements within the County (the "2006 Project"), (ii) pay the premium for a reserve account surety bond in order to fund the Reserve Account, and (iii) pay certain costs of issuance of the Series 2006 Bonds, including the financial guaranty insurance policy premium. See "THE 2006 PROJECT" herein.

Security for the Bonds

The Series 2006 Bonds will be payable from and secured by a pledge of and lien upon all moneys allocated to the County from the Local Government Half-Cent Sales Tax Clearing Trust Fund pursuant to Chapter 218, Part VI, Florida Statutes, as amended, and all moneys on deposit to the credit of the funds and accounts created under the Resolution and the earnings on the investment thereof, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). The Series 2006 Bonds are being issued pursuant to the Resolution on parity in all respects with the County's outstanding Sales Tax Revenue Refunding Bonds, Series 1998 (the "Series 1998 Bonds"), Sales Tax Revenue Refunding Bonds, Series 2002 (the "Series 2002 Bonds"), Sales Tax Revenue Bonds, Series 2004A (the "Series 2004A Bonds") and Sales Tax Revenue Bonds, Series 2004B (the "Series 2004B Bonds," and together with the Series 1998 Bonds, the Series 2002 Bonds and the Series 2004A Bonds, the "Parity Obligations"). The Parity Obligations are currently outstanding in the aggregate principal amount of \$55,595,000. See "SALES TAX REVENUES" herein.

Redemption Provisions

The Series 2006 Bonds may be subject to optional and mandatory redemption prior to their stated maturities as described herein. See "DESCRIPTION OF THE SERIES 2006 BONDS" herein.

Financial Guaranty Insurance Policy and Reserve Account Surety Bond

Payment of the principal of and interest on the Series 2006 Bonds when due will be insured by a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") to be issued by MBIA Insurance Corporation (the "Insurer") simultaneously with the delivery of the Series 2006 Bonds. See "FINANCIAL GUARANTY INSURANCE POLICY" herein. In addition, the Insurer 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 2006 Bonds. See "RESERVE ACCOUNT SURETY BOND" herein.

Additional Bonds

The County may issue Additional Bonds on a parity with the Series 2006 Bonds and the Parity Obligations subject to compliance with certain conditions set forth in the Resolution. The Series 2006 Bonds, the Parity Obligations and any Additional Bonds issued pursuant to the Resolution are collectively referred to herein as the "Bonds." See "SECURITY FOR THE SERIES 2006 BONDS – Additional Bonds" herein.

Tax Matters

In the opinion of Rogers Towers, P.A., Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2006 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Series 2006 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Bond Counsel is also of the opinion that the Series 2006 Bonds and the interest thereon are exempt from taxation under existing laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2006 Bonds. See "TAX MATTERS" herein.

Continuing Disclosure

The County has agreed and undertaken, for the benefit of Series 2006 Bondholders, to provide certain financial information and operating data relating to the County, the Pledged Funds and the Series 2006 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 the Insurer, the Financial Guaranty Insurance Policy and the Surety Bond, and contains certain information concerning The Depository Trust Company, New York, New York ("DTC"), and its book-entry only system of registration. Such information has not been provided by the County and the County does not certify as to the accuracy or sufficiency of the disclosure practices or content of information provided by such parties and is not responsible for the information provided by such parties.

A copy of the Resolution and all documents of the County referred to herein may be obtained from either the office of the Clerk of the Circuit Court, 4020 Lewis Speedway, St. Augustine, Florida 32084, attention: Finance Department, telephone (904) 819-3600 or the County's Financial Advisor, Public Financial Management, Inc., 300 South Orange Avenue, Suite 1170, Orlando, Florida 32801, telephone (407) 648-2208.

Capitalized terms used but not defined herein have the same meaning as when used in the Resolution unless the context clearly indicates otherwise. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" attached hereto. All information included herein has been provided by the County, except where attributed to other sources. Copies of

such documents, reports and statements referred to herein that are not included in their entirety in this Official Statement may be obtained from the County.

THE 2006 PROJECT

The 2006 Project generally consists of the following:

- Acquisition, construction and equipping of a new County administration building and a new County purchasing building;
- Phase II of the redevelopment of Vilano Beach, including, but not limited to, the construction and reconstruction of certain roads and related parking, drainage, utility and landscaping improvements thereto;
- Acquisition, development and/or improvement of land for parks, recreation, conservation and other governmental purposes;
- construction, renovation and upgrading of parks and recreation and entertainment facilities;
- Acquisition and construction of a remote site County prison farm; and
- acquisition, construction, improvement and expansion of certain government operations facilities.

Other capital projects in and for the County may be undertaken in lieu of, or in addition to, the ones set forth above. The 2006 Project is more particularly described in the books and records on file with the County.

DESCRIPTION OF THE SERIES 2006 BONDS

General

The Series 2006 Bonds will be dated and will mature in the years, and in the amounts and will bear interest at the rates set forth on the inside cover page of this Official Statement, each series shall be numbered consecutively from R-1 upward, and shall be issued in the denominations of \$5,000 or integral multiples thereof.

Interest on the Series 2006 Bonds shall be payable semiannually on April 1 and October 1 of each year commencing April 1, 2007 (each an "Interest Date") and is payable by Commerce Bank, National Association, Jacksonville, Florida, as registrar and paying agent (the "Registrar" and the "Paying Agent"), to the owners in whose name the Series 2006 Bonds shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding each Interest Date. Principal of the Series 2006 Bonds is payable, when due, to the registered owners upon presentation and surrender at the designated corporate trust office of the Paying Agent.

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

Book-Entry Only System

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

DTC will act as securities depository for the Series 2006 Bonds. The Series 2006 Bonds will be registered in the name of Cede & Co. (DTC's partnership nominee). Purchases of beneficial ownership interests in the Series 2006 Bonds will be made in book-entry only form, in the denominations hereinbefore described. Purchasers of beneficial ownership interests in the Series 2006 Bonds ("Beneficial Owners") will not receive bond certificates representing their ownership interests in the Series 2006 Bonds, except in the event that use of the book-entry only system for the Series 2006 Bonds is discontinued. One fully registered certificate will be issued for each maturity of the Series 2006 Bonds, and deposited with DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2006 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2006 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2006 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2006 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2006 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2006 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2006 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2006 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2006 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE COUNTY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

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 (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of 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 and 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, 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, dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard and Poor's highest rating: AAA. The DTC rules applicable to DTC and its Direct and Indirect 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 2006 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2006 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2006 Bond (the "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 2006 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial interests in the Series 2006 Bonds, except in the event that use of the book-entry system for the Series 2006 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2006 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 2006 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 2006 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2006 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an 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 made among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Series 2006 Bonds are being redeemed, DTC's

practice is to determine by lot the amount of the interest of each Direct Participant in such bonds, as the case may be, to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2006 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 the Series 2006 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2006 Bonds will be made to 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 Registrar on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect 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 with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participants and not of DTC, the Registrar or the County, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County and/or the Paying Agent for the Series 2006 Bonds. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2006 Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) upon compliance by the County with all applicable policies and procedures of DTC regarding the discontinuation of the book-entry only system of registration. In that event, certificates will be printed and delivered.

Optional Redemption of the Series 2006 Bonds

The Series 2006 Bonds maturing prior to October 1, 20____ are not subject to redemption prior to maturity. The Series 2006 Bonds maturing on October 1, 20____, or thereafter may be redeemed prior to maturity at the option of the County as a whole on October 1, 20____, or on any date thereafter, or in part, from such maturity or maturities as the County shall designate and by lot within a maturity, on October 1, 20____, or on any date thereafter, at a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the date set for redemption.

Mandatory Redemption of the Series 2006 Bonds

The Series 2006 Bonds maturing on October 1, 20____, are subject to mandatory redemption in part prior to maturity by lot at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, beginning on October 1, 20____ and on each October 1 thereafter in the years and in the principal amounts corresponding to the Amortization Installments as follows:

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

*

* Final maturity

Notice of Redemption

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

Unless waived by any Holder of Series 2006 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 2006 Bonds to be redeemed at the address of such Holder shown on the Bond Register, or at such other address as shall be furnished in writing by such Holder to the Registrar; provided, however, that no defect in any notice given pursuant to the Resolution to any Holder of Series 2006 Bonds to be redeemed nor failure to give such notice to any such Holder nor failure of any such Holder to receive such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Series 2006 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 2006 Bonds are to be redeemed, the number (and, in the case of a partial redemption of any Series 2006 Bond, the principal amount) of each Series 2006 Bond to be redeemed, (4) that on the redemption date the redemption price will become due and payable upon each such Series 2006 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, (5) that such Series 2006 Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the redemption price at the principal office of the Registrar, (6) the date of issue of the Series 2006 Bonds as originally issued, (7) the rate of interest borne by each Series 2006 Bond to be redeemed, (8) the maturity date of each Series 2006 Bond to be redeemed,

(9) the CUSIP numbers of the Series 2006 Bonds to be redeemed, and (10) any other descriptive information needed to identify accurately the Series 2006 Bonds being redeemed.

Prior to any redemption date, the County shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 2006 Bonds or portions thereof which are to be redeemed on that date. The notice of redemption may be conditional upon the deposit by the County of the redemption price.

Interchangeability, Negotiability and Transfer

So long as DTC's book-entry only system of registration is in effect the registration and transfer of the Series 2006 Bonds shall be governed by DTC's policies and procedures as generally described under "DESCRIPTION OF THE SERIES 2006 BONDS - Book-Entry only System" herein.

The Series 2006 Bonds shall be and shall have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive Holder, in accepting any Series 2006 Bonds shall be conclusively deemed to have agreed that the same shall be and have all of said qualities and incidents of negotiable instruments.

The transfer of Series 2006 Bonds shall be registered on the Bond Register upon delivery to the Registrar of the Series 2006 Bonds to be transferred, accompanied by a written instrument or instruments of transfer in form and with guaranty of signatures satisfactory to the Registrar, duly executed by the Holder of the Series 2006 Bonds to be transferred, or by such Holder's attorney duly authorized in writing, containing such identification information for the transferee as the Registrar shall reasonably require.

In all cases of the transfer of any Series 2006 Bond, the Registrar shall enter the transfer of ownership in the Bond Register and shall deliver in the name of the transferee or transferees a new registered Series 2006 Bond or Series 2006 Bonds of authorized denominations of the maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. The County or the Registrar may charge the owner of such Series 2006 Bond for every such transfer an amount sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and may require that such charge be paid before any such new Series 2006 Bond shall be delivered.

The County and the Registrar shall not be required to issue or transfer any Series 2006 Bonds during the period beginning with the fifteenth (15) day next preceding either any interest payment date or any day on which such Series 2006 Bonds shall have been duly called for redemption in whole or in part and with respect to which the applicable notice of redemption shall have been duly given.

New Series 2006 Bonds delivered upon any transfer shall be valid, limited obligations of the County, evidencing the same debt as the Series 2006 Bonds surrendered, shall be payable

solely from the Pledged Funds and shall be entitled to all of the security and benefits hereof to the same extent as the Series 2006 Bonds surrendered.

The County and the Registrar may treat the registered owner of any Series 2006 Bond as the absolute owner thereof for all purposes, whether or not such Series 2006 Bond shall be overdue, and any notice to the contrary shall not be binding upon the County or the Registrar.

