

RESOLUTION NO. 2006- 443

A RESOLUTION AMENDING AND SUPPLEMENTING RESOLUTION NO. 92-103 ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, ON JUNE 23, 1992 AND TITLED: "A RESOLUTION OF ST. JOHNS COUNTY, FLORIDA, PROVIDING FOR THE REFUNDING OF THE COUNTY'S OUTSTANDING TRANSPORTATION IMPROVEMENT REVENUE BONDS, SERIES 1988; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$12,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF TRANSPORTATION IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 1992, TO FINANCE THE COST THEREOF AND PAY THE COSTS OF ISSUANCE OF SUCH REFUNDING BONDS; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH REFUNDING BONDS THE COUNTY'S PORTION OF THE PROCEEDS OF THE SIX-CENT LOCAL OPTION GAS TAX DISTRIBUTED TO THE COUNTY AND ITS MUNICIPALITIES, ALL MONEYS ON DEPOSIT IN AND INVESTMENTS HELD FOR THE CREDIT OF CERTAIN FUNDS CREATED HEREUNDER AND THE EARNINGS ON SUCH INVESTMENTS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF SUCH REFUNDING BONDS; AND PROVIDING AN EFFECTIVE DATE" AS PREVIOUSLY AMENDED AND SUPPLEMENTED; AMENDING SAID RESOLUTION NO. 92-103 TO INCLUDE AS ADDITIONAL PLEDGED FUNDS THEREUNDER THE COUNTY'S PORTION OF THE PROCEEDS OF THE CONSTITUTIONAL FUEL TAX AND TO MODIFY THE ADDITIONAL BONDS PROVISIONS THEREIN; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$37,000,000 AGGREGATE PRINCIPAL AMOUNT OF TRANSPORTATION IMPROVEMENT REVENUE BONDS, SERIES 2006, TO FINANCE ALL OR A PART OF THE COST OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN CAPITAL TRANSPORTATION PROJECTS WITHIN ST. JOHNS COUNTY, FLORIDA; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2006 BONDS WITH THE COUNTY'S PORTION OF THE PROCEEDS OF THE SIX-CENT LOCAL OPTION FUEL TAX AND THE CONSTITUTIONAL FUEL TAX;

AUTHORIZING A NEGOTIATED SALE AND THE AWARD OF THE SALE OF THE SERIES 2006 BONDS, AND APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A PURCHASE CONTRACT WITH RESPECT TO THE SERIES 2006 BONDS; AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT WITH RESPECT TO THE SERIES 2006 BONDS; APPOINTING THE REGISTRAR AND PAYING AGENT FOR THE SERIES 2006 BONDS AND APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A REGISTRAR AND PAYING AGENT AGREEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE; RATIFYING THE COUNTY'S ACCEPTANCE OF THE INSURER'S COMMITMENTS RELATING TO A BOND INSURANCE POLICY AND A RESERVE ACCOUNT INSURANCE POLICY WITH RESPECT TO THE SERIES 2006 BONDS AND, AS TO THE RESERVE ACCOUNT INSURANCE POLICY, THE PARITY OBLIGATIONS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF THE SERIES 2006 BONDS; AND PROVIDING AN EFFECTIVE DATE.

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

ARTICLE 1

GENERAL

Section 1.1 Definitions.

When used in this Supplemental Resolution, the terms defined in the Original Resolution shall have the respective meanings assigned to such terms in the Original Resolution and the following terms shall have the following meanings, unless the context clearly otherwise requires:

“2006 Project” shall mean all or part of the capital transportation projects described in Exhibit A attached hereto and incorporated herein, to be financed with the proceeds of the Series 2006 Bonds, consisting of expenditures for transportation capital projects in the County described in the program areas listed in Section 336.025, Florida Statutes, as amended (which are consistent with the requirements of Section 206.47, Florida Statutes, as amended), including construction and reconstruction of roads, construction and acquisition of road improvements, and repairs to various bridges, with such changes, deletions, additions or modifications as shall be designated and approved by Supplemental Resolution in accordance with the Act, provided the Issuer receives an opinion of Bond Counsel to the effect that the exclusion of interest on the Series 2006 Bonds from gross income for federal income taxes will not be adversely affected by such Supplemental Resolution.

“2006 Reserve Policy” shall mean the Reserve Account Insurance Policy to be issued by the Insurer relating to the Series 2006 Bonds, the Series 2003 Bonds and any Additional Bonds.

“Act” shall mean Section 125, Part I, Florida Statutes, as amended; St. Johns County Ordinance No. 86-89, as amended; Section 336.025, Florida Statutes, as amended; and other applicable provisions of law.

“Bonds” shall mean the Series 2006 Bonds, the Parity Obligations and any Additional 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 Bond certificates in fully-registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Bond certificates “immobilized” in the custody of the Depository.

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

“Continuing Disclosure Certificate” shall mean the Continuing Disclosure Certificate of the Issuer with respect to the Series 2006 Bonds, substantially in the form on file with the Clerk as Exhibit G and incorporated herein by reference.

“County Administrator” shall mean the County Administrator of 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 Series 2006 Bonds, and to effect transfers of 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 preliminary official statement relating to the Series 2006 Bonds, substantially in the form on file with the Clerk as Exhibit E and incorporated herein by reference.

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

“Financial Guaranty Insurance Policy” shall mean the Bond Insurance Policy to be issued by the Insurer insuring the payment when due of the principal of and interest on the Series 2006 Bonds as provided therein.

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

“Insurer” shall mean Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

“Original Resolution” shall mean Resolution No. 92-103 adopted by the Governing Body on June 23, 1992, as heretofore amended and supplemented.

“Parity Obligations” shall mean the Issuer’s outstanding Transportation Improvement Revenue Refunding Bonds, Series 2002 and the Series 2003 Bonds.

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

“Registrar and Paying Agent Agreement” shall mean, with respect to the Series 2006 Bonds, the Registrar and Paying Agent Agreement, between the Issuer and the Registrar and Paying Agent, substantially in the form on file with the Clerk as Exhibit F and incorporated herein by reference.

“Registrar and Paying Agent” shall mean, with respect to the Series 2006 Bonds, the Person designated to act as Registrar and Paying Agent, under the Registrar and Paying Agent Agreement pursuant to Section 5.3 hereof and its successors and assigns.

“Reserve Account Surety Agreement” shall mean the Guaranty Agreement between the Issuer and the Insurer in substantially the form attached to the commitment of the Insurer relating to the 2006 Reserve Policy.

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

“Series 2003 Bonds” shall mean the Issuer’s outstanding Transportation Improvement Revenue Bonds, Series 2003.

“Series 2006 Bonds” shall mean the Issuer’s Transportation Improvement Revenue Bonds, Series 2006, authorized to be issued pursuant to Section 2.1 hereof.

“Underwriters” shall mean RBC Dain Rauscher Inc. (as senior manager) and A. G. Edwards & Sons, Inc.

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

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

Section 1.2 Authority for Supplemental Resolution.

This Supplemental Resolution is adopted pursuant to the provisions of the Act, the Original Resolution and other applicable provisions of law and amends and supplements the Original Resolution.

Section 1.3 Supplemental Resolution to Constitute Contract.

In consideration of the purchase and acceptance of any or all of the Series 2006 Bonds by those who shall hold the same from time to time, the provisions of this Supplemental Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Series 2006 Bonds and shall be a part of the contract of the Issuer with any Insurer for the Series 2006 Bonds. The pledge made in this Supplemental Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Series 2006 Bonds and for the benefit, protection and security of any Insurer for the Series 2006 Bonds. All of the Series 2006 Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Series 2006 Bonds over any other thereof except as expressly provided in or pursuant to this Supplemental Resolution.

#### Section 1.4 Findings.

It is hereby ascertained, determined and declared as follows:

(A) The Governing Body duly adopted the Original Resolution, and the Issuer deems it necessary, desirable and in the best interests of the Issuer that the Original Resolution be amended as hereinafter provided in order to increase Pledged Funds and modify the provisions relating to Additional Bonds, thereby facilitating the issuance of Additional Bonds and potentially reducing the Issuer's borrowing costs.

(B) In accordance with Section 7.03 of the Original Resolution, (i) the Issuer has received from the Insurer (who is also the insurer of the Parity Obligations) the written consent to the amendments effected hereby and acknowledgment that its Bond Insurance Policies relating to the Parity Obligations (the "Parity Policies") remain in full force and effect and (ii) the Financial Advisor has advised the Issuer by letter that (x) it has sent, on behalf of the Issuer, notice of such amendments to Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's") at least 15 days prior to the adoption of this Supplemental Resolution, (y) the Insurer is not in default under the Parity Policies and (z) the Parity Obligations will be rated by S&P and Moody's at the time of such amendment no lower than the rating assigned to the Parity Obligations at the time of their issuance. Copies of such consent and letter are on file with the Clerk as Exhibit B and incorporated herein by reference.

(C) The Issuer deems it necessary, desirable and in the best interests of the Issuer that the 2006 Project be acquired, constructed and installed.

(D) The Issuer deems it necessary, desirable and in the best interests of the Issuer that the issuance of the Series 2006 Bonds be authorized as provided herein for the purpose of financing of the 2006 Project.

(E) The Original Resolution, in Section 5.02 thereof, provides for the issuance of Additional Bonds payable from the Pledged Funds under the terms, limitations and conditions provided therein. The Issuer will issue the Series 2006 Bonds as Additional Bonds within the authorization contained in Section 5.02 of the Resolution.

(F) The Issuer deems it necessary, desirable and in the best interest of the Issuer that the Pledged Funds be pledged to the payment of the principal of and interest on the Series 2006 Bonds. No part of the Pledged Funds has been pledged or encumbered in any manner except pursuant to the Resolution. Pursuant to the Resolution, the Pledged Funds have been and are hereby pledged also to the payment of the principal of and interest on the Parity Obligations. 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. Each and every provision of the Original Resolution shall be applicable to the Series 2006 Bonds to the same extent as it is applicable to the Parity Obligations.

(G) The estimated Pledged Funds will be sufficient to pay the principal of and interest on the Series 2006 Bonds, as the same become due, and all other payments provided for in the Resolution.

(H) The principal of and interest on the Series 2006 Bonds and all other payments provided for in the Resolution will be paid solely from the sources provided in the Resolution in accordance with the terms thereof; and no ad valorem taxing power of the Issuer will ever be exercised nor will any Holder of any Series 2006 Bond or any Insurer have the right to compel the exercise of such ad valorem taxing power to pay the principal of or interest on the Series 2006 Bonds or to make any other payments provided for in the Resolution, and the Series 2006 Bonds shall not constitute a lien upon any property of the Issuer or any property situated within its corporate territorial limits, except the Pledged Funds.

(I) The Issuer is advised that due to the present volatility of the market for 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 into the market at the most advantageous time, rather than any specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rates and other terms for the Series 2006 Bonds and, accordingly, the Issuer does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Series 2006 Bonds be authorized.

(J) The Underwriters have (through the senior manager) orally represented to the Issuer that the Underwriters will use their best 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 Issuer as hereinafter authorized, and it is in the best financial interest of the Issuer to accept the offer of the Underwriters to purchase the Series 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 Underwriters, the Series 2006 Bonds shall be sold to the Underwriters pursuant to the terms and provisions of the Purchase Contract.

(K) The Issuer is advised that because the terms of the Series 2006 Bonds cannot be determined on the date of adoption of this Resolution, it is in the best interest of the Issuer to delegate to the Chairman or the County Administrator in the manner hereinafter provided, the authority to determine the terms of the Series 2006 Bonds not specified herein, including but not limited to their date, amortization schedule, maturity date and interest rates.

(L) It is appropriate that the Issuer approve the Draft Preliminary Official Statement for the purpose of acquainting potential investors with pertinent information with respect to the Issuer and the Series 2006 Bonds and that the Issuer approve and 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 Draft Preliminary Official Statement be approved and that preparation and distribution of a preliminary official statement and a final official statement in the manner hereinafter provided be authorized in substantially the form of the Draft Preliminary Official Statement on file with the Clerk as Exhibit E and incorporated herein by reference, the final form thereof to be approved by the Chairman at any time at or prior to the issuance of the Series 2006 Bonds.

(M) It is necessary and appropriate that the Issuer appoint a Registrar and Paying Agent for the Series 2006 Bonds. In order to provide for the services of a Registrar and

Paying Agent for the Series 2006 Bonds, it is necessary and appropriate that the Issuer authorize the execution and delivery of the Registrar and Paying Agent Agreement between the Issuer and the Registrar and Paying Agent in the manner hereinafter provided.

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

(O) The Issuer has received from the Insurer its commitments to provide the Financial Guaranty Insurance Policy and a Reserve Account Insurance Policy, both with respect to the Series 2006 Bonds and, as to the Reserve Account Insurance Policy with respect to the Parity Obligations. 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.

Section 1.5 Authorization of 2006 Project.

The acquisition, construction and installation of the 2006 Project in the manner provided herein is hereby authorized. The 2006 Project shall for all purposes constitute a Project under the provisions of the Original Resolution.

Section 1.6 Ratification of Acceptance of Insurance Commitments.

The Issuer hereby ratifies the acceptance of the Insurer's commitments to provide the Financial Guaranty Insurance Policy and a Reserve Account Insurance Policy, both with respect to the Series 2006 Bonds and, as to the Reserve Account Insurance Policy with respect to the Parity Obligations, copies of which commitments are on file with the Clerk as Exhibit C.

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

ARTICLE 2

AMENDMENTS

Section 2.1 Amendments.

(A) The definition of "Gas Tax Revenues" contained in Section 1.01 of the Original Resolution is hereby amended to read as follows (*the underlined material represents additions; strike-throughs represent deletions*):

“Gas Tax Revenues” shall mean (A) the Issuer’s portion of the six-cent local option fuel gas tax distributed to the Issuer and the municipalities of St. Johns County by the Florida Department of Revenue from the State Local Option Fuel Gas Tax Trust Fund pursuant to and in the manner authorized by Section 336.025, Florida Statutes, as amended, and (B) the 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 which is distributed to the Issuer by the State Board of Administration pursuant to and in the manner authorized by Article XII, Section 9(c)(5) of the Constitution of the State of Florida, and Sections 206.47 and 336.024, Florida Statutes, as amended.

(B) Section 5.02 of the Original Resolution is hereby amended to add the following:

“(G) In the event that one or more of the taxes that produce revenues that compose the Gas Tax Revenues is scheduled to expire during the term of any Additional Bonds proposed to be issued by the Issuer, then prior to the delivery of the proposed Additional Bonds there shall have been obtained and filed with the Issuer a certificate of an Authorized Issuer Officer that the amount of Gas Tax Revenues is anticipated to be equal to at least 1.35 times the Maximum Debt Service Requirement calculated for each of the Bond Years including and following such expiration date.”

Section 2.2 Application of Amendment; Original Resolution to Remain in Full Force and Effect.

The amendments to the Original Resolution effected by Section 2.1 of this Supplemental Resolution shall apply to all Parity Obligations and Additional Bonds. The payment of the principal of and interest on the Parity Obligations and any Additional Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds, as amended pursuant to Section 2.1 of this Supplemental Resolution. Except as amended and supplemented hereby, the Original Resolution shall remain in full force and effect.

### ARTICLE 3

#### AUTHORIZATION AND TERMS OF SERIES 2006 BONDS

Section 3.1 Authorization of Series 2006 Bonds.

A Series of Bonds entitled to the benefit, protection and security of the Resolution is hereby authorized to be issued in an aggregate principal amount not to exceed \$37,000,000 for the purpose of providing the Issuer with sufficient funds for the 2006 Project and paying certain costs of issuance incurred with respect to such Series. Such Series shall be designated as, and shall be distinguished from the Bonds of all other Series by the title “St. Johns County, Florida, Transportation Improvement Revenue Bonds, Series 2006”; 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 3.2 Description of Series 2006 Bonds.

The Series 2006 Bonds shall be dated as of the date of the delivery of the Series 2006 Bonds to the purchaser or purchasers thereof or as otherwise provided in the Purchase Contract; shall be issued as fully registered Bonds; and shall be numbered consecutively from one upward in order of maturity preceded by the letter “R”; shall be in denominations of \$5,000 and integral multiples thereof; shall bear interest at a rate or rates not exceeding the maximum rate per annum permitted by law (calculated on the basis of a 360-day year of twelve 30-day months); shall be payable in such manner and on such dates; shall consist of such amounts of Serial Bonds and Term Bonds, maturing in such amounts and in such years; shall be subject to redemption prior to their stated maturities; and shall have such other terms as provided in the form of Series 2006 Bonds set forth in Section 3.6 hereof and as set forth in the Purchase Contract.

### Section 3.3 Payment of Series 2006 Bonds.

The principal of the Series 2006 Bonds is payable upon presentation and surrender of the Series 2006 Bonds at the office of the Paying Agent. Interest payable on any Series 2006 Bond on any Interest Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Series 2006 Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or at the option of the Paying Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. In the event the interest payable on any Series 2006 Bond is not punctually paid or duly provided for by the Issuer on such Interest Date, such defaulted interest will be paid to the Holder in whose name such Series 2006 Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Holder, not less than 10 days preceding such special record date. All payments of principal of and interest on the Series 2006 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

From and after any maturity date (deposit of moneys for the payment of the principal and interest on such Series 2006 Bonds having been made by the Issuer), 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 Resolution.

Any moneys deposited with the Paying Agent for the payment of the principal of or interest on any Series 2006 Bond and remaining unclaimed for three years after the date on which such payment have become due shall be treated as abandoned property pursuant to applicable provisions of State law and the Paying Agent shall report and remit this property to the State escheat fund, and thereafter the Holder shall look only to the State escheat fund for

payment and then only to the extent of the amounts so received, without any interest thereon and the Paying Agent and Issuer shall have no responsibility with respect to such moneys.