SECURITY FOR THE BONDS

General

The payment of the principal of and interest on the Series 2006 Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds. As described previously, the Pledged Funds include the Local Government Half-Cent Sales Tax, and all moneys on deposit to the credit of the funds and accounts established under the Resolution and the earnings on the investment thereof, all in the manner and to the extent described in the Resolution. "Local Government Half-Cent Sales Tax" is defined in the Resolution to mean all moneys now or hereafter allocated to the County from the Local Government Half-Cent Sales Tax Clearing Trust Fund pursuant to the provisions of Part VI, Chapter 218, Florida Statutes. The Series 2006 Bonds are payable from the Pledged Funds on a parity, equally and ratably, with the Parity Obligations. For more information regarding the Local Government Half-Cent Sales Tax, see "SALES TAX REVENUES" herein.

THE SERIES 2006 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE COUNTY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE COUNTY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS WITH AND TO THE EXTENT SET FORTH IN THE RESOLUTION AND ON PARITY IN ALL RESPECTS WITH THE PARITY OBLIGATIONS. NO HOLDER OF ANY SERIES 2006 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 2006 BOND, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2006 BOND FROM ANY MONEYS OF THE COUNTY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

Funds and Accounts

Pursuant to the Resolution, the County has established the "Revenue Fund" and the "Sinking Fund." The County maintains in the Sinking Fund four accounts: the "Interest Account," the "Principal Account," the "Term Bonds Retirement Account," and the "Reserve Account." The County has also established the St. Johns County Series 2006 Construction Account (the "Construction Account") and the St. Johns County Sales Tax Revenue Bonds, Series 2006 Costs of Issuance Account. All moneys deposited to the Revenue Fund shall be

applied by the County only for and in the manner and order specified in the Resolution and generally described herein.

Construction Account

The County shall deposit a portion of the proceeds from the sale of the Series 2006 Bonds and the additional funds, if any, required to assure payment in full of the cost of the Series 2006 Project, into the Construction Account.

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

When the construction of the 2006 Project has been completed and all Costs thereof have been paid in full, all funds remaining in the Construction Account shall be deposited in the Sinking Fund created pursuant to the Resolution, and the Construction Account shall be closed.

All moneys deposited in the Construction Account shall be and constitute a trust fund created for the purposes stated, and the Resolution creates a lien upon such fund in favor of the holders of the Series 2006 Bonds until the moneys thereof shall have been applied in accordance with the Resolution.

Reserve Account

The Resolution requires the establishment and maintenance of a Reserve Account in an amount equal to the Reserve Account Requirement for the benefit of the owners of the Bonds. The Reserve Account Requirement is defined in the Resolution as the lesser of (i) Maximum Bond Service Requirement for all outstanding Bonds and Additional Bonds, (ii) 125% of average annual debt service for all outstanding Bonds and Additional Bonds, or (iii) 10% of the proceeds of all outstanding Bonds and Additional Bonds. The Resolution permits the Reserve Account Requirement to be funded by cash or by a surety bond, irrevocable letter of credit, guaranty or insurance policy issued in compliance with the Resolution. Moneys in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest or Amortization Installments on the Bonds issued pursuant to the Resolution when the other moneys in the Sinking Fund are insufficient therefor, and for no other purpose.

Pursuant to the Resolution, upon delivery of the Series 2006 Bonds, the County shall deposit to the Reserve Account, a reserve account surety bond issued by the Insurer (the "Surety Bond"). See "RESERVE ACCOUNT SURETY BOND" herein. The amount of such Surety Bond is equal to \$_____, which is equal to the Reserve Account Requirement with respect to the Series 2006 Bonds. In addition to the Surety Bond, there is also on deposit in the Reserve Account three reserve account insurance policies (the "Prior Reserve Policies") previously issued by Financial Guaranty Insurance Company, Financial Security Assurance Inc. and Ambac Assurance Corporation, respectively, which Prior Reserve Policies were deposited into the

Reserve Account in connection with the issuance of the Parity Obligations in order to satisfy the Reserve Account Requirements with respect to the Parity Obligations. The Prior Reserve Policies do not secure the Series 2006 Bonds. The Surety Bond shall only secure the Series 2006 Bonds and will not secure the Parity Obligations.

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

Flow of Funds

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

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

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

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

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

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

the principal of or interest on the Bonds to the extent the moneys in the Sinking Fund are insufficient for such purpose.

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

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

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

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

Additional Bonds

No Additional Bonds, payable on a parity with the Bonds then Outstanding pursuant to the Resolution, shall be issued except upon the conditions and in the manner provided in the Resolution. The County may issue Additional Bonds payable from the Pledged Funds on a parity with the Series 2006 Bonds and the Parity Obligations then outstanding pursuant to the Resolution, provided that:

(1) The County is in compliance with all covenants and undertakings of the County (i) contained in the Resolution, in connection with all Bonds then outstanding, and (ii) made with respect to any other bonds or other obligations of the County payable from the Pledged Funds or any part thereof and has not been in default as to any payments required to be made under the Resolution during at least the next preceding 24 months, or if at any such time the Bonds shall not have been outstanding for 24 months, then for the period that the Bonds shall have been outstanding.

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

The County has the right to issue one or more additional series of bonds which shall be junior and subordinate in all respects to the lien of the Bonds on the Pledged Funds and which, if expressly provided by the resolution authorizing the issuance thereof, shall achieve parity with the Bonds, in all respects, at such time as (i) the conditions prescribed in paragraph (1) above shall prevail, and (ii) there shall have been obtained and filed with the County a statement of an independent certified public accountant containing the statements specified in paragraph (2) above and demonstrating that the County shall have received for a period of twelve (12) consecutive months, an aggregate amount of Pledged Funds equal to or exceeding 125% of the maximum amount required in any subsequent fiscal year for the payment of the

principal of and interest on the Bonds previously issued then outstanding and the principal of and interest on the formerly junior and subordinate bonds which shall then be achieving parity therewith; and if during such twelve (12) consecutive month period, the moneys allocated to the County from the Local Government Half-Cent Sales Tax Clearing Trust Fund shall have increased pursuant to applicable legislation permitting the pledging of such increase in the manner provided in the Resolution, the amount of the Pledged Funds for such twelve (12) consecutive month period may be adjusted, for the purpose of junior and subordinate obligations achieving parity status with the Bonds, to reflect an amount which would have been allocated to the County had such increased rate been in effect throughout the entire term of such twelve (12) consecutive month period.

Receipt of Sales Tax Revenues

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

SALES TAX REVENUES

General

The Local Government Half-Cent Sales Tax consists of all moneys now or hereafter allocated to the County from the Local Government Half-Cent Sales Tax Clearing Trust Fund pursuant to the provisions of Chapter 218, Part VI, Florida Statutes, as amended.

The State of Florida (the "State") levies and collects a sales tax on, among other things, the sales price of each item or article of tangible personal property sold at retail in the State, subject to certain exceptions and dealer allowances. In 1982, the Florida legislature created the Local Government Half-Cent Sales Tax Program (the "Local Government Half-Cent Sales Tax Program") which distributes a portion of the sales tax revenue and money from the State's General Revenue Fund to counties and municipalities that meet strict eligibility requirements.

In 1982, when the Local Government Half-Cent Sales Tax Program was created, the general rate of sales tax in the State was increased from 4% to 5%, and one-half of the fifth cent was devoted to the Local Government Half-Cent Sales Tax Program, thus giving rise to the name "Half-Cent Sales Tax." Although the amount of sales tax revenue deposited into the Local Government Half-Cent Sales Tax Program is no longer one-half of the fifth cent of every dollar of the sales price of an item subject to sales tax, the name "Half-Cent Sales Tax" has continued to be utilized.

Section 212.20, Florida Statutes, provides for the distribution of sales tax revenues collected by the State and further provides for the distribution of a portion of sales tax revenues to the Local Government Half-Cent Sales Tax Clearing Trust Fund (the "Trust Fund"), after providing for transfers to the General Fund and the Ecosystem Management and Restoration Trust Fund. From 1993 until July 1, 2003, the proportion of sales tax revenues deposited in the Trust Fund had been constant at 9.653% of all state sales tax remitted to the State by a sales tax dealer located within a participating county. In 2003, the Florida Legislature, pursuant to Chapter 2003-404, Laws of Florida, amended Section 212.20(6)(d)3., Florida Statutes, to reduce the amount of sales tax revenue transferred to the Trust Fund by 0.1 percent, effective July 1, 2003. Therefore, effective July 1, 2003, 9.643% (9.653% prior to July 1, 2003, reduced by .1% of 9.653%) of the entire sales tax remitted to the State by each sales tax dealer located within a particular county (the "Local Government Half-Cent Sales Tax Revenues") was deposited in the Trust Fund and earmarked for distribution to the governing body of such county and each participating municipality within that county pursuant to a distribution formula. During the special legislative session ended May 27, 2003, pursuant to Chapter 2003-402, Laws of Florida, the Florida Legislature further amended Section 212.20(6)(d)3., Florida Statutes, to provide that effective July 1, 2004, the base percentage of sales tax proceeds to be deposited in the Trust Fund after certain required deposits to other State funds, would be reduced from 9.653% to 8.814%. The legislative intent of Chapter 2003-402, Laws of Florida, was to freeze for one fiscal year the total amount of Local Government Half-Cent Sales Tax Revenues distributed to the counties and municipalities throughout the State at the level of such distributions for the State fiscal year ended June 30, 2004. The combined effect of Chapter 2003-404, Laws of Florida, and Chapter 2003-402, Laws of Florida, was that, as of July 1, 2004, the percentage of Local Government Half-Cent Sales Tax Revenues deposited in the Trust Fund was effectively reduced to 8.805% (8.814% reduced by .1% of 8.814%). See "-Historical Receipts of Local Government Half-Cent Sales Tax by the County" for the actual amount received by the County in its fiscal year ended September 30, 2005. The general rate of sales tax in the State is currently 6.00%. After taking into account the distributions to the General Fund (historically 5% of taxes collected) and the Ecosystem Management and Restoration Trust Fund (.2% of the taxes collected), and after taking into account the cumulative effect of the amendments enacted by Chapters 2003-402 and 2003-404, Laws of Florida, effective July 1, 2004, for every dollar of taxable sales price of an item, approximately 0.501 cents is deposited into the Trust Fund.

The Local Government Half-Cent Sales Tax Revenues are distributed from the Trust Fund on a monthly basis to participating units of local government in accordance with Part VI,

Chapter 218, Florida Statutes (the "Sales Tax Act"). Florida law also allows counties to impose a sales surtax of up to 1% to fund infrastructure improvements upon approval by a vote of the electors. The County has not imposed such surtax.

As of October 1, 2001, the Trust Fund began receiving a portion of certain taxes imposed by the State on the sales of communication services (the "CST Revenues") pursuant to Chapter 202, Florida Statutes (the "CST Law"). Accordingly, moneys distributed from the Trust Fund now consist of funds derived from both general sales tax proceeds and CST Revenues required to be deposited into the Trust Fund. All moneys distributed to the County from the Trust Fund (whether derived for the general sales tax or from CST Revenues) constitute Local Government Half-Cent Sales Tax Revenues for purposes of the Resolution and are a part of the Pledged Revenues pledged to the payment of the Bonds. Moneys received by the County pursuant to the CST Law that are not deposited in the Trust Fund do not constitute Local Government Half Cent Sales Tax and are not pledged to the payment of the Bonds pursuant to the Resolution.