#### Section 3.4 Book-Entry Only.

A Depository may act as securities depository for the Series 2006 Bonds. The ownership of one fully-registered, certificated 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 service 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 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 interests 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 Bonds; (iii) any notice which is permitted or required to be given to Holders pursuant to this Supplemental Resolution; or (iv) any consent given or other action taken by the Depository as Holder.

#### Section 3.5 Application of Series 2006 Bond Proceeds.

The proceeds derived from the sale of the Series 2006 Bonds, including accrued interest, if any, shall, simultaneously with the delivery of the Series 2006 Bonds to the purchaser or purchasers thereof, be applied by the Issuer as follows:

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

(B) An amount shall be deposited in the Reserve Account which, together with any moneys or securities therein and any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit obtained in accordance with Section 4.05(A)(4) of the Original 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, Florida, Transportation Improvement 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, consulting fees, legal fees, bond insurance premium, Reserve Account Insurance Policy premium (including that portion of the premium attributable to the Parity Obligations), 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 2006 Project Account (as defined in Section 3.5(D) below and the Costs of Issuance Account shall be closed. After the Costs of Issuance Account shall be closed, the Issuer may pay from the 2006 Project Account any unpaid issuance expenses.

(D) The Issuer covenants and agrees to establish a separate account with an Authorized Depository to be known as the "St. Johns County, Florida, Transportation Improvement Revenue Bonds, Series 2006, 2006 Project Account" (the "2006 Project Account"), which shall be used only for the payment of the Costs of the 2006 Project as provided in Section 4.03 of the Original Resolution. The balance of the Series 2006 Bonds shall be deposited in the 2006 Project Account.

The Issuer shall also deposit in the 2006 Project Account any moneys from the Reserve Account which are no longer required to be retained therein in accordance with Section 4.05(A)(4) of the Original Resolution to meet the Reserve Account Requirement by reason of the deposit in the Reserve Account of a Reserve Account Insurance Policy, the premium for which is paid out of the proceeds of the Series 2006 Bonds.

### Section 3.6 Form of Series 2006 Bonds.

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

[The remainder of this page is intentionally left blank.]

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

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

UNITED STATES OF AMERICA  
STATE OF FLORIDA  
COUNTY OF ST. JOHNS  
TRANSPORTATION IMPROVEMENT REVENUE BOND, SERIES 2006

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____ %	_____, ____	_____, 200_	_____

REGISTERED HOLDER:

PRINCIPAL AMOUNT:

KNOW ALL MEN BY THESE PRESENTS, that St. Johns County, a political subdivision of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the sources of payment hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, the Principal Amount identified above on the Maturity Date identified above and interest (calculated on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above on April 1 and October 1 of each year, commencing \_\_\_\_\_ 1, 200\_, until such Principal Amount shall have been paid or provided for.

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. Such Principal Amount on this bond, is payable, upon presentation and surrender hereof, at the principal office of Commerce Bank, National Association, as paying agent, or such other paying agent as the Issuer shall hereafter duly appoint (the "Paying Agent"). Payment of each installment of interest shall be made to the person in whose name this bond shall be registered on the registration books of the Issuer maintained by Commerce Bank, National Association, as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "Registrar"), at the close of business on the date which shall be the 15th day (whether or not a business day) of the calendar month next preceding each interest payment date and shall be paid by a check or draft of the Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the option of the Paying Agent, and at the request and expense of such Registered Holder, by bank wire transfer for the account of such Holder. In the event interest payable on this bond is not punctually paid or duly provided for by the Issuer on such interest payment date, payment of each installment of such defaulted interest shall be made to the person in whose name this bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as

established by notice to such Registered Holder, not less than 10 days preceding such special record date.

This bond is one of an authorized issue of bonds of the Issuer in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, denomination and number, issued for the purpose of (i) financing all or a portion of the cost of the acquisition, construction and installation of certain capital transportation improvements within St. Johns County, Florida, (ii) funding a debt service reserve fund for the Bonds and certain other bonds through the purchase of a debt service reserve account insurance policy, and (iii) paying the cost of issuing the Bonds. The Bonds are issued under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No. 86-89, as amended, Section 336.025, Florida Statutes, as amended, and other applicable provisions of law, and Resolution No. 92-103 duly adopted by the Board of County Commissioners of the Issuer on June 23, 1992, as amended and supplemented, particularly as amended and supplemented by Resolution No. 2006-\_\_ duly adopted by the Board of County Commissioners of the Issuer on \_\_\_\_\_, 2006 (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution.

The principal of and interest on this bond are payable solely from and secured by a prior lien upon and a pledge of (A) the Issuer's portion of the six-cent local option fuel tax distributed to the Issuer and the municipalities of St. Johns 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) the 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 which is distributed to the Issuer by the State Board of Administration pursuant to and in the manner authorized by Article XII, Section 9(c)(5) of the Constitution of the State of Florida, and Sections 206.47 and 336.024, Florida Statutes, as amended, and, until applied in accordance with the provisions of the Resolution, the proceeds of the Bonds and all moneys, including investments thereof, in certain of the funds and accounts established pursuant to the Resolution, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). It is expressly agreed by the Registered Holder of this bond that the full faith and credit of the Issuer is not pledged to the payment of the principal of or interest on this bond and that the Registered Holder shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer to the payment of such principal and interest. This bond and the obligation evidenced hereby shall not constitute a lien upon any other property of the Issuer, except the Pledged Funds, and shall be payable solely from the Pledged Funds in accordance with the terms of the Resolution.

The Bonds are payable on a parity, equally and ratably, from the Pledged Funds with the Issuer's outstanding Transportation Improvement Revenue Refunding Bonds, Series 2002 and Transportation Improvement Revenue Bonds, Series 2003.

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

[Insert redemption provisions]

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

This bond is and has all the qualities of a negotiable instrument under the laws of the State of Florida, but may be transferred only in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the office of the Registrar by the Registered Holder hereof in person or by such Holder's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or such Holder's attorney duly authorized in writing, and thereupon a new bond or bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, prescribed in the Resolution. Each of the Bonds is issuable in fully registered form in the denomination of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount of the Bonds having the same maturity. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this bond as the absolute owner hereof for all purposes, whether or not this bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer and the Registrar shall not be obligated to make any exchange or transfer of Bonds during the 15 days next preceding an interest payment date.

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

The Bonds are issuable only as fully-registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co., as nominee of DTC, which shall be considered to be the Registered Holder for all purposes of the Resolution,

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

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

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

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

IN WITNESS WHEREOF, St. Johns County, Florida, has issued this bond and has caused the same to be executed by the manual or facsimile signature of the Chairman of its Board of County Commissioners and attested and countersigned by the manual or facsimile signature of the Clerk of said Board and its official seal or a facsimile thereof to be affixed or reproduced hereon, all as of the \_\_\_ day of \_\_\_\_\_, 200\_.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

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

ATTESTED AND COUNTERSIGNED

---

Clerk, Board of County Commissioners

CERTIFICATE OF AUTHENTICATION

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

DATE OF AUTHENTICATION:

COMMERCE BANK, NATIONAL  
ASSOCIATION, Registrar

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

## STATEMENT OF INSURANCE

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

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

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

UNIF TRANS MIN ACT \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)

under Uniform Transfers to Minors

Act \_\_\_\_\_  
(State)

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

ASSIGNMENT

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

---

Insert Social Security or Other  
Identifying Number of Assignee

---

(Name and Address of Assignee)

---

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

Dated: \_\_\_\_\_

Signature Guaranteed:

---

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

---

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

## ARTICLE 4

### COVENANTS AND SECURITY FOR SERIES 2006 BONDS

#### Section 4.1 Series 2006 Bonds not to be 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 any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds in accordance with the terms of this Supplemental Resolution and the Original Resolution. No Holder of any Series 2006 Bond or any Insurer shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay such Series 2006 Bond or shall be entitled to payment of such Series 2006 Bond from any moneys of the Issuer except the Pledged Funds, in the manner provided herein and in the Original Resolution.

#### Section 4.2 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 lien upon the Pledged Funds. The Pledged Funds shall be subject to the lien of this pledge immediately upon the issuance and delivery of the Series 2006 Bonds, without any physical delivery by the Issuer of the Pledged Funds or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind against the Issuer, in tort, contract or otherwise. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Series 2006 Bonds and the Parity Obligations in the manner provided by this Supplemental Resolution and the Original Resolution. The Series 2006 Bonds are payable from the Pledged Funds on a parity, equally and ratably, with the Parity Obligations.

The Issuer reserves the right, with the prior written consent of the Insurer of each Series of Outstanding Bonds, to amend the Resolution pursuant to a Supplemental Resolution adopted in accordance with the requirements of the Resolution, to provide for the pledge of additional legally available non-ad valorem revenues as additional pledged revenues under the Resolution.

#### Section 4.3 Application of Provisions of Original Resolution.

This Supplemental Resolution is supplemental to the Original Resolution. The terms and provisions of the Original Resolution, as amended and supplemented hereby, shall remain in full force and effect and be applicable with respect to the Series 2006 Bonds. The Series 2006 Bonds shall for all purposes be considered to be Additional Bonds issued under the authority of Section 5.02 of the Original Resolution and shall be entitled to all the protection, security, rights and privileges provided in and by the Original Resolution for Outstanding Bonds.

#### Section 4.4 Bond Insurance Policy.

Notwithstanding any provision to the contrary contained herein, the following provisions shall apply so long as the Financial Guaranty Insurance Policy with respect to the Series 2006 Bonds issued by the Insurer shall be in full force and effect:

(A) Any provision of this Resolution expressly recognizing or granting rights in or to the Insurer may not be amended in any manner which affects the rights of the Insurer hereunder without the prior written consent of the Insurer.

(B) Unless otherwise provided in this Section, the Insurer's consent shall be required in addition to Holder consent, when required, for the following purposes: (i) execution and delivery of any supplemental resolution (other than a supplemental resolution authorizing the issuance of Additional Bonds as permitted by the Resolution) or any amendment, supplement or change to or modification of the Resolution, (ii) removal of the Registrar or Paying Agent and selection and appointment of any successor registrar or paying agent required in those transactions in which the Resolution provides for a registrar or paying agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Holder consent.

(C) Any reorganization or liquidation plan with respect to the Issuer must be acceptable to the Insurer. In the event of any reorganization or liquidation, the Insurer shall have the right to vote on behalf of all Holders who hold the Insurer-insured Series 2006 Bonds absent a default by the Insurer under the applicable Financial Guaranty Insurance Policy insuring such Series 2006 Bonds.

(D) Anything in this Resolution to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined in the Resolution, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders for the benefit of the Holders under the Resolution.

(E) The Issuer shall furnish to the Insurer (to the attention of the Surveillance Department of the Insurer, unless otherwise indicated):

(1) as soon as practicable after the filing thereof, a copy of any financial statement of the Issuer and a copy of any audit and annual report of the Issuer;

(2) such additional information it may reasonably request;

(3) a copy of any notice to be given to the registered owners of the Series 2006 Bonds, including, without limitation, notice of any redemption of or defeasance of Series 2006 Bonds, and any certificate rendered pursuant to the Resolution relating to the security for the Series 2006 Bonds; and

(4) all notices to be provided pursuant to the Continuing Disclosure Certificate relating to the Series 2006 Bonds.

(F) The Issuer shall furnish to the Insurer (to the attention of the General Counsel Office of the Insurer, unless otherwise indicated):

(1) notice of any failure by the Issuer to provide any notices certificates or filings required to be provided pursuant to the Resolution; and

(2) notwithstanding any other provision of the Resolution, the Issuer shall immediately notify the Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default hereunder.

(G) The Issuer will permit the Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Insurer may reasonably request regarding the security for the Series 2006 Bonds with appropriate officers of the Issuer. The Issuer will permit the Insurer to have access to and to make copies of all books and records relating to the Series 2006 Bonds at any reasonable time.

(H) The Insurer shall have the right to direct an accounting at the Issuer's expense, and the Issuer's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 2006 Bonds.

(I) Moneys in the funds and accounts established by the Resolution may be invested in the investments described below, to the extent the same shall be permitted from time to time by applicable laws of the State;

(1) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including: U.S. treasury obligations; all direct or fully guaranteed obligations; Farmers Home Administration; General Services Administration; Guaranteed Title XI financing; Government National Mortgage Association (GNMA); and State and Local Government Series.

(2) Obligations of Government – Sponsored Agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Mortgage Corp. (FHLMC) Debt obligations; Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives); Federal Home Loan Banks (FHL Banks); Federal National Mortgage Association (FNMA) Debt obligations; Financing Corp. (FICO) Debt obligations; Resolution Funding Corp. (REFCORP) Debt obligations; and U.S. Agency for International Development (U.S. A.I.D.) Guaranteed notes (U.S.A.I.D. securities must mature at least four business days before the appropriate payment date).

(3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: Export-Import Bank; Rural Economic Community Development Administration; U.S. Maritime Administration; Small Business Administration; U.S. Department of Housing & Urban Development (PHAs); Federal Housing Administration; and Federal Financing Bank.

(4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC); Obligations of the Resolution Funding Corporation (REFCORP); Senior debt obligations of the Federal Home Loan Bank System; and Senior debt obligations of other Government Sponsored Agencies approved by the Insurer.

(5) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase (Ratings on holding companies are not considered as the rating of the bank);

(6) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(7) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

(8) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(b) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which

escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(9) Municipal obligations rated “Aaa/AAA” or general obligations of states with a rating of “A2/A” or higher by both Moody’s and S&P;

(10) Investment agreements approved in writing by the Insurer (supported by appropriate opinions of counsel);

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

(12) Other forms of investments (including repurchase agreements) approved in writing by the Insurer.

The value of the above investments shall be determined as follows:

(i) For the purpose of determining the amount in any fund, all Authorized Investments credited to such fund shall be valued at fair market value. The Issuer shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets, Bear Stearns, or Lehman Brothers;

(ii) As to certificates of deposit and bankers’ acceptances: the face amount thereof, plus. accrued interest thereon; and

(iii) As to any investment not specified above: the value thereof established by prior agreement between the Issuer and the Insurer.

(J) Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Series 2006 Bonds shall be paid by the Insurer pursuant to the Financial Guaranty Insurance Policy, the Series 2006 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the Pledged Funds and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered owners.

(K) As long as the Financial Guaranty Insurance Policy shall be in full force and effect, the Issuer and the Registrar and Paying Agent agree to comply with the following provisions:

(1) At least one (1) day prior to all Interest Dates the Paying Agent will determine whether there will be sufficient funds in the funds and accounts to pay the principal of or interest on the Series 2006 Bonds on such Interest Date. If the Paying Agent determines that there will be insufficient funds in such funds or accounts, the Paying Agent shall so notify the Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series 2006 Bonds to which such deficiency is applicable and whether such Series 2006 Bonds will be deficient as to principal or interest, or both. If the Paying Agent has not so notified the Insurer at least one (1) day prior to an Interest Date, the Insurer will make payments of principal or interest due on the Series 2006 Bonds on or before the first (1st) day next following the date on which the Insurer shall have received notice of nonpayment from the Paying Agent.

(2) The Issuer, the Registrar and Paying Agent shall, after giving notice to the Insurer as provided in (1) above, make available to the Insurer and, at the Insurer's direction, to The Bank of New York, in New York, New York, as insurance trustee for the Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Issuer maintained by the Registrar, if any, and all records relating to the funds and accounts maintained under the Resolution.

(3) The Issuer, the Registrar and the Paying Agent shall provide the Insurer and the Insurance Trustee with a list of registered owners of Series 2006 Bonds entitled to receive principal or interest payments from the Insurer under the terms of the Financial Guaranty Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Series 2006 Bonds entitled to receive full or partial interest payments from the Insurer and (ii) to pay principal upon Series 2006 Bonds surrendered to the Insurance Trustee by the registered owners of Series 2006 Bonds entitled to receive full or partial principal payments from the Insurer.

(4) The Issuer, the Registrar and the Paying Agent shall, at the time it provides notice to the Insurer pursuant to (a) above, notify registered owners of Series 2006 Bonds entitled to receive the payment of principal or interest thereon from the Insurer (i) as to the fact of such entitlement, (ii) that the Insurer will remit to them all or a part of the interest payments next coming due upon proof of Holder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Insurer, they must surrender their Series 2006 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 2006 Bonds to be registered in the name of the Insurer) for payment to the Insurance Trustee, and not the Registrar and Paying Agent, and (iv) that should they be entitled to receive partial payment of principal from the Insurer, they must surrender their Series 2006 Bonds for payment thereon first to the Paying Agent who shall note on such Series 2006 Bonds the portion of the principal paid by the Paying Agent and then,

along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(5) In the event that the Registrar and Paying Agent has notice that any payment of principal of or interest on an Series 2006 Bonds which has become Due for Payment (as defined in the Financial Guaranty Insurance Policy) and which is made to a Holder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Registrar and Paying Agent shall, at the time the Insurer is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Registrar and Paying Agent shall furnish to the Insurer its records evidencing the payments of principal of and interest on the Series 2006 Bonds which have been made by the Registrar and Paying Agent and subsequently recovered from registered owners and the dates on which such payments were made.

(6) In addition to those rights granted the Insurer under the Resolution, the Insurer shall, to the extent it makes payment of principal of or interest on Series 2006 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Financial Guaranty Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Registrar and Paying Agent shall note the Insurer's rights as subrogee on the registration books of the Issuer maintained by the Registrar and Paying Agent upon receipt from the Insurer of proof of the payment of interest thereon to the registered owners of the Series 2006 Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Registrar and Paying Agent shall note the Insurer's rights as subrogee on the registration books of the Issuer maintained by the Registrar and Paying Agent upon surrender of the Series 2006 Bonds by the registered owners thereof together with proof of the payment of principal thereof.