Eligibility

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

- (i) reported its finances for its most recently completed fiscal year to the State Department of 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, ad valorem tax, or (in the case of a municipality) certain remittances from the county in which the municipality is located, or any combination of those four 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 the Florida Department of Revenue that it has complied with certain procedures regarding the establishment of the ad valorem tax millage of the county or municipality as required by law.

Although the Sales Tax Act does not impose any limitation on the number of years during which a county or municipality may receive distributions of the Local Government Half-Cent Sales Tax Revenues from the Trust Fund, there may be amendments to the Sales Tax Act in subsequent years imposing additional requirements of eligibility for counties and municipalities participating in the Local Government Half-Cent Sales Tax Revenues, or the distribution formulas in Sections 212.20(6)(d) or 218.62, Florida Statutes, may be revised. To be eligible to participate in the Trust Fund in future years, the County must comply with the financial reporting and other requirements of the Sales Tax Act. Otherwise, the County would lose its Trust Fund distributions for twelve (12) months following a “determination of noncompliance” by the State Department of Revenue. Pursuant to the Resolution, the County has covenanted to take all action necessary or required to continue to entitle the County to receive its portion of the Local Government Half-Cent Sales Tax Revenues. The County has always maintained eligibility to receive the Sales Tax Revenues.

Distribution

The Local Government Half-Cent Sales Tax collected within a county and distributed to participating local government units is distributed among such county and municipalities therein in accordance with the formula detailed in Section 218.62, Florida Statutes and shown below (the “Distribution Factor”):

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

“Population” is based upon the latest official State estimate of population certified prior to the beginning of the local government fiscal year and is computed as the number of residents, employing the same general guidelines used by the United States Bureau of the Census. For purposes of the Distribution Factor, inmates, and patients residing in institutions operated by the Federal Government, the Department of Corrections, the Department of Health, or the Department of Children and Family Services shall not be considered to be residents of the governmental unit in which the institutions are located. Should any unincorporated area of a county become incorporated as a municipality, the share of the Local Government Half-Cent Sales Tax received by the County may be reduced.

Distribution Percentages

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

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

<u>State Fiscal Year Ended June 30</u>	<u>St. Johns County</u>	<u>Municipalities</u>
2002	87.5	12.5
2003	87.0	13.0
2004	87.5	12.5
2005	87.5	12.5
2006	87.9	12.1

Source: Department of Revenue, State of Florida.

Changes in Distribution and Collections

The amount of Local Government Half-Cent Sales Tax revenues distributed to the County is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the County, (ii) legislative changes relating to the sales tax, which may include changes in the scope of taxable sales, changes in the tax rate and changes in the amount of sales tax revenue deposited into the Trust Fund, (iii) changes in the relative population of the County to the relative population of unincorporated St. Johns County and the other municipalities in St. Johns County, which affect the percentage of Local Government Half-Cent Sales Tax distributed to the County, and (iv) other factors which may be beyond the control of the County or the Series 2006 Bondholders, including but not limited to the potential for increased use of electronic commerce and other internet-related sales activity that could have a

material adverse impact upon the amount of sales tax collected by the State and then distributed to the County.

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

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

<u>County Fiscal Year Ended September 30</u>	<u>Local Government Half-Cent Sales Tax</u>	<u>Percentage Change</u>
2001	\$ 8,088,229	--
2002	8,843,381	9.34%
2003	9,380,692	6.01
2004	10,510,586	12.05
2005	11,003,129	4.69
2006	12,334,496	12.10

Source: St. Johns County Finance Department.

Pro-Forma Debt Service Coverage

<u>Maximum Annual Debt Service⁽¹⁾⁽²⁾</u>	<u>Local Government Half-Cent Sales Tax for the Fiscal Year Ended September 30, 2006</u>	<u>Pro-Forma Debt Service Coverage</u>
\$6,810,980	\$12,334,496	1.81x

(1) Includes the Parity Obligations and the Series 2006 Bonds.

(2) Preliminary, subject to change. Maximum Annual Debt Service on the Series 2006 Bonds and Parity Obligations as estimated by the Financial Advisor based on an estimated principal amount of \$ _____, a true interest cost of 4.52% and a final maturity of October 1, 2036 for the Series 2006 Bonds.

Source: St. Johns County Finance Department.

Economic Impacts on Local Government Half-Cent Sales Tax Revenues

Sales tax revenues are subject to fluctuation and may be greatly affected by economic conditions at the international, national, state and local levels. The short and long term effects of adverse economic conditions and other matters (such as war and terrorist activity) can have an adverse effect on the level of sales tax receipts. Future sales tax receipts could differ significantly from historical receipts performance as reflected in this Official Statement. Furthermore, because the County is heavily dependant upon tourism revenues, Local Government Half-Cent Sales Tax distributions to the County could decrease at a

disproportionate rate when compared to State sales tax revenues and Local Government Half-Cent Sales Tax distributions to other counties if tourism to the County is reduced.

[Remainder of page intentionally left blank]

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 2006 Bonds:

SOURCES

Principal Amount of Series 2006 Bonds	\$
Net Original Issue Discount/Premium	
TOTAL SOURCES	\$

USES:

Deposit to 2006 Construction Account	\$
Costs of Issuance ⁽¹⁾	
TOTAL USES	\$

(1) Includes Financial Guaranty Insurance Policy premium, Surety Bond premium, Underwriters' discount, financial advisory and legal fees and expenses, and other costs of issuance related to the Series 2006 Bonds.

[Remainder of page intentionally left blank]

DEBT SERVICE SCHEDULE

Debt service requirements for the Parity Bonds is as follows:

Bond Year Ending October 1	Series 1998 Bonds	Series 2002 Bonds	Series 2004A Bonds	Series 2004B Bonds	Series 2006 Bonds			Total Annual Debt Service
					Principal	Interest	Annual Debt Service	
2007	\$ 554,270.00	\$968,861.26	\$1,843,287.50	\$262,998.76				\$3,629,417.52
2008	557,950.00	972,411.26	1,836,362.50	262,998.76				3,629,722.52
2009	556,410.00	968,411.26	1,844,412.50	262,998.76				3,632,232.52
2010	554,695.00	971,131.26	1,842,162.50	262,998.76				3,630,987.52
2011	557,980.00	966,556.26	1,839,837.50	262,998.76				3,627,372.52
2012	1,606,020.00		1,762,400.00	427,998.76				3,796,418.76
2013	1,602,610.00		1,762,400.00	432,223.76				3,797,233.76
2014	1,601,750.00		1,762,400.00	430,923.76				3,795,073.76
2015	1,602,000.00		1,762,400.00	429,173.76				3,793,573.76
2016	1,604,250.00		1,762,400.00	432,143.76				3,798,793.76
2017	1,603,250.00		1,762,400.00	429,343.76				3,794,993.76
2018	1,604,000.00		1,762,400.00	431,343.76				3,797,743.76
2019	1,601,250.00		1,767,400.00	432,681.26				3,801,331.26
2020			3,367,187.50	428,331.26				3,795,518.76
2021			3,367,925.00	428,768.76				3,796,693.76
2022			3,364,200.00	428,487.50				3,792,687.50
2023			3,366,012.50	432,462.50				3,798,475.00
2024			3,366,862.50	428,812.50				3,795,675.00
2025			3,364,112.50	429,637.50				3,793,750.00
2026			3,366,612.50	429,675.00				3,796,287.50
2027			3,364,250.00	428,925.00				3,793,175.00
2028			3,365,862.50	432,387.50				3,798,250.00
2029			3,366,175.00	429,800.00				3,795,975.00
2030			3,364,925.00	431,425.00				3,796,350.00
2031			3,365,000.00	432,000.00				3,797,000.00
2032			3,365,362.50	431,525.00				3,796,887.50
2033			3,368,112.50					3,368,112.50
2034			3,368,000.00					3,368,000.00
2035								
2036								
TOTALS	\$15,606,435.00	\$4,847,371.30	\$73,800,862.50	\$10,353,063.90				\$104,607,732.70

{4511/00/00078698.DOC.v5}

FINANCIAL GUARANTY INSURANCE POLICY

THE INFORMATION RELATING TO THE INSURER AND THE FINANCIAL GUARANTY INSURANCE POLICY CONTAINED BELOW HAS BEEN FURNISHED BY MBIA INSURANCE CORPORATION. REFERENCE IS MADE TO APPENDIX F FOR A SPECIMEN OF THE FINANCIAL GUARANTY INSURANCE POLICY.

NO REPRESENTATION IS MADE BY THE COUNTY OR THE UNDERWRITERS OF THE SERIES 2006 BONDS AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION OR THAT THERE HAS NOT BEEN ANY MATERIAL ADVERSE CHANGE IN SUCH INFORMATION SUBSEQUENT TO THE DATE OF SUCH INFORMATION. NEITHER THE COUNTY NOR THE UNDERWRITERS OF THE SERIES 2006 BONDS MADE ANY INVESTIGATION INTO THE FINANCIAL CONDITION OF THE INSURER, AND NO REPRESENTATION IS MADE AS TO THE ABILITY OF THE INSURER TO MEET ITS OBLIGATIONS UNDER THE FINANCIAL GUARANTY INSURANCE POLICY.

THE INSURER 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 FINANCIAL GUARANTY INSURANCE POLICY AND THE RESERVE ACCOUNT SURETY BOND. ADDITIONALLY, THE INSURER MAKES NO REPRESENTATION REGARDING THE SERIES 2006 BONDS OR THE ADVISABILITY OF INVESTING IN THE SERIES 2006 BONDS.

The Financial Guaranty Insurance Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the County to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Series 2006 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 Financial Guaranty 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 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 of the Series 2006 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 Financial Guaranty Insurance Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Series 2006 Bonds. The Financial Guaranty 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; (iii) payments of the purchase price of Series 2006 Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Financial Guaranty Insurance Policy also does not insure against nonpayment of principal of or interest on the Series 2006 Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Series 2006 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 a Series 2006 Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with 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 2006 Bonds or presentment of such other proof of ownership of the Series 2006 Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2006 Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Series 2006 Bonds in any legal proceeding related to payment of insured amounts on the Series 2006 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 2006 Bonds, 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 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 the Insurer. The Insurer 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. The Insurer, either directly or through subsidiaries, is licensed to do business in the Republic of France, the United Kingdom and the Kingdom of Spain and is subject to regulation under the laws of those jurisdictions.

The principal executive offices of the Insurer 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, the Insurer is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for the Insurer, 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 the Insurer. State law also regulates the amount of both the aggregate and individual risks that may be insured by the Insurer, the payment of dividends by the Insurer, changes in control with respect to the Insurer and transactions among the Insurer and its affiliates.

The Financial Guaranty Insurance 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 the Insurer

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

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

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

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

The above ratings are not recommendations to buy, sell or hold the Series 2006 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 2006 Bonds. The Insurer does not guaranty the market price of the Series 2006 Bonds nor does it guaranty that the ratings on the Series 2006 Bonds will not be revised or withdrawn.

Insurer Financial Information

As of December 31, 2005, the Insurer had admitted assets of \$11.0 billion (audited), total liabilities of \$7.2 billion (audited), and total capital and surplus of \$3.8 billion (audited), each as determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of June 30, 2006, the Insurer had admitted assets of \$11.3 billion (unaudited), total liabilities of \$6.9 billion (unaudited), and total capital and surplus of \$4.3 billion (unaudited), each as determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning the Insurer, see the consolidated financial statements of the Insurer and its subsidiaries as of December 31, 2005 and December 31, 2004 and for each of the three years in the period ended December 31, 2005, 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, 2005 and the consolidated financial statements of the Insurer and its subsidiaries as of June 30, 2006 and for the six month periods ended June 30, 2006 and June 30, 2005 included in the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2006, 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 the Insurer 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 the Insurer 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, 2005; and
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.

Any documents, including any financial statements of the Insurer 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 Series 2006 Bonds 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, 2005, and (2) the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006 and June 30, 2006 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 the Financial Guaranty Insurance Policy is not covered by the Florida Insurance Guaranty Association created under chapter 631, Florida Statutes.

RESERVE ACCOUNT SURETY BOND

THE INFORMATION RELATING TO THE INSURER AND THE RESERVE ACCOUNT SURETY BOND CONTAINED BELOW HAS BEEN FURNISHED BY MBIA INSURANCE CORPORATION. NO REPRESENTATION IS MADE BY THE COUNTY OR THE UNDERWRITERS OF THE SERIES 2006 BONDS AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION OR THAT THERE HAS NOT BEEN ANY MATERIAL ADVERSE CHANGE IN SUCH INFORMATION SUBSEQUENT TO THE DATE OF SUCH INFORMATION. NEITHER THE COUNTY NOR THE UNDERWRITERS OF THE SERIES 2006 BONDS MADE ANY INVESTIGATION INTO THE FINANCIAL CONDITION OF THE INSURER, AND NO REPRESENTATION IS MADE AS TO THE ABILITY OF THE INSURER TO MEET ITS OBLIGATIONS UNDER THE RESERVE ACCOUNT SURETY BOND.

Application has been made to the Insurer for a commitment to issue its Surety Bond. The Surety Bond will provide that upon notice from the Paying Agent to the Insurer to the effect that insufficient amounts are on deposit in the Reserve Account to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the Series 2006 Bonds, the Insurer will promptly deposit with the Paying Agent an amount sufficient to pay the principal of and interest on the Series 2006 Bonds or the available amount of the 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 Surety Bond, duly executed by the Paying Agent; or (ii) the payment date of the Series 2006 Bonds as specified in the Demand for Payment presented by the Paying Agent to the Insurer, the Insurer will make a deposit of funds in an account with

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 the Insurer with the Paying Agent which have not been reimbursed by the County. The County and the Insurer expect to enter into a Financial Guaranty Agreement dated the date of issuance of the Series 2006 Bonds (the "Financial Guaranty Agreement"). Pursuant to the Financial Guaranty Agreement, the County is required to reimburse the Insurer, within one year of any deposit, the amount of such deposit made by the Insurer with the Paying Agent under the Surety Bond. Such reimbursement shall be made only after all required deposits to the Revenue Fund have been made.

Under the terms of the Financial Guaranty Agreement, the Paying Agent is required to reimburse the Insurer, with interest, until the face amount of the Surety Bond is reinstated before any balance of any moneys remaining in the Revenue Fund may be used by the County as described in Paragraph (B) of "Flow of Funds" herein. No optional redemption of Series 2006 Bonds may be made until the Insurer'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 2006 Bonds. The Surety Bond will be issued in the face amount equal to Reserve Account Requirement for the Series 2006 Bonds and the premium therefor will be fully paid by the County at the time of delivery of the Series 2006 Bonds.

INVESTMENT POLICY

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

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

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

1. Safety of principal;
2. Maintenance of liquidity; and

3. Return on investment.

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

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

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

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

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Series 2006 Bonds are subject to an approving legal opinion of Rogers Towers, P.A., Jacksonville, Florida, Bond Counsel, whose approving opinion (a form of which is attached hereto as "APPENDIX E –FORM OF BOND COUNSEL OPINION") will be available at the time of delivery of the Series 2006 Bonds. Certain legal matters will be passed on for the County by Edwards Cohen, Counsel for the County and Byant Miller Olive P.A., Tampa, Florida, Disclosure Counsel.

Bond Counsel has not been engaged to, nor has it undertaken to, review (1) the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Series 2006 Bonds; provided, however, that Bond Counsel will render an opinion to the Underwriters of the Series 2006 Bonds (upon which opinion only the Underwriters may rely) relating to the fairness of the presentation of certain statements contained herein under the heading "TAX MATTERS" and certain statements which summarize provisions of the Resolution, the Series 2006 Bonds, and State of Florida and federal tax law, and (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2006 Bonds

LITIGATION

There is no pending or, to the knowledge of the County, any threatened litigation against the County of any nature whatsoever which in any way questions or affects the validity of the Series 2006 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the adoption of the Resolution, or the pledge of the Pledged Funds. Neither the creation, organization or existence, nor the title of the present members of the Board, or other officers of the County is being contested.

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

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

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

TAX MATTERS

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2006 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Series 2006 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Bond Counsel is also of the opinion that the Series 2006 Bonds and the interest thereon are exempt from taxation under existing laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E attached hereto.

The amount by which the respective issue prices of the Series 2006 Bonds maturing on October 1 in the years _____ through and including _____ (collectively, the "Discount Bonds") is less than the amount to be paid at maturity of such Discount Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Discount Bonds) constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Discount Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of each maturity of the Discount Bonds is the first price at which a substantial amount of the Bonds of such maturity is sold to the public (excluding bond houses, brokers, similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to the Discount Bonds accrues daily over the term to maturity of such Discount Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounded dates). The accruing original issue discount is added to the adjusted basis of such Discount Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Discount Bonds. Beneficial Owners of the Discount Bonds should consult their own tax advisors with respect to the tax consequences of ownership of the Discount Bonds, including the treatment of purchasers who do not purchase such Discount Bonds in the original offering to the public at the first price at which a substantial amount of such Discount Bonds of the same maturity is sold to the public.

Series 2006 Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2006 Bonds. The County has made representations related to certain of these requirements and has covenanted to comply with certain restrictions designed to insure that interest on the Series 2006 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2006 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2006 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken

(or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2006 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2006 Bonds.

Certain agreements, requirements and procedures contained or referred to in the Resolution, the Tax Certificate to be executed by the County simultaneously with the issuance of the Series 2006 Bonds and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Series 2006 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in the Resolution. Bond Counsel expresses no opinion as to any Series 2006 Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Bond Counsel.

Although Bond Counsel is of the opinion that interest on the Series 2006 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2006 Bonds may otherwise affect a beneficial owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Series 2006 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Series 2006 Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Series 2006 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service (the "IRS"), including but not limited to regulation, ruling, or selection of the Series 2006 Bonds for audit examination, or the course or result of any IRS examination of the Series 2006 Bonds, or obligations which present similar tax issues, will not affect the market price for the Series 2006 Bonds. The IRS has initiated a program of expanded audits of tax-exempt bonds.

RATINGS

[Standard & Poor's Ratings Services ("S&P") and Moody's Investors Service, Inc. ("Moody's") are expected to assign their municipal bond ratings of "AAA" and "Aaa," respectively, to the Series 2006 Bonds with the understanding that upon delivery of the Series 2006 Bonds, the Financial Guaranty Insurance Policy will be issued by the Insurer. In addition, S&P and Moody's have assigned underlying ratings of "__" and "__" respectively, without giving any regard to such Financial Guaranty Insurance Policy.] The ratings reflect

{4511/00/00078698.DOCv5}

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 2006 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 2006 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 2006 Bonds.

AUDITED FINANCIAL STATEMENTS

Excerpted pages from the General Purpose Financial Statements of the County for the Fiscal Year Ended September 30, 2005 and report thereon 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, 2005." Such statements speak only as of September 30, 2005. 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 2006 Bonds are payable solely from the Pledged Funds as described in the Resolution and herein and the Series 2006 Bonds are not otherwise secured by, or payable from, the general revenues of the County. See "SECURITY FOR THE SERIES 2006 BONDS" herein. The excerpted pages from the General Purpose Financial Statements are presented for general information purposes only.

UNDERWRITING OF SERIES 2006 BONDS

The Series 2006 Bonds are being purchased by RBC Dain Rauscher Inc. doing business under the name RBC Capital Markets, on behalf of itself and the other underwriters listed on

the cover page hereof (collectively, the "Underwriters") at an aggregate purchase price of \$_____ (which equals the principal amount of the Series 2006 Bonds, plus/minus 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 2006 Bonds if any Series 2006 Bonds are purchased. The Series 2006 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2006 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 2006 Bonds upon an event of default under the Resolution, the Financial Guaranty Insurance Policy and the Surety Bond are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Resolution, the Series 2006 Bonds, the Financial Guaranty Insurance Policy and the Surety Bond may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2006 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 – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" attached hereto for a description of events of default and remedies.

CONTINUING DISCLOSURE

The County has covenanted for the benefit of the Series 2006 Bondholders to provide certain financial information and operating data relating to the County and the Series 2006 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 USA.

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 2006 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 2006 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 fourteen prior agreements to provide continuing disclosure information pursuant to the Rule. The deadlines by which the County is obligated to provide the Annual Reports differ among many of the prior agreements. In four of the agreements, the deadline is June 30 of each year, in five 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 prior to the filing of the Annual Reports in 2005 but has met the deadlines in the other agreements. All Annual Reports due in 2005 and 2006 were timely filed. The County has always provided all of the required information annually.

CONCURRENT FINANCING

During December 2006, in addition to the issuance of the Series 2006 Bonds, the County expects to issue its Transportation Improvement Revenue Bonds, Series 2006 (the "Transportation Bonds") in an estimated aggregate principal amount of \$_____ for the purpose of financing the cost of acquisition, construction and installation of certain capital transportation improvements in and for the County. The Transportation Bonds are secured by a pledge of and prior lien upon the (A) County's portion of the six-cent local option fuel tax distributed to the County and the municipalities of the County by the Florida Department of Revenue from the State of Florida Local Option Fuel Tax Trust Fund pursuant to and in the manner authorized by Section 336.025, Florida Statutes, as amended, and (B) portion of the proceeds of the constitutional fuel tax collected pursuant to Article XII, Section 9(c)(1) of the Constitution of the State of Florida. The Transportation Bonds are not secured by the Local Government Half-Cent Sales Tax that secures the Series 2006 Bonds.

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 2006 Bonds, the security for the payment of the Series 2006 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument. Copies of such documents may be obtained from either the office of the Clerk of the Circuit Court, 4020 Lewis Speedway, St. Augustine, Florida 32084, attention: Finance Department, telephone (904) 823-2400 or the County's Financial Advisor, Public Financial Management, Inc., 300 South Orange Avenue, Suite 1170, Orlando, Florida 32801, telephone (407) 648-2208.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2006 Bonds.

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

[Remainder of page intentionally left blank]

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 2006 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 the Insurer, the Financial Guaranty Insurance Policy, the Surety Bond, DTC, the book-entry only system of registration and the information contained under the caption "TAX MATTERS" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2006 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

ST. JOHNS COUNTY, FLORIDA

By: _____
Chair

APPENDIX A

GENERAL INFORMATION CONCERNING THE COUNTY

GENERAL INFORMATION CONCERNING THE COUNTY

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

Location

St. Johns County (the "County") encompasses approximately 608 square miles and is located in the northeast region of the State of Florida. The County is located directly south of Duval County, Florida, and is bordered on the west by the St. Johns River, on the south by Flagler County, and on the east by the Atlantic Ocean.