(L) Notwithstanding any other provision of this Resolution, in determining whether the rights of the Holders will be adversely affected by any action taken pursuant to the terms and provisions of this Resolution, the Registrar and Paying Agent shall consider the effect on the Holders as if there were no Financial Guaranty Insurance Policy.

(M) The Paying Agent may be removed at any time, at the request of the Insurer, for any breach of its duties set forth herein. The Insurer shall receive prior written notice of any Paying Agent resignation; provided, however, notwithstanding any other provision of the Resolution, no removal, resignation or termination of the Paying Agent shall take effect until a successor, approved by the Insurer in writing, shall be appointed.

(N) To the extent that the Resolution confers upon or gives or grants to the Insurer any right, remedy or claim under or by reason of the Resolution, the Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

(O) The right to consent to amendments to the Resolution affecting any Series 2006 Bonds shall be vested in the Insurer rather than the Holders of the Series 2006 Bonds, so long as the Insurer shall not be in default in the due and punctual performance of its payment obligations under the Financial Guaranty Insurance Policy.

(P) Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Issuer, the Insurer, the Registrar, the Paying Agent and the registered owners of the Series 2006 Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Insurer, the Registrar, the Paying Agent and the registered owners of the Series 2006 Bonds.

Section 4.5 Provisions Relating to the Reserve Account Insurance Policy.

As long as the 2006 Reserve Policy shall be in full force and effect, the Issuer and the Registrar and Paying Agent agree to comply with the following provisions:

(A) In the event and to the extent that moneys on deposit in the Debt Service Fund (other than the Reserve Account), plus all amounts on deposit in and credited to the Reserve Account in excess of the amount of the 2006 Reserve Policy, are insufficient to pay the amount of principal and interest coming due on the Bonds, then upon the later of: (i) one day after receipt by the General Counsel of the Insurer of a demand for payment in the form attached to the 2006 Reserve Policy as Attachment 1 (the "Demand for Payment"), duly executed by the Registrar and Paying Agent certifying that payment due under the Resolution has not been made to the applicable Paying Agent; or (ii) the payment date of the Bonds as specified in the Demand for Payment presented by the Registrar and Paying Agent to the General Counsel of the Insurer, the Insurer will make a deposit of funds in an account with the Registrar and Paying Agent or its successor, in New York, New York, sufficient for the payment to the Registrar and Paying Agent, of amounts which are then due to the Paying Agents under the Resolution (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the 2006 Reserve Policy; provided, however, that in the event that the amount on deposit in, or credited to, the Reserve Account, in addition to the amount available under the 2006 Reserve Policy, includes amounts available under a letter of credit, insurance policy, Reserve Account Insurance Policy, Reserve Account Letter of Credit or other such funding instrument (the "Additional Funding Instrument"), draws on the 2006 Reserve Policy and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

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

(C) The Registrar and Paying Agent shall, upon receipt of moneys received from the draw on the 2006 Reserve Policy, as specified in the Demand for Payment, credit the Reserve Account to the extent of moneys received pursuant to such Demand.

(D) The Reserve Account shall be replenished in the following priority: (i) principal and interest on the 2006 Reserve Policy and on any other Reserve Account Insurance Policy or Reserve Account Letter of Credit shall be paid from first available Pledged Funds on a pro rata basis in accordance with Section 4.05(A)(4) of the Resolution; (ii) after all such amounts are paid in full, amounts necessary to fund the Reserve Account to the required level, after taking into account the amounts available under the 2006 Reserve Policy and any other Reserve Account Insurance Policy or Reserve Account Letter of Credit shall be deposited from next available Pledged Funds.

## ARTICLE 5

### SALE OF 2006 BONDS; APPROVAL OF DOCUMENTS

#### Section 5.1 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 Underwriters in an aggregate principal amount not to exceed \$37,000,000 at an aggregate purchase price (excluding original issue discount and original issue premium) of not less than 99.45% of the original principal amount of such Series 2006 Bonds, as approved by the Chairman or the County Administrator (the "Minimum Purchase Price"), and with final terms, as approved by the Chairman or the County Administrator provided that the following parameters (the "Parameters") are met: the 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 Series 2006 Bonds shall be subject to optional redemption prior to their stated maturities not later than October 1, 2016 at a redemption price of 100% or less; the costs of issuance shall be comparable to or less than the current average issuance costs for bonds of similar tenor and amount; and the Insurer's commitments to provide the Bond Insurance Policy and the Reserve Account Insurance Policy with respect to the Series 2006 Bonds shall be in effect.

The proposed form of the Purchase Contract presented by the Underwriters is hereby approved, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the County Administrator prior to the execution and delivery thereof, such necessity and/or desirability and approval to be presumed by the execution thereof by the Chairman or the County Administrator; the Chairman or the County Administrator is hereby authorized to accept the offer of the Underwriters to purchase the Series 2006 Bonds in an aggregate principal amount not to exceed \$37,000,000, at a purchase price of not less than the Minimum Purchase Price plus accrued interest thereon, if any, to the date of delivery, upon the terms and conditions set forth in the Purchase Contract; and the Chairman or the County Administrator is hereby authorized to execute and approve the Purchase Contract for and on behalf of the Issuer pursuant to the terms hereof provided that the Chairman or the County

Administrator shall first receive a report of the Financial Advisor stating that the aggregate purchase price set forth in the Purchase Contract is not less than the Minimum Purchase Price and that the final terms and conditions of the sale of the Series 2006 Bonds meet and are within the Parameters.

The Series 2006 Bonds shall be in denominations of \$5,000 or integral multiples thereof, shall be dated such dates, shall bear interest at such rates, payable on such dates, mature on such dates, have such Amortization Installments and have such other terms as are set forth in the Purchase Contract and approved by the Chairman or the County Administrator, and the authority to approve such matters is hereby expressly delegated to the Chairman or the County Administrator, with such 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, the Underwriters shall file with the Issuer the disclosure statement required by the Purchase Contract and by Section 218.385(6), Florida Statutes, as amended. The 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 Resolution, this Resolution and the Purchase Contract.

The authority for the issuance of such aggregate principal amount of the Series 2006 Bonds herein authorized which shall not be delivered to the Underwriters pursuant to the provisions of the Purchase Contract is hereby canceled and rescinded.

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

Section 5.2 Approval of Draft Preliminary Official Statement and Preliminary Official Statement and Authorization of Official Statement.

The form of the Draft Preliminary Official Statement is hereby approved, and a preliminary official statement substantially in the form of the Draft Preliminary Official Statement on file with the Clerk as Exhibit E and incorporated herein by reference, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman prior to the release thereof, is hereby approved and authorized to be delivered by the Issuer to the Underwriters at or prior to the execution and delivery of the Purchase Contract; and the Chairman is hereby authorized to deem the preliminary official statement final as of its date on behalf of the Issuer for purposes of Rule 15c2-12 of the Securities and Exchange Commission (except for such omissions permitted by such Rule 15c2-12), and to execute a certificate to that effect to be delivered to the Underwriters. A final official statement in substantially the form of the "deemed final" preliminary official statement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman prior to the release thereof, is hereby authorized to be delivered by the Issuer to the Underwriters for distribution at or prior to the issuance and delivery of the Series 2006 Bonds. The Chairman is hereby authorized to

evidence the Issuer's approval of the final official statement by his or her endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations may be presumed from such endorsement upon any copy of such final official statement. Bond Counsel is hereby directed to furnish to the Division of Bond Finance of the Department of General Services of the State of Florida a copy of the final official statement, a notice of the impending sale of the Series 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 5.3 Registrar and Paying Agent; Authorization of Execution and Delivery of Registrar and Paying Agent Agreement.

Commerce Bank, National Association, is hereby appointed Registrar and Paying Agent for the Series 2006 Bonds. The Registrar and Paying Agent Agreement, with such omissions, insertions and variations as may be approved on behalf of the Issuer by the Chairman, such approval to be evidenced conclusively by the Chairman's execution thereof, is hereby approved and authorized. The Issuer hereby authorizes and directs the Chairman to execute the Registrar and Paying Agent Agreement and to deliver the same to the Registrar and Paying Agent for the Series 2006 Bonds. All of the provisions of the Registrar and Paying Agent Agreement, when executed, dated and delivered by or on behalf of the Issuer as authorized herein and by or on behalf of the Registrar and Paying Agent for the Series 2006 Bonds, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

Section 5.4 Authorization of Execution and Delivery of Continuing Disclosure Certificate.

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

The Issuer agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the Issuer and dated the date of issuance of the Series 2006 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of the Resolution, failure of the Issuer to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Bondholder or Beneficial Owner (as hereinafter defined) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Section 5.4. For purposes of this Section 5.4, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 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 Bonds for federal income tax purposes.