There are three incorporated municipalities located in the County: St. Augustine, Hastings and St. Augustine Beach. St. Augustine, which was founded in 1565, is the oldest permanent European settlement in the United States and is the county seat. A small portion of the municipality of Marineland (primarily located in Flagler County) on which no improvements are located, is also a part of the County. Unincorporated communities include Ponte Vedra, Switzerland, Crescent Beach, Tocoí, Bakersville, Pícolatta, Orangedale, Fruit Cove, Summer Haven, St. Johns and Vilano Beach.

Government

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

Florida Retirement System

As is the case with many local governments in Florida, the County participates in the Florida Retirement System (the "FRS System"), a cost sharing, multiple-employer public employee retirement system, which covers substantially all of the full-time and part-time employees. The FRS System is noncontributory (by employees) and is totally administered by the State of Florida. Benefits under the plan vest after six years of service. Employees who retire at or after age 62 (age 55 for special risk employment categories) or 30 years of service (25 years for special risk employment categories), with six years credited of service, are entitled to an annual retirement benefit, payable monthly for life. The FRS System also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by Chapters 112 and 121, Florida Statutes.

Pension costs for the County as required and defined by state statute ranged between nine percent and 19 percent of gross salaries for fiscal year 2005. For fiscal years ended September 30, 2005, 2004 and 2003, the County contributed 100 percent of the required contributions. These contributions aggregated \$8,079,606, \$6,755,261 and \$5,134,455, respectively.

A copy of the FRS System's June 30, 2005 annual report can be obtained by writing to the State of Florida Department of Management Services, Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1650, or by phoning (850) 488-5540.]

In accordance with Section 112.0801, Florida Statutes, because the County provides medical plans to employees of the County and their eligible dependents, the County is also required to provide retirees the opportunity to participate in the group employee health plan. Although not required by Florida law, the County has opted to pay a portion of the cost of such participation for retired County employees. This is a post-retirement benefit plan (other than pensions) which provides retiree medical coverage including prescription drug benefits to retired employees of the County and their eligible dependents (the "Plan"). As with all governmental entities providing similar plans, the County will be required to comply with the Governmental Accounting Standards Board's Statement No. 45 — Accounting and Financial Reporting by Employers for Postemployment Benefit Plans other than Pension Plans (GASB 45) no later than its fiscal year ending September 30, 2008. Similar to most other jurisdictions, the County has historically accounted for the annual premiums associated with its Plan and the post-retirement benefit plans of its constitutional officers (i.e. the Sheriff, the Clerk of Courts, the Property Appraiser, the Supervisor of Elections, and the Tax Collector) as part of its annual budget, on a pay as you go basis. GASB 45 applies accounting methodology similar to that used for pension liabilities (GASB 27) to other post employment benefits ("OPEB") and attempts to more fully reveal the costs of employment by requiring governmental units to include future OPEB costs in their financial statements. While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such plan be funded.

The County has retained an actuary and expects to receive a report regarding its OPEB

costs by March 31, 2007. While the County does not know at this time what its OPEB liabilities will be in connection with GASB 45 compliance or how much of the related annual required contribution it will budget in respect to its employees, it expects the collective liability to be significant, but manageable within its normal budgeting process.

Population

St. Johns County ranked 27th out of Florida's 67 counties in total gross population for 2005 and ranked 5th statewide in the percentage change in population growth from 2000 to 2005.

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

<u>Year</u>	<u>Population</u>
1980	51,303
1990	83,829
2000	123,135
2004	149,336
2005	157,278

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

Commerce and Industry

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

The County is home to a number of state, national and international educational, business and sports organizations all contributing to a stable economy. Among those headquartered in the County are the PGA Tour, Inc., Association of Tennis Professionals, Flagler College, Florida School for the Deaf and Blind and Florida National Guard. The World Golf Village, located in the northwestern part of the County, is the home of the World Golf Hall of Fame, World Golf Village Resort Hotel, and the St. Johns County Convention Center.

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

Agriculture

Agribusiness remains a key sector of the state and the northeast region's economy. The estimated value of agricultural production in the County is \$54 million.

The following table sets forth information concerning agricultural land use in the County:

	Number of <u>Farms</u>	Land in Farms <u>(acres)</u>	Total Cropland <u>(acres)</u>	Woodland <u>(acres)</u>	Pastureland <u>(acres)</u>	Other <u>(acres)</u>	Average Market Value <u>(Dollars)</u>
<u>Year</u>							
1997	149	49,631	N/A	N/A	N/A	N/A	748,864
2002	204	37,653	24,960	2,511	7,749	2,433	808,080

N/A = Information not listed for 1997.

Source: Florida Statistical Abstract 2005.

Employment

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

<u>Fiscal Year</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>	<u>State Unemployment Rate</u>
1995/96	51,750	1,552	3.0%	5.1%
1996/97	54,094	1,567	2.9	4.2
1997/98	56,374	1,549	2.7	4.5
1998/99	60,124	1,563	2.6	4.0
1999/00	61,865	1,624	2.6	3.7
2000/01	66,325	2,143	3.2	4.6
2001/02	63,496	2,277	3.6	5.3
2002/03	68,587	2,749	4.0	5.3
2003/04	69,523	2,275	3.2	4.3
2004/05	78,852	2,311	2.9	3.8

Source: St. Johns County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2005.

Major Employers

The following table shows some of the major employers in the County and their approximate level of employment in 2005.

<u>Establishment</u>	<u>Product</u>	<u>Approximate Employment</u>
St. Johns County School Board	Education	3,076
St. Johns County	County Government	1,957
Flagler Hospital	Health Care	1,400
U.S. Army National Guard	Army	1,200
Northrup Grumman	Aircraft Overhaul and Modification	1,145
Florida School for the Deaf and Blind	Educational Institution	740
Ponte Vedra Inn & Club	Hotel/Resort	660
PGA Tour	Professional Golf Events Management	600
Marriott at Sawgrass Resort	Resort	550
Hydro Aluminum	Aluminum Fabrication	500
Ring Power	Heavy Equipment Sales	500

Source: St. Johns County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2005.

Transportation Facilities

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

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

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

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

Health Care Facilities

Medical facilities are provided by Flagler Hospital, which has over 220 beds. There are over 100 physicians in the area, including specialists in most fields. There are five nursing

homes within the County. There is also the University of St. Augustine for Health Sciences. Programs offered are physical therapy and occupational therapy.

Education

The public school system is operated by the St. Johns County School Board. There are fifteen elementary schools, six middle schools, five high schools, one alternative center, three charter schools (including a Vocational and Technical Center), and four juvenile justice centers. Colleges and Universities in the area include Jacksonville University, University of North Florida, Bethune-Cookman College (Hastings Campus), Flagler College, Embry-Riddle Aeronautical University, Florida Community College - Jacksonville, St. Johns River Community College and Daytona Beach Community College. The State operates the Florida School for the Deaf and Blind in St. Augustine, with primary school through senior high school levels.

St. Johns County, Florida Assessed and Estimated Taxable Value for Operating Millages

<u>Fiscal Year</u>	<u>Taxable Value Real Property</u>	<u>Taxable Value Personal Property</u>	<u>Taxable Value Centrally Assessed</u>	<u>Total Taxable Valuations</u>
1996/97	\$ 4,597,639,793	\$ 353,147,333	\$ 11,966,300	\$ 4,962,753,426
1997/98	5,151,257,542	380,758,444	15,038,418	5,547,054,404
1998/99	5,755,043,340	459,394,987	14,988,390	6,229,426,717
1999/00	6,614,044,633	539,554,576	15,702,372	7,169,301,581
2000/01	7,563,588,131	588,493,446	17,115,611	8,169,197,188
2001/02	8,934,559,954	629,849,926	17,326,818	9,581,736,698
2002/03	10,220,118,339	631,954,462	18,404,181	10,870,476,982
2003/04	11,798,595,741	666,830,119	20,372,764	12,485,798,624
2004/05	13,523,942,842	700,016,681	21,461,857	14,245,421,380
2005/06 ⁽¹⁾	16,654,175,245	752,696,406	22,352,364	17,429,224,015

(1) Preliminary

Source: St. Johns County Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2005; Information for the 2005/06 Fiscal Year provided by the St. Johns County Property Appraiser.

St. Johns County, Florida
Property Tax Levies and Collections

<u>Fiscal Year</u>	<u>Property Taxes Levied</u>	<u>Current Tax Collections⁽¹⁾</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collection</u>	<u>% of Levy Collected</u>
1996/97	\$ 34,897,004	\$ 33,522,098	\$ 240,926	\$ 33,763,024	96.75%
1997/98	39,162,186	37,767,161	195,502	37,962,663	96.94
1998/99	43,705,566	42,021,349	78,550	42,099,899	96.33
1999/00	49,538,943	47,928,518	34,256	47,962,774	96.82
2000/01	55,872,261	53,891,302	138,271	54,029,573	96.70
2001/02	65,415,916	63,123,231	197,727	63,320,958	96.80
2002/03	73,805,999	71,182,650	258,646	71,441,296	96.80
2003/04	88,228,658	84,998,530	351,008	85,349,538	96.74
2004/05	99,211,180	95,753,886	244,122	95,998,008	96.75
2005/06	121,318,507	116,767,024	35,023	116,802,047	96.27

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

Source: St. Johns County Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2005. Information for the 2005/06 Fiscal Year is as of [June 30, 2006] and was provided by St. Johns County, Florida Tax Collector.

St. Johns County, Florida
Principal Taxpayers 2005

<u>Taxpayer</u>	<u>Real Estate Assessed Valuation</u>	<u>Percentage of Tax Roll</u>	<u>Percentage of Total Assessed Valuation</u>
Ponte Vedra Corp.	\$84,945,830	0.49%	0.63%
Interconn Ponte Vedra Company	83,703,050	0.48%	0.62%
St. Augustine Outlet World LTD	38,518,280	0.22%	0.28%
Tournament Players Club at SQ	35,038,150	0.20%	0.26%
CPG Partners LP	33,984,580	0.19%	0.25%
Six Mile Creek Ventures LLC	27,049,130	0.15%	0.20%
South Jacksonville Properties	25,243,950	0.14%	0.19%
Belleza at Ponte Vedra LLC	25,051,010	0.14%	0.19%
DR Horton Inc. – Jacksonville	14,197,470	0.08%	0.10%
Crosswinds Palencia LLC	2,213,280	0.01%	0.02%
Other taxpayers	<u>13,153,998,112</u>	<u>97.33%</u>	<u>97.26%</u>
Total real estate taxable value	<u>\$13,523,942,842</u>	<u>99.45%</u>	<u>100.00%</u>

Source: St. Johns County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2005.