Section 5.5 Authorization of Execution of Certificates and Other Instruments.

The Chairman is hereby authorized and directed, under the official seal of the Issuer, to execute and deliver certificates of the Issuer certifying such facts as the Issuer's attorney or Bond Counsel shall require in connection with the issuance, sale and delivery of the Series 2006 Bonds, and to execute and deliver such other instruments as shall be necessary or desirable to perform the Issuer's obligations under the Original Resolution, this Supplemental Resolution and the Purchase Contract and to consummate the transactions contemplated hereby and thereby.

ARTICLE 6

MISCELLANEOUS

Section 6.1 General Authority.

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

Section 6.2 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 Governing Body, officer, attorney, 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 6.3 No Third Party Beneficiaries.

Except such other Persons as may be expressly described herein or in the Series 2006 Bonds, nothing in this Supplemental Resolution, or in the Series 2006 Bonds, expressed or implied, is intended or shall be construed to confer upon any Person other than the Issuer and the Holders any right, remedy or claim, legal or equitable, under and by reason of this Supplemental Resolution 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 and the Persons who shall from time to time be the Holders.

Section 6.4 Severability of Invalid Provisions.

If any one or more of the covenants, agreements or provisions of this Supplemental Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Supplemental Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Series 2006 Bonds issued hereunder.

Section 6.5 Table of Contents and Headings not Part Hereof.

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

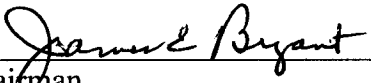
Section 6.6 Effective Date.

This Supplemental Resolution shall take effect immediately upon its adoption.

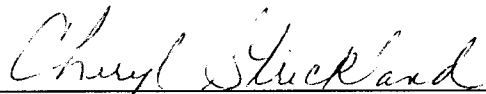
PASSED, APPROVED AND ADOPTED this 14th day of November, 2006.

BOARD OF COUNTY COMMISSIONERS OF  
ST. JOHNS COUNTY, FLORIDA

(OFFICIAL SEAL)

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

ATTEST:

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



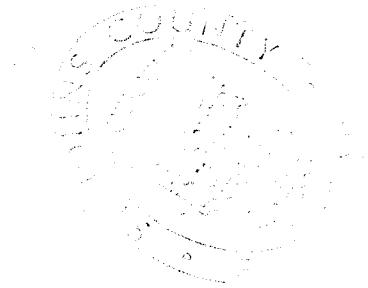
I, Cheryl Strickland, Clerk of the Board of County Commissioners of St. Johns County, Florida, hereby certify that the foregoing is a true and correct copy of Resolution No. 2006- ~~443~~ of said County passed and adopted on November 14, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said County this 14<sup>th</sup> day of November, 2006.

  
\_\_\_\_\_  
Clerk, Board of County Commissioners

(OFFICIAL

SEAL)



## **EXHIBIT A**

### **Description of the 2006 Project**

The design, permitting, acquisition, construction, reconstruction, relocation, expansion, repair and/or improvement of the following capital transportation projects of the Issuer as more fully described in certain plans and specifications on file with the Issuer:

#### **Primary Projects**

9B, Phase I

Mickler Road/SR A1A Intersection Improvement, Option 1

W. King St. Corridor Plan - Segment 3B (Palmer to US 1)

Race Track Road JCP-RSR

CR 305 Extension

Russell Sampson CR210/St. Johns Forest

CR2209 Extension (From CR 208 to CR 305)

CR 2209 Corridor Central Segment (+2 Lanes-SR 16 to IGP)

CR 2209 Corridor North Segment (+2 Lanes)

SR 16/Heritage Landing Intersect Improve

Four Mile Rd Improvements - Segment 1

#### **Alternate Projects**

Public Works Complex

Roscoe/Landrum Lane Intersection Improvements

Federal Point Bridge

CR 208 Bakersville Bridge Replacement

CR 2209 Corridor South Segment

**LIST OF EXHIBITS ON FILE WITH CLERK**

- Exhibit B -- Insurer's Consent and Financial Advisor Letter with Notice to Rating Agencies
- Exhibit C -- Insurer's Commitments
- Exhibit D -- Purchase Contract
- Exhibit E -- Draft Preliminary Official Statement
- Exhibit F -- Registrar and Paying Agent Agreement
- Exhibit G -- Continuing Disclosure Certificate

EXHIBIT B

Consent and Acknowledgment of Bond Insurer

The undersigned is the Insurer of the St. Johns County, Florida (the "County") Transportation Improvement Revenue Refunding Bonds, Series 2002 and Transportation Improvement Revenue Bonds, Series 2003 (collectively the "Bonds"). Capitalized terms used herein and not defined are used as defined in the County's Resolution No. 92-103 adopted on June 23, 1992. Consent is hereby given to the County's adoption of a resolution (A) amending the definition of Gas Tax Revenues contained in Section 1.01 of such Resolution (*the underlined material represents additions; strike-throughs represent deletions*) as follows:

"Gas Tax Revenues' shall mean (A) the Issuer's portion of the six-cent local option ~~fuel~~ gas tax distributed to the Issuer and the municipalities of St. Johns County by the Florida Department of Revenue from the State Local Option ~~Fuel~~ Gas Tax Trust Fund pursuant to and in the manner authorized by Section 336.025, Florida Statutes, ~~as amended~~, and (B) the 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 which is distributed to the Issuer by the State Board of Administration pursuant to and in the manner authorized by Article XII, Section 9(c)(5) of the Constitution of the State of Florida, and Sections 206.47 and 336.024, Florida Statutes, as amended."

and (B) adding subsection (G) to section 5.02 of such Resolution as follows:

"(G) In the event that one or more of the taxes that produce revenues that compose the Gas Tax Revenues is scheduled to expire during the term of any Additional Bonds proposed to be issued by the Issuer, then prior to the delivery of the proposed Additional Bonds there shall have been obtained and filed with the Issuer a certificate of an Authorized Issuer Officer that the amount of Gas Tax Revenues is anticipated to be equal to at least 1.35 times the Maximum Debt Service Requirement calculated for each of the Bond Years including and following such expiration date."

The undersigned acknowledges that its financial guaranty insurance policies on the Bonds will remain in full force and effect after the adoption by the County of a resolution effecting the foregoing amendments.

DATED: October 31, 2006.

AMBAC ASSURANCE CORPORATION

By: Joan Allman  
Name: JOAN Allman  
Title: First Vice President

JAX11057570\_2



**The PFM Group**

Public Financial Management, Inc.  
PFM Asset Management LLC  
PFM Advisors

Lincoln Plaza  
Suite 1170  
300 S. Orange Avenue  
Orlando, FL  
32801-3470

407 648-2208  
407-648-1323 fax  
www.pfm.com

Board of County Commissioners of  
St. Johns County, Florida  
St. Augustine, Florida 32084

Ladies and Gentlemen:

Please be advised in connection with your consideration of a resolution (the "Supplemental Resolution") amending and supplementing your Resolution No. 92-103 to be on the agenda for your November 14, 2006 Board meeting that we, as your financial advisor, have sent on your behalf notice of the amendments which would be effected by the Supplemental Resolution to Standard & Poor's and Moody's Investor Service at least 15 days prior to November 14, 2006. We can also confirm that Ambac Assurance Corporation is not in default under its financial guaranty insurance policies relating to the Parity Obligations (as that term is defined in the proposed form of the Supplemental Resolution on file with the Clerk). We further advise you that we expect the Parity Obligations will be rated by Standard & Poor's and Moody's Investor Service no lower than the ratings assigned to the Parity Obligations at the time of their issuance. If our expectation with respect to such ratings of the Parity Obligations proves not to be the case on November 14, 2006, we will announce that fact to you prior to your vote on such Supplemental Resolution.

Very truly yours,

A handwritten signature in black ink that reads "James W. Glover". The signature is written in a cursive, flowing style.

Public Financial Management, Inc.  
James W. Glover  
Senior Managing Consultant



**The PFM Group**  
Public Financial Management, Inc.  
PFM Asset Management LLC  
PFM Advisors

Lincoln Plaza  
Suite 1170  
300 S. Orange Avenue  
Orlando, FL  
32801-3470

407 648-2208  
407-648-1323 fax  
www.pfm.com

October 25, 2006

Moody's Investors Service  
New York, New York

Standard & Poor's  
New York, New York

**Re: St. Johns County, Florida Transportation Improvement Revenue  
Refunding Bonds, Series 2002 and Transportation Improvement  
Revenue Bonds, Series 2003**

Ladies and Gentlemen

As required by Section 7.03 of Resolution No. 92-103 adopted by the Board of County Commissioners of St. Johns County, Florida (the "Board") on June 23, 1992 (the "Bond Resolution") pursuant to which the captioned obligations were issued, we hereby advise you that the Board intends to consider on November 14, 2006 or thereafter the adoption of a resolution amending the Bond Resolution (A) to add to the definition of "Gas Tax Revenues" (as defined in the Bond Resolution) the portion of the proceeds of the constitutional fuel tax pursuant to Article XII, Section 9(c)(1) of the Constitution of the State of Florida which is distributed to St. Johns County, Florida by the State Board of Administration pursuant to and in the manner authorized by Article XII, Section 9(c)(5) of the Constitution of the State of Florida and Sections 206.47 and 336.024, Florida Statutes, as amended and (B) to add to the conditions of the additional bonds test in Section 5.02 of the Bond Resolution the following:

In the event that one or more of the taxes that produce revenues that compose the Gas Tax Revenues is scheduled to expire during the term of any Additional Bonds proposed to be issued by the Issuer, then prior to the delivery of the proposed Additional Bonds there shall have been obtained and filed with the Issuer a certificate of an Authorized Issuer Officer that the amount of Gas Tax Revenues is anticipated to be equal to at least 1.35 times the Maximum Debt Service Requirement calculated for each of the Bond Years including and following such expiration date.



Included with this letter is a draft of a resolution which would effect such amendments. Please advise the undersigned if you require any additional information.

Very truly yours,

A handwritten signature in cursive script that reads "James W. Glover".

James W. Glover  
Senior Managing Consultant  
Public Financial Management, Inc.

## EXHIBIT C

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

*A member of Ambac Financial Group, Inc.*

### COMMITMENT FOR FINANCIAL GUARANTY INSURANCE

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

Commitment Number: 31024

Commitment Date: October 26, 2006

Expiration Date: January 24, 2007

Obligations: \$33,370,000\* Transportation Improvement Revenue Bonds, Series 2006, dated their Date of Delivery maturing on October 1 in the years 2007 through 2036, both inclusive.

**Insurance premium: 0.44% of the total principal and interest due on the Obligations (Fitch Ratings, Moody's Investors Service and Standard & Poor's Credit Markets Services assess separate rating fees which are payable directly to them. Each rating agency will bill separately and all questions regarding the payment of such fees must be addressed to the applicable agency.)**

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

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

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

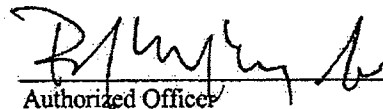
**The Financial Guaranty Insurance Policy shall be issued if the following conditions are satisfied:**

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

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

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



Authorized Officer

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

*A member of Ambac Financial Group, Inc.*

## COMMITMENT FOR SURETY BOND

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

Commitment Number: **SB31025**

REVISED: October 30, 2006

Commitment Date: October 26, 2006

Expiration Date: January 24, 2007

Obligations: Transportation Improvement Revenue Bonds, Series 2006, Series 2003, and any further parity bonds on a pro rata basis.

Surety Amount: **\$4,200,000\***

**Insurance premium: 2.00% of the surety amount.**

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

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

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

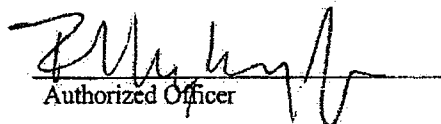
1. Ambac shall receive an opinion of counsel or a certificate of an officer of the Obligor or ultimate obligor stating that the information supplied to Ambac in order to obtain the Surety and the documents to be executed and delivered in connection with the issuance and sale of the Obligations do not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

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

or come to the attention of the Obligor or purchaser any material change of fact or law adverse to the interests of Ambac, unless approved by Ambac in writing.

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

  
Authorized Officer

## GUARANTY AGREEMENT

GUARANTY AGREEMENT dated as of \_\_\_\_\_, 200 by and between \_\_\_\_\_, a public body corporate organized and existing under the laws of the State of \_\_\_\_\_ (the "Obligor"); and AMBAC ASSURANCE CORPORATION ("Ambac"), a Wisconsin domiciled stock insurance corporation.

### WITNESSETH:

WHEREAS, the Obligor has or will issue (the "Obligations"); and

WHEREAS, Ambac will issue its Surety Bond (the "Surety Bond"), substantially in the form set forth in Annex A to this Agreement, guaranteeing certain payments by the Obligor subject to the terms and limitations of the Surety Bond; and

WHEREAS, to induce Ambac to issue the Surety Bond, the Obligor has agreed to pay the premium for such Surety Bond and to reimburse Ambac for all payments made by Ambac under the Surety Bond from Legally Available Funds, all as more fully set forth in this Agreement; and

WHEREAS, the Obligor understands that Ambac expressly requires the delivery of this Agreement as part of the consideration for the execution by Ambac 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 Obligor and Ambac agree as follows:

## ARTICLE I

### DEFINITIONS; SURETY BOND

Section 1.01. Definitions. Except as otherwise expressly provided herein or unless the context otherwise requires, the terms which are capitalized herein shall have the meanings specified in Annex B hereto.

Section 1.02. Surety Bond.

- (a) Ambac will issue the Surety Bond in accordance with and subject to the terms and conditions of the Commitment.
- (b) The maximum liability of Ambac under the Surety Bond and the coverage and term thereof shall be subject to and limited by the Surety Bond Coverage and the terms and conditions of the Surety Bond.
- (c) Payments made under the Surety Bond will reduce the Surety Bond Coverage to the extent of that payment, provided that the Surety Bond Coverage shall be automatically reinstated to the extent of the reimbursement of principal by the Obligor of any payment made by Ambac. Ambac shall notify the Paying Agent in writing no later than the fifth (5th) day following the reimbursement by the Obligor that the Surety Bond has been reinstated to the extent of such reimbursement.

Section 1.03. Premium. In consideration of Ambac agreeing to issue the Surety Bond hereunder, the Obligor hereby agrees to pay or cause to be paid from Legally Available Funds the premium set forth in the Commitment.

Section 1.04. Certain Other Expenses. The Obligor will pay all reasonable fees and disbursements of Ambac's counsel related to any modification of this Agreement or the Surety Bond.

## ARTICLE II

### REIMBURSEMENT OBLIGATIONS OF OBLIGOR AND SECURITY THEREFOR

Section 2.01. Reimbursement for Payments Under the Surety Bond and Expenses.

(a) The Obligor will reimburse Ambac, from Legally Available Funds within the Reimbursement Period, without demand or notice by Ambac to the Obligor 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 by the Obligor at the Effective Interest Rate. The Obligor agrees that it shall make monthly level principal repayments for each Surety Bond Payment during the Reimbursement Period. Interest on each Surety Bond Payment shall be paid monthly during the Reimbursement Period. To the extent that interest payments due hereunder are not paid on a monthly basis, or are not paid as each principal repayment is made, interest shall accrue on such unpaid amounts at a rate equal to the Effective Interest Rate.

(b) The Obligor also agrees to reimburse Ambac, from Legally Available Funds, immediately and unconditionally upon demand for all reasonable expenses incurred by Ambac in connection with the Surety Bond and the enforcement by Ambac of the Obligor's obligations under this Agreement together with interest on all such expenses from and including the date which is 30 days from the date a statement for such expenses is received by the Obligor incurred to the date of payment at the rate set forth in subsection (a) of this Section 2.01.

Section 2.02. Allocation of Payments. Ambac and the Obligor hereby agree that each repayment of principal received by Ambac from or on behalf of the Obligor as a reimbursement to Ambac as required by Section 2.01(a) hereof shall be applied to reinstate all or a portion of the Surety Bond Coverage to the extent of such repayment. Any interest payable pursuant to Section 2.01(a) hereof shall not be applied to the reinstatement of any portion of the Surety Bond Coverage.

Section 2.03. Security for Payments; Instruments of Further Assurance. To the extent, but only to the extent, that the Resolution pledges to the Owners or any paying agent 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 Obligor hereby grants to Ambac a security interest in or lien on, as the case may be, and pledges to Ambac all such Collateral and Revenues as security for payment of all amounts due hereunder, 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 paying agent therefor in such Collateral and Revenues. The Obligor 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 Ambac 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 Ambac under this Section 2.03.

Section 2.04. Unconditional Obligation. The obligations of the Obligor hereunder are absolute and unconditional and will be paid or performed strictly in accordance with this Agreement, irrespective of:

- (a) any lack of validity or enforceability of, or any amendment or other modification of, or waiver with respect to the Resolution or the Obligations;
- (b) any exchange, release or nonperfection of any security interest in property securing the Obligations or this Agreement or any obligations hereunder;
- (c) any circumstances which might otherwise constitute a defense available to, or discharge of, the Obligor with respect to the Obligations;
- (d) whether or not such obligations are contingent or matured, disputed or undisputed, liquidated or unliquidated.

### ARTICLE III

#### EVENTS OF DEFAULT; REMEDIES

Section 3.01. Events of Default. The following events shall constitute Events of Default hereunder:

- (a) The Obligor shall fail to pay to Ambac 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;
- (b) Any material representation or warranty made by the Obligor hereunder or under the Resolution or any statement in the application for the Surety Bond or any report, certificate, financial statement or other instrument provided in connection with the Commitment, the Surety Bond or herewith shall have been materially false at the time when made;
- (c) Except as otherwise provided in this Section 3.01, the Obligor shall fail to perform any of its other obligations under this Agreement, provided that such failure continues for more than thirty (30) days after receipt by the Obligor of notice of such failure to perform;
- (d) The Obligor 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 the Obligor 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
- (e) 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 Obligor, 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 Obligor or for a substantial part of its property; and such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for thirty (30) days.

Section 3.02. Remedies. If an Event of Default shall occur and be continuing, then Ambac 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 any related instrument and enforce any obligation, agreement or covenant of the Obligor under this Agreement; provided, however, that Ambac 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. All rights and remedies of Ambac under this Section 3.02 are cumulative and the exercise of any one remedy does not preclude the exercise of one or more of the other available remedies.

## ARTICLE IV

### SETTLEMENT

Ambac shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought against Ambac, the Obligor or any other party on the Surety Bond shall or shall not be paid, compromised, resisted, defended, tried or appealed, and Ambac's decision thereon, if made in good faith, shall be final and binding upon the Obligor. An itemized statement of payments made by Ambac, certified by an officer of Ambac, or the voucher or vouchers for such payments, shall be prima facie evidence of the liability of the Obligor, and if the Obligor fails to reimburse Ambac, pursuant to subsection (b) of Section 2.01 hereof, upon the receipt of such statement of payments, interest shall be computed on such amount from the date of any payment made by Ambac at the rate set forth in subsection (a) of Section 2.01 hereof.

## ARTICLE V

### MISCELLANEOUS

Section 5.01. Computations. All computations of premium, interest and fees hereunder shall be made on the basis of the actual number of days elapsed over a year of 360 days.

Section 5.02. Exercise of Rights. No failure or delay on the part of Ambac to exercise any right, power or privilege under this Agreement and no course of dealing between Ambac and the Obligor 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 Ambac 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 5.03. Amendment and Waiver. Any provision of this Agreement may be amended, waived, supplemented, discharged or terminated only with the prior written consent of the Obligor and Ambac. The Obligor hereby agrees that upon the written request of the Paying Agent, Ambac 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. Ambac agrees to deliver to the Obligor and to the company or companies, if any, rating the Obligations, a copy of such substituted Surety Bond.

Section 5.04. Successors and Assigns; Descriptive Headings.

- (a) This Agreement shall bind, and the benefits thereof shall inure to, the Obligor and Ambac and their respective successors and assigns; provided, that the Obligor may not transfer or assign any or all of its rights and obligations hereunder without the prior written consent of Ambac.
- (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 5.05. Other Sureties. If Ambac 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 Obligor to enforce this Agreement, and "Ambac," wherever used herein, shall be deemed to include such reinsuring surety, as its respective interests may appear.

Section 5.06. Signature on Bond. The Obligor'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 5.07. Waiver. The Obligor 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 Obligor's request and in reliance on the Obligor's promise to execute this Agreement.

Section 5.08. 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 either of the parties hereto or the Paying Agent may hereafter specify in writing to the others:

If to the Obligor: >

If to the Paying Agent: >

If to Ambac: **Ambac Assurance Corporation**  
One State Street Plaza, 19th Floor  
New York, New York 10004

Attention: General Counsel

Section 5.09. 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 5.10. 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 5.11. 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 Obligor and Ambac.

Section 5.12. 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.

**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.

(Seal)

>

Attest: \_\_\_\_\_  
Title:

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

**AMBAC ASSURANCE CORPORATION**

Attest: \_\_\_\_\_  
Title: Assistant Secretary

By: \_\_\_\_\_  
Title: Vice President and  
Assistant General Counsel

**ANNEX A**  
**SURETY BOND**

## ANNEX B

### DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, all capitalized terms shall have the meaning as set out below.

“Agreement” means this Guaranty Agreement.

“Ambac” has the same meaning as set forth in the first paragraph of this Agreement.

“Collateral and Revenues” has the same meaning as set forth in Section 2.03 hereof.

“Commitment” means the Ambac Commitment for Surety Bond in the form attached hereto as Annex C.

“Debt Service Payments” means those payments required to be made by the Obligor which will be applied to payment of principal of and interest on the Obligations.

“Effective Interest Rate” means the lesser of the Reimbursement Rate or the maximum rate of interest permitted by then applicable law; provided, however, that the Effective Interest Rate shall in no event be less than the interest rate on the Obligations.

“Event of Default” shall mean those events of default set forth in Section 3.01 of this Agreement.

“Legally Available Funds” means any moneys legally available to the Obligor for the payment of its obligations.

“Obligations” has the same meaning as set forth in the second paragraph of this Agreement.

“Obligor” has the same meaning as set forth in the first paragraph of this Agreement.

“Owners” means the registered owner of any Obligation as indicated in the books maintained by the applicable paying agent, the Obligor or any designee of the Obligor for such purpose. The term “Owner” shall not include the Obligor or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment for the Obligations.

“Paying Agent” means \_\_\_\_\_.

“Reimbursement Period” means, with respect to a particular Surety Bond Payment, the period commencing on the date of such Surety Bond Payment and ending 12 months following such Surety Bond Payment.

“Reimbursement Rate” means Citibank’s prime rate plus two (2) 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, New York, New York, as its prime rate. The rate of interest shall be calculated on the basis of a 360 day year.

“Resolution” means \_\_\_\_\_

“State” means the State of \_\_\_\_

“Surety Bond” means the surety bond issued by Ambac substantially in the form attached to this Agreement as Annex A.

“Surety Bond Coverage” means the amount available at any particular time to be paid to the Paying Agent under the terms of the Surety Bond, which amount shall never exceed \$

“Surety Bond Payment” means an amount equal to the Debt Service Payment less (i) that portion of the Debt Service Payment paid by the Obligor, and (ii) other funds legally available to the Paying Agent for payment to the Owners, all as certified by the Paying Agent in a demand for payment rendered pursuant to the terms of the Surety Bond.

**ANNEX C**  
**COMMITMENT**

**EXHIBIT D**

**BOND PURCHASE AGREEMENT**

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

**ST. JOHNS COUNTY, FLORIDA**

**Transportation Improvement 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 A.G. Edwards (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 Transportation Improvement 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/minus 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 the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended; Section 336.025, Florida Statutes, as amended; St. Johns County Ordinance No. 86-89 enacted by the Board of County Commissioners of the County (the "Board") on December 9, 1986, as amended; and other applicable provisions of law; and Resolution No. 92-103 duly adopted by the County on June 23, 1992, as amended and supplemented, particularly as amended and supplemented by Resolution No. 2006-\_\_\_ duly adopted by the County 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 expenditures for various transportation capital projects described in the program areas described in Section 336.025, Florida Statutes (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 Ambac Assurance 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 Transportation Improvement Revenue Refunding Bonds, Series 2002 and Transportation Improvement Revenue Bonds, Series 2003.

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 written 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 Gas Tax Revenues 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 Gas Tax Revenues.

**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)(xv) and (f)(xvi):

(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. 92-103 duly adopted by the County on June 23, 1992, as amended and supplemented, particularly as amended and supplemented 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 Gas Tax Revenues 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 Gas Tax Revenues 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 Gas Tax Revenues.

(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, the 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, the Reserve Account Insurance Policy and the information relating to the Insurer, the Bond Insurance Policy and the 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 5.02(B) of the Resolution for the issuance of Additional Bonds.

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

If the County shall be unable to satisfy the conditions to the obligations of the Managing Underwriter to accept delivery of the Series 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  
Transportation Improvement Revenue Bonds**

**\$ \_\_\_\_\_ SERIES 2006 SERIAL BONDS**

<u>Amount</u>	<u>Maturity</u> <u>(October 1)</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 Transportation Improvement  
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(l)(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

A.G. Edwards  
3637 4th Street North  
Suite 280  
St. Petersburg, Florida 33704-1355

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, Transportation Improvement Revenue Bonds, Series 2006 (the "Series 2006 Bonds") for the principal purposes of (1) financing expenditures for various transportation capital projects described in the program areas described in Section 336.025, Florida Statutes, (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 Gas Tax Revenues, as such terms are defined in Resolution No. 92-103 duly adopted by the County on June 23, 1992, as amended and supplemented, particularly as amended and supplemented by Resolution No. 2006-\_\_ duly adopted by the County on November 14, 2006. Authorizing the Series 2006 Bonds will result in an average of \$\_\_\_\_\_ of the Gas Tax Revenues not being available to finance other projects of the County each year for approximately \_\_ years.

**EXHIBIT E**

PRELIMINARY OFFICIAL STATEMENT DATED: \_\_\_\_\_

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

In the opinion of Rogers Towers, P.A., Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 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.

\$ \_\_\_\_\_ \*

**ST. JOHNS COUNTY, FLORIDA**

[LOGO]

**Transportation Improvement Revenue Bonds, Series 2006**

Dated