**St. Johns County, Florida
Debt Statement
as of September 30, 2005**

<u>General Description</u>	<u>Outstanding Principal Balance</u>
2004 Gulf Breeze Loan	\$17,780,000
Water and Sewer Revenue Bonds, Series 1991A	17,089,592
Water and Sewer Revenue and Refunding Bonds, Series 1996	12,935,000
Water and Sewer Revenue Refunding Bonds, Series 1998	1,780,000
Water and Sewer Revenue Refunding Bonds, Series 1999A (non-taxable) and 1999B (taxable)	9,780,000
Water and Sewer Revenue Refunding Bonds, Series 2002A and 2002B	3,225,000
Water and Sewer Revenue Bonds, Series 2004	28,651,561
State Revolving Loan – Utility	1,217,714
State Revolving Loan – General Governmental	5,237,542
Sales Tax Revenue Refunding Bonds, Series 1998	10,570,000
Sales Tax Revenue Refunding Bonds, Series 2002	5,210,000
Sales Tax Revenue Bonds, Series 2004	40,720,000
Capital Improvement Revenue and Refunding Bonds, Series 2005	21,685,000
Transportation Improvement Revenue Refunding Bonds, Series 2002	2,130,000
Transportation Improvement Revenue Bonds, Series 2003	30,000,000
Commercial Paper Loan	1,874,000
Capital Leases	3,577,419
Compensational Absences	6,747,300
Other	7,969,330
Total Debt	<u>\$228,179,458</u>

Source: St. Johns County, Florida.

Police and Fire Protection

St. Johns County is served by the Sheriffs Office, which has approximately 480 full- and part-time employees including deputies, the detective division, communications, jail and

administrative personnel. There are eighteen fire stations operating within the County, served by a force of 110 professional firefighters/paramedics and a significant volunteer auxiliary. The County operates a special rescue unit manned by trained emergency medical technicians.

APPENDIX B

**EXCERPTED PAGES FROM
THE GENERAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2005**

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by St. Johns County, Florida (the "Issuer") in connection with the issuance of its \$_____ St. Johns County, Florida Sales Tax Revenue Bonds, Series 2006 (the "Series 2006 Bonds"). The Series 2006 Bonds are being issued pursuant to the Issuer's Resolution No. 86-132, duly adopted by the Issuer on September 30, 1986, as previously amended and supplemented, particularly as supplemented by Resolution No. 89-143, duly adopted by the Issuer on July 27, 1989, as amended, and Resolution No. 2006-_____, duly adopted by the Issuer on November 14, 2006 (collectively, the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. PURPOSE OF DISCLOSURE CERTIFICATE.

This

Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Series 2006 Bondholders and in order to assist the original underwriters of the Series 2006 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 (the "Insurer"), on or before June 30 of each year, commencing June 30, 2007, 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 2006 Bonds (as amended, the "Official Statement"), as set forth below:

1. Updates of information set forth in the Official Statement relating to:

- (a) Table entitled "St. Johns County and Municipalities Percent of Total Local Government Half-Cent Sales Tax Revenues Last Five Years" (p. _____);
- (b) Table set forth under the sub-heading "Historical Receipts of Local Government by the County" (p. _____);

2. Description of any additional indebtedness secured in whole or in part from the Pledged Funds (as defined in the Official Statement).

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

SECTION 3. REPORTING SIGNIFICANT EVENTS. The Issuer shall provide to the NRMSIRs or the Municipal Securities Rulemaking Board (the "MSRB"), to the SID and to the Insurer, on a timely basis, notice of any of the following events, if such event is material with respect to the Series 2006 Bonds or the Issuer's ability to satisfy its payment obligations with respect to the Series 2006 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 2006 Bonds;
- (G) Modifications to rights of Series 2006 Bondholders;
- (H) Calls on the Series 2006 Bonds;
- (I) Defeasance of the Series 2006 Bonds;
- (J) Release, substitution, or sale of property securing repayment of the Series 2006 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 2006 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 2006 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.

(A) 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.

(B) Any filing under this Disclosure Certificate to any of the NRMSIRs or the SID may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as the "Central Post Office" provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004. Any filing made or notice provided by the Issuer in accordance with this Disclosure Certificate to a Central Post Office by electronic or other means shall satisfy the requirements of this Certificate with respect to filings required to be made to all NRMSIRs and the SID, if any, and the Issuer shall not be required to make separate filings with the NRMSIRs and the SID, if any.

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 2006 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 2006 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 2006 Bonds (including persons holding Series 2006 Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Series 2006 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 the Insurer 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 2006 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 2006 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: _____, 2006

ST. JOHNS COUNTY, FLORIDA

By: _____
Chair, Board of County Commissioners

APPENDIX E

FORM OF BOND COUNSEL OPINION

APPENDIX F

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

EXHIBIT C

BOND PURCHASE AGREEMENT

\$ _____
ST. JOHNS COUNTY, FLORIDA
Sales Tax Revenue Bonds
Series 2006

_____, 2006

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

Ladies and Gentlemen:

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

SECTION 1. PURCHASE AND SALE. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the County for offering to the public, and the County hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the County's \$ _____ aggregate principal amount of St. Johns County, Florida Sales Tax Revenue Bonds, Series 2006 (the "Series 2006 Bonds"). The Series 2006 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 2006 Bonds shall be payable April 1 and October 1 of each year, commencing April 1, 2007. The aggregate purchase price of the Series 2006 Bonds is \$_____ (representing the principal amount of \$_____, less an underwriters' discount of \$_____, plus/less net original issue premium/discount of \$_____). The Series 2006 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 2006 Bonds shall be issued pursuant to and under the authority of Chapter 125, Florida Statutes, Ordinance No. 86-69, enacted by the Board of County Commissioners of the County (the "Board") on December 9, 1986, as amended, and other applicable provisions of law (collectively, the "Act"), and under and pursuant to Resolution No. 86-132, duly adopted by the Board on September 30, 1986, as amended, and as supplemented by Resolution No. 89-143, duly adopted by the Board on July 27, 1989, as amended by Resolution No. 2006-_____, duly adopted by the Board on November 14, 2006 (collectively, the "Resolution"). The Series 2006 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 2006 Bonds to: (a) finance the acquisition, construction and equipping of various capital improvements within the County (the "2006 Project"), as more particularly described in the Resolution, (ii) pay the premium for a reserve account surety bond in order to fund the Reserve Account (the "Surety Bond") and (iii) to pay certain costs of issuance of the Series 2006 Bonds, including the premium for a municipal bond insurance policy (the "Bond Insurance Policy") to be issued by MBIA Insurance Corporation (the "Insurer"). The Series 2006 Bonds and the interest thereon will be payable solely from and secured by a pledge of and prior lien upon the Pledged Funds in the manner and to the extent set forth in the Resolution. The Series 2006 Bonds are being issued on a parity with the County's outstanding St. Johns County, Florida Sales Tax Revenue Refunding Bonds, Series 1998 and St. Johns County, Florida Sales Tax Revenue Refunding Bonds, Series 2002 and St. Johns County, Florida Sales Tax Revenue Bonds, Series 2004A and St. Johns County, Florida Sales Tax Revenue Bonds, Series 2004B.

Concurrently with the execution and delivery of the Series 2006 Bonds, there are to be executed and delivered, among other things, (a) the Continuing Disclosure Certificate of the County dated as of the Closing Date (as hereinafter defined) (the "Continuing Disclosure Certificate"), (b) the Registrar and Paying Agency Agreement dated as of the Closing Date (the "Registrar and Paying Agency Agreement"), between the County and Commerce Bank, National Association, Jacksonville, Florida, its successors and assigns, as registrar and paying agent for the Series 2006 Bonds (the

"Registrar and Paying Agent"), (c) 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 (d) any other documents related to the transactions contemplated in the Official Statement in connection with the public offering, sale and distribution of the Series 2006 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 2006 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 2006 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 2006 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 2006 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 2006 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 2006 Bonds.

It shall be a condition of your obligation to sell the Series 2006 Bonds to the Underwriters and to deliver the Series 2006 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 2006 Bonds, that the entire initial aggregate principal amount of the Series 2006 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 2006 Bonds dated _____, 2006 (which, together with the cover page and appendices contained therein, is herein called the "Preliminary Official Statement"). Within seven business days of the acceptance hereof by the County, the County shall deliver to the Managing Underwriter, at the County's expense such reasonable number of conformed copies of the Official Statement (which, together with the cover page, inside cover and appendices contained therein, and any subsequent amendments thereto, 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 2006 Bonds. The County agrees to make no amendments to the Official Statement without providing prior notification to the Managing Underwriter. 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 2006 Bonds, which pledge either the full faith and credit of the County or the Pledged Funds, without giving prior written notice thereof to the Managing Underwriter.

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

(d) The County has full legal right, power and authority to: (i) enter into this Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate and the Insurance Agreement, (ii) adopt the Resolution, (iii) sell, issue and deliver the Series 2006 Bonds to the Underwriters under the Act as provided herein, (iv) acquire, construct and equip the 2006 Project, (v) execute the Official Statement and (vi) carry out and consummate the transactions contemplated by this Purchase Contract, the Resolution, the Registrar and Paying Agency Agreement, Continuing Disclosure Certificate, the Insurance Agreement and the Official Statement, and the County has complied, and at the Closing will be in compliance, in all respects, with the terms of the Act and with the obligations on its part in connection with the issuance of the Series 2006 Bonds contained in the Resolution, the Series 2006 Bonds, the

Registrar and Paying Agency Agreement, the Continuing Disclosure 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 2006 Bonds, this Purchase Contract, the Resolution, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Insurance Agreement and all other obligations on its part in connection with the issuance of the Series 2006 Bonds and the consummation by it of all other transactions contemplated by this Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Official Statement and the Insurance Agreement in connection with the issuance of the Series 2006 Bonds; and upon delivery of the Series 2006 Bonds at the Closing, the Resolution, this Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate and the Insurance Agreement 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 2006 Bonds shall be entitled to the benefits of the Resolution, including a pledge of and lien upon the Pledged Funds in accordance with the provisions of the Resolution, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

(g) The acquisition, construction and equipping of the 2006 Project, the adoption of the Resolution and the authorization, execution and delivery of this Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate, the Insurance Agreement and the Series 2006 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 2006 Bonds.

(k) Except as expressly disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency or public board or body pending or, to the best knowledge of the County, threatened against the County, affecting or seeking to prohibit, restrain or enjoin the acquisition, construction and equipping of the 2006 Project or the sale, issuance or delivery of the Series 2006 Bonds or the receipt of the Local Government Half-Cent Sales Tax or the pledge of and lien on the Pledged Funds or contesting or affecting as to the County the validity or enforceability in any respect of the Series 2006 Bonds, the Resolution, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate or this Purchase Contract, or contesting the tax-exempt status of interest on the Series 2006 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 2006 Bonds, the adoption of the Resolution or the execution and delivery by the County of the Series 2006 Bonds, this Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate or the Insurance Agreement.

(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 2006 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 2006 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 2006 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 2006 Bonds to be applied in a manner contrary to that provided for in the Resolution, and as described in the Official Statement.

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

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

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

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

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

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

SECTION 6. CLOSING. At noon, local time, _____, 2006 (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 2006 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 2006 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 2006 Bonds and the County receiving the items described in conditions (f)(ii), (f)(iv), (f)(vi) through (f)(xiii), (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 Agency Agreement, the

Continuing Disclosure Certificate, the Insurance Agreement, the Official Statement and the Series 2006 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 2006 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 2006 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 2006 Bonds, or the market price generally of obligations of the general character of the Series 2006 Bonds; or

(ii) (A) in the Managing Underwriter's reasonable judgment, the market price of the Series 2006 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 2006 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 2006 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 2006 Bonds or in any way contesting or affecting any authority for or the validity of the Series 2006 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 2006 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 2006 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 2006 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 2006 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 2006 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 2006 Bonds or any securities of the County, any obligations of the general character of the Series 2006 Bonds, and the Resolution, are not exempt from the registration, qualification or other requirements of the Securities Act, and as then in effect or of the Trust Indenture Act, as then in effect, or otherwise, or would be in violation of any provision of the federal securities laws.

In the event that (i) any amendment or supplement to the Official Statement is proposed or deemed necessary by the Managing Underwriter, and (ii) the County notifies the Managing Underwriter that it has determined not to undertake such amendment or supplement, accompanied by a letter from its Bond Counsel and Disclosure Counsel that such firms are prepared to deliver, at the Closing of the Series 2006 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 2006 Bonds than that specified in Section 7(f)(ix) hereof or place the Series 2006 Bonds on a "credit watch" or the equivalent, and/or (B) the Insurer notifies the County and the Managing Underwriter that it will not deliver the Bond Insurance Policy or the Surety Bond or that it will increase the premium for such policies as a result of such disclosure, this Purchase Contract may be terminated by the Managing Underwriter without liability on the part of the Underwriters.

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

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

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

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

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

(A) Resolution No. 2006-_____, adopted by the County on November 14, 2006, has been duly adopted by the County and the Series 2006 Bonds, this Purchase Contract, the Registrar and Paying Agency Agreement, the Continuing Disclosure Certificate and the Insurance Agreement have been duly authorized, executed and delivered by the County, and Resolution No. 86-132, duly adopted by the County on September 30, 1986, as amended, and as supplemented by Resolution No. 89-143, duly adopted by the County on July 27, 1989, as amended by Resolution No. 2006-_____, duly adopted by the County on November 14, 2006 (collectively, the "Resolution"), the Continuing Disclosure Certificate, the Series 2006 Bonds, when duly authenticated, and the Purchase Contract, the Registrar and Paying Agency Agreement and the Insurance Agreement when duly executed by the other parties thereto, constitute valid, legal and binding agreements of the County enforceable in accordance with their respective terms; provided, however, the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally;

(B) the County is a political subdivision duly existing under the Constitution and laws of the State of Florida and has good right and lawful authority to issue the Series 2006 Bonds, to secure the Series 2006 Bonds in the manner and to the extent provided in the Resolution, to carry out its powers under the Act and to perform all of its obligations under the Resolution, the Series 2006 Bonds, the Purchase Contract, the Continuing Disclosure Certificate, the Insurance Agreement and the Registrar and Paying Agency Agreement;

(C) no consent, waiver or any other action by any person, board or body, public or private, other than the approval of the County which has been duly and validly obtained, is required as of the date hereof for the County to issue the Series 2006 Bonds or adopt the Resolution, or to execute and deliver the Purchase Contract, the Registrar and Paying Agency 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 Agency Agreement, the Continuing Disclosure Certificate, the Insurance Agreement and the Series 2006 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, to the best of their knowledge there is no litigation or proceeding, pending, threatened, or challenging the creation, organization or existence of the County, the receipt of the Local Government Half-Cent Sales Tax by the County or the validity of the Series 2006 Bonds, the Purchase Contract, the Registrar and Paying Agency 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 2006 Bonds or to pledge the Pledged Funds for repayment of the Series 2006 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, the information contained therein relating to the Insurer or its Bond Insurance Policy or its Surety Bond or DTC or its book-entry-only system

and the information provided in Appendices A, B, E and F thereof, as to which no views need be expressed);

(G) the use of the Preliminary Official Statement by the Underwriters for the purpose of offering the Series 2006 Bonds for sale has been duly authorized by the County; and

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

(I) the County is lawfully empowered to pledge and grant a lien on the Pledged Funds, for the payment of the principal of, redemption premium, if any, and interest on the Series 2006 Bonds.

(J) for purposes of the opinion, they have assumed that the County has obtained or will be able to obtain all permits and consents that are necessary for the 2006 Project, that the interest on the Series 2006 Bonds is excluded from gross income for federal income tax purposes and that neither the Series 2006 Bonds, the Resolution 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 2006 Bonds, or (II) questioning or affecting the validity of this Purchase Contract, the Series 2006 Bonds, the Resolution, the Registrar and Paying Agency Agreement, the Continuing Disclosure 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 2006 Bonds or (IV) questioning or affecting (1) the organization or existence of the County or the title to office of the officers thereof, (2) the acquisition, construction and equipping of the 2006 Project, or (3) the power or authority of the County to receive the proceeds of the Local Government Half-Cent Sales Tax or (V) asserting that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

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

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

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

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

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

(A) with respect to the information in the Official Statement and based upon said firm's review of the Official Statement, as Bond Counsel, and without having undertaken to determine independently the accuracy or completeness of the contents of the Official Statement, it is of the opinion that the information in the Official Statement under the headings "INTRODUCTION" (other than the information under the subheadings "The County," "Financial Guaranty Insurance Policy," and "Reserve Account Surety Bond" and "Additional Information"), "DESCRIPTION OF THE SERIES 2006 BONDS," (other than the information under the subheading "Book-Entry Only System"), "SECURITY FOR THE BONDS," "TAX MATTERS" (except for the financial and statistical data contained in any such headings, as to which no view need be expressed) and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" insofar as such information purports to be descriptions or summaries of the Resolution, the Series 2006 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 2006 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 Bryant Miller Olive 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 2006 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 2006 Bonds to provide the information at the times and in the manner required by said Rule.

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

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

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

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

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

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

(ix) Letters of Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P," and together with Moody's, the "Rating Agencies") to the effect that the Series 2006 Bonds have been assigned a rating no less favorable than "Aaa" and "AAA," respectively, and underlying ratings of "___" and "___" respectively, which ratings shall be in effect as of the Closing Date.

(x) Duly executed copies of the Bond Insurance Policy, Reserve Account Insurance Policy, the Insurance Agreement, the Registrar and Paying Agency Agreement 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, Reserve Account Insurance Policy and the information relating to the Insurer, the Bond Insurance Policy and Reserve Account Insurance Policy, contained in the Official Statement, in form and substance satisfactory to 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) 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 2006 Bonds are within the Parameters and that the costs of issuance of the Series 2006 Bonds is comparable to or less than the current average issuance costs of Series 2006 Bonds of similar terms and amount.

(xvi) A certificate from an independent certified public accountant as required by Section 3.06(E) of Resolution No. 86-132 of the County, as amended, for the issuance of Additional Bonds.

(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 2006 Bonds and the Underwriters to purchase and to pay for the Series 2006 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 2006 Bonds and the Underwriters to purchase and to pay for the Series 2006 Bonds shall be terminated for any reason permitted by this Purchase Contract, or if the Series 2006 Bonds are not issued and delivered by the County in the year 2006, 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 2006 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 2006 Bonds; (f) any other experts, consultants or advisors retained by the County; (g) fees for bond ratings; (h) the fees and expenses of the Registrar and Paying Agent; and (i) the costs of preparing, printing and delivering the Preliminary Official Statement and the Official Statement and any supplements or amendments thereto. The Underwriters shall pay: (a) the cost of printing and delivery of this Purchase Contract; (b) the cost of all "Blue Sky" and legal

investment memoranda and related filing fees; (c) all advertising expenses, (d) fees and expenses of its counsel and (e) all other expenses incurred by it in connection with the public offering of the Series 2006 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 2006 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 2006 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 2006 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 2006 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 _____, 2006
by the Board of County Commissioners of
St. Johns County, Florida

By: _____

EXHIBIT A

MATURITY SCHEDULE

ST. JOHNS COUNTY, FLORIDA
Sales Tax Revenue Bonds, Series 2006

\$ _____ **Serial Bonds**

<u>Maturity</u> <u>(October 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>
---------------------------------------	---------------	--------------------------------	---------------------------------

\$ _____ % Term Series 2006 Bonds due October 1, 20__ - Yield ____%

Optional Redemption of Series 2006 Bonds

The Series 2006 Bonds maturing prior to October 1, 20____ are not subject to redemption prior to maturity. The Series 2006 Bonds maturing on October 1, 20____, or thereafter may be redeemed prior to maturity at the option of the County as a whole on October 1, 20____ or on any date thereafter, or in part, from such maturity or maturities as the County shall designate and by lot within a maturity, on October 1, 20____, or on any date thereafter, at a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the date set for redemption.

Mandatory Redemption of the Series 2006 Bonds

The Series 2006 Bonds maturing on October 1, 20____, are subject to mandatory redemption in part prior to maturity by lot at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, beginning on October 1, 20____ and on each October 1 thereafter in the years and in the principal amounts corresponding to the Amortization Installments as follows:

<u>Year</u>	<u>Amortization Installments</u>
-------------	----------------------------------

* Final maturity

EXHIBIT B

DISCLOSURE STATEMENT

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

Re: \$_____ St. Johns County, Florida Sales Tax Revenue Bonds, Series
2006

Ladies and Gentlemen:

In connection with the proposed issuance by St. Johns County, Florida of the above-referenced Bonds (the "Series 2006 Bonds"), RBC Dain Rauscher, Inc. (the "Managing Underwriter") and Banc of America Securities (collectively, the "Underwriters") are underwriting a public offering of the Series 2006 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 2006 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 2006 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 2006 Bonds.

(c) The underwriting spread, the difference between the price at which the Series 2006 Bonds will be initially offered to the public by the Underwriters and the price to be paid to the County for the Series 2006 Bonds will be \$_____ per \$1,000 of Series 2006 Bonds issued.

(d) As part of the estimated underwriting spread set forth in Paragraph (c) above, the Underwriters will charge a management fee of \$_____ per \$1,000 of Series 2006 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 2006 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, Sales Tax Revenue Bonds, Series 2006 (the "Series 2006 Bonds") for the principal purposes of (1) financing the cost of acquisition, construction and equipping of various capital improvements within the County, (2) paying the premium for a reserve account insurance policy in order to fund the reserve account requirement and (3) paying certain costs and expenses related to the issuance of the Series 2006 Bonds including the cost of a municipal bond insurance policy. The Series 2006 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 2006 Bonds will be \$_____.

The Series 2006 Bonds and the interest thereon will be payable solely from and secured by a pledge of and prior lien upon the Pledged Funds, which Pledged Funds include proceeds of the Local Government Half-Cent Sales Tax, as such terms are defined in Resolution No. 86-132, duly adopted by the County on September 30, 1986, as previously amended and supplemented, particularly as supplemented by Resolution No. 89-143, duly adopted by the County on July 27, 1989, as amended, and Resolution No. 2006-_____, duly adopted by the Board on November 14, 2006. Authorizing the Series 2006 Bonds will result in an average of \$_____ of the Local Government Half-Cent Sales Tax not being available to finance other projects of the County each year for approximately ____ years.



EXHIBIT D

COMMITMENT TO ISSUE A FINANCIAL GUARANTY INSURANCE POLICY

Application No.: 2006-008125-001

Sale Date: October, 2006(t)

Program Type: Negotiated DP

Re: \$49,810,000 (Est.) St. Johns County, Florida, Sales Tax Revenue Bonds, Series 2006
(the "Obligations")

This commitment to issue a financial guaranty insurance policy (the "Commitment") dated October 27, 2006, constitutes an agreement between ST. 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 October 20, 2006, 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 .2100% 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.

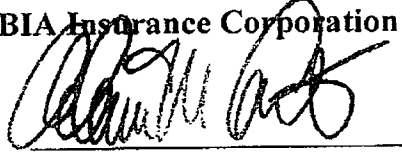
10. The Applicant agrees not to use the Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Insurer's prior consent. In the event that the Applicant is advised by counsel that it has a legal obligation to disclose the Insurer's name in any press release, public announcement or other public document, the Applicant shall provide the Insurer with at least three (3) business days' prior written notice of its intent to use the Insurer's name together with a copy of the proposed use of the Insurer's name and of any description of a transaction with the Insurer and shall obtain the Insurer's prior consent as to the form and substance of the proposed use of the Insurer's name and any such description.

11. This Commitment may be signed in counterpart by the parties hereto.

12. Compliance with the Insurer's General Document Provisions (see attached).

Dated this 27th day of October, 2006.

MBIA Insurance Corporation

By 

Assistant Secretary

ST. 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.



**COMMITMENT TO ISSUE A
DEBT SERVICE RESERVE SURETY BOND**

Application No.: 2006-008125-002

Sale Date: October, 2006(t)

Program Type: Negotiated DP

RE: \$4,000,000 (Est.) Debt Service Reserve Fund for the \$49,810,000 (Est.) St. Johns County, Florida, Sales Tax Revenue Bonds, Series 2006
(the "Obligations")

This commitment to issue a debt service reserve surety bond (the "Commitment") constitutes an agreement between ST. 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 October 20, 2006, 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 \$4,000,000 (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 1.8% of the Total Surety Bond Amount, 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 27th day of October, 2006.

MBIA Insurance Corporation

By

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

Assistant Secretary

ST. 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

[June 30, 2006]

[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, either directly or through subsidiaries, is licensed to do business in the Republic of France, the United Kingdom and the Kingdom of Spain and is subject to regulation under the laws of those jurisdictions.

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, 2005, MBIA had admitted assets of \$11.0 billion (audited), total liabilities of \$7.2 billion (audited), and total capital and surplus of \$3.8 billion (audited), each as determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of June 30, 2006, MBIA had admitted assets of \$11.3 billion (unaudited), total liabilities of \$6.9 billion (unaudited), and total capital and surplus of \$4.3 billion (unaudited), each as 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, 2005 and December 31, 2004 and for each of the three years in the period ended December 31, 2005, 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, 2005 and the consolidated financial statements of MBIA and its subsidiaries as of June 30, 2006 and for the six month periods ended June 30, 2006 and June 30, 2005 included in the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2006, 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, 2005;
and
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.

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, 2005, and (2) the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006 and June 30, 2006 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

City, State
STD-R-FL-7
01/05

Attest:

MBIA Insurance Corporation

President

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

§
NAME OF ISSUER
SERIES DESCRIPTION

CERTIFICATE OF ISSUER AS TO MBIA INSURANCE POLICY

This Certificate is furnished by the _____, as issuer (the "Issuer") of its \$ _____, dated _____ (the "Bonds"), and _____, as paying agent under the Bonds (the "Paying Agent"), for use by MBIA Insurance Corporation ("MBIA") in connection with its issuance of a municipal bond insurance policy No. _____ (the "Policy"), guaranteeing the payment of the principal and interest on the Bonds when due.

The Issuer and the Paying Agent hereby certify as follows:

1. The undersigned acknowledge receipt and review of MBIA's "Payments Under the Policy" provisions with respect to the Policy, attached hereto as Schedule A.
2. The undersigned 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 Schedule A hereto.

IN WITNESS WHEREOF, we have executed this Certificate as of the ____ day of _____

as Issuer

as Paying Agent

By: _____

By: _____

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.

I 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

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

MBIA

5"

3"

2"

1 1/2"

1 1/4"

1"

3/4"

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 _____

Attachment 2
Surety Bond No. [POLICY NO.]

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.]

EXHIBIT E

(Vilano Beach)

THIRD INTERLOCAL REIMBURSEMENT AGREEMENT

This Third Interlocal Reimbursement Agreement (this "Agreement") is entered into on December __, 2006, by and between ST. JOHNS COUNTY, 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 (the "Board") by the adoption of its Resolution 2002-184 established the boundaries of the Vilano Beach Community Redevelopment Area and by the adoption of its Resolution 2002-208 incorporated the boundary areas of the Vilano Beach Community Redevelopment Area into the Agency; and

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

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

WHEREAS, pursuant to Resolution No. 2004-1 adopted on July 27, 2004, the Agency determined to acquire and construct a capital project consisting of the redevelopment of Vilano Beach, including but not limited to the reconstruction of Poplar Avenue and Vilano Road and the opening of Loja Street and related parking, drainage, utility and landscaping improvements (the "2004 Project"), and requested the assistance of the County in obtaining financing for the 2004 Project; and

WHEREAS, the County issued its Sales Tax Revenue Bonds, Series 2004B (the "Series 2004B Bonds"), to finance the cost of the 2004 Project and the costs of issuance relating to the Series 2004B Bonds, and the Agency agreed to reimburse the County for debt service on the Series 2004B Bonds out of the Tax Increment Revenues (as hereinafter defined), all pursuant to the provisions of an Interlocal Reimbursement Agreement dated August 1, 2004, between the County and the Agency (the "Original Interlocal Agreement");

WHEREAS, the cost of the 2004 Project increased and the County authorized a transfer from Transportation Trust Fund Reserves to cover certain additional costs of the 2004 Project (the "Fund Transfer") and in order to induce the County to make the Fund Transfer, the Agency agreed to repay the Fund Transfer out of the Tax Increment Revenues, all in the manner and to the extent described in a Second Interlocal Reimbursement Agreement dated as of March 21, 2006, between the County and the Agency (the "Second Interlocal Agreement"); and

WHEREAS, due to the increased costs of the 2004 Project, the Agency has determined to complete its capital project for the redevelopment of the Vilano Beach Redevelopment Area, including a second phase of the 2004 Project (the "2006 Project"), and has requested the assistance of the County in obtaining financing for the 2006 Project; and

WHEREAS, the County proposes to issue its Sales Tax Revenue Bonds, Series 2006 (the "Bonds"), authorized to be issued pursuant to Resolution No. 2006-___ of the County adopted November 14, 2006 (the "Bond Resolution"), to finance, among other things, the cost of the 2006 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 Vilano Beach Account (the "Tax Increment Revenues") (which Tax Increment Revenues will be derived from the revenues received by the Agency and deposited into the Vilano Beach 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 2006 Project (the "Vilano Beach Bonds") and the financing of the 2006 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 2006 Project. To the extent the cost of the 2006 Project exceeds the funds available from the proceeds of the Vilano Beach Bonds for the 2006 Project, the 2006 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 2006 Project and the costs of issuance relating to the Bonds. In consideration of the financing of the cost of the 2006 Project by the County through the Bonds, the Agency will pay the Tax Increment Revenues to the County.

C. Commencing with the issuance of the Bonds under the Bond Resolution, the Agency shall immediately deposit or cause to be deposited all Tax Increment Revenues received by the Agency after the date of the issuance of the Bonds with the County in amounts sufficient, together with amounts currently deposited in the Vilano Beach Account, to timely pay all amounts due under the Original Interlocal Agreement and the Second Interlocal Agreement as described therein (the "Prior Agency Obligations") and the following (the "2006 Agency Obligations"):

(i) all current debt service on the Vilano Beach 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 Vilano Beach Bonds (including the costs of issuance of the Vilano Beach Bonds) or necessary in order to preserve the exclusion of interest on the Vilano Beach 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 Vilano Beach 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 2006 Agency Obligations specified in clauses (i), (ii) and (iii) above shall survive the date on which the Vilano Beach Bonds are no longer Outstanding under the Bond Resolution.

Any amounts received by the Agency in excess of the amount necessary to pay the Prior Agency Obligations and the 2006 Agency Obligations as 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 2006 Agency Obligations, the Agency hereby pledges to the County the Tax Increment Revenues which pledge shall be on a parity with the pledge thereon in favor of Prior Agency Obligations but otherwise prior and superior to all other pledges thereof; *provided, however*, that the tax increment revenues which derive from redevelopment areas other than Vilano Beach Community Redevelopment Area are not pledged in any manner to secure the 2006 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 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 Vilano Beach Bonds are outstanding, and until the payment in full by the Agency of its indebtedness to the County for the 2006 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 2006 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.

G. In accordance with the Original Interlocal Agreement and the Second Interlocal Agreement, the County by execution of this Agreement hereby consents to the Agency incurring the 2006 Agency Obligations hereunder.

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 2006 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 2006 Agency Obligations shall be payable solely from the Tax Increment Revenues to be received by the Agency and deposited into the Vilano Beach 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.

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 Vilano Beach Bonds

EXHIBIT F

(West Augustine)

SECOND INTERLOCAL REIMBURSEMENT AGREEMENT

This Second Interlocal Reimbursement Agreement (this "Agreement") is entered into on December __, 2006, by and between ST. JOHNS COUNTY, 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 (the "Board") 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 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, pursuant to Resolution No. 2005-2 adopted on July 20, 2005, the Agency 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 "2005 Project"), and requested the assistance of the County in obtaining financing for the 2005 Project; and

WHEREAS, the County issued its Capital Improvement Revenue and Refunding Bonds, Series 2005 (the "Series 2005 Bonds"), to finance, among other things, the cost of the 2005 Project and the costs of issuance relating to the portion of the Series 2005 Bonds allocated to the 2005 Project (such portion of the Series 2005 Bonds allocated for the 2005 Project and such costs of issuance, the "West Augustine 2005 Bonds"), and the Agency agreed to reimburse the County for debt service on the West Augustine 2005 Bonds out of the Tax Increment Revenues (as hereinafter defined), all pursuant to the provisions of an Interlocal Reimbursement Agreement dated August 23, 2005, between the County and the Agency (the "Original Interlocal Agreement");

WHEREAS, the Agency has determined to undertake an additional capital project for the redevelopment of West Augustine, including the acquisition and construction of tournament quality ball fields for baseball, soccer and youth activities (the "2006 Project"), and has requested the assistance of the County in obtaining financing for the 2006 Project; and

WHEREAS, the County proposes to issue its Sales Tax Revenue Bonds, Series 2006 (the “Bonds”), authorized to be issued pursuant to Resolution No. 2006-___ of the County adopted November 14, 2006 (the “Bond Resolution”), to finance, among other things, the cost of the 2006 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 2006 Project (the “West Augustine Bonds”) and the financing of the 2006 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 2006 Project. To the extent the cost of the 2006 Project exceeds the funds available from the proceeds of the West Augustine Bonds for the 2006 Project, the 2006 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 2006 Project and the costs of issuance relating to the Bonds. In consideration of the financing of the cost of the 2006 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 all amounts due under the Original Interlocal

Agreement as described therein (the “2005 Agency Obligations”) and the following (the “2006 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 2006 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 2005 Agency Obligations and the 2006 Agency Obligations as 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 2006 Agency Obligations, the Agency hereby pledges to the County the Tax Increment Revenues which pledge shall be on a parity with the pledge thereon in favor of 2005 Agency Obligations but otherwise 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 2006 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 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 2006 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 2006 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.

G. In accordance with the Original Interlocal Agreement, the County by execution of this Agreement hereby consents to the Agency incurring the 2006 Agency Obligations hereunder.

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," "hereinafter," "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

2006 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 2006 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.

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 G

See Appendix D of Exhibit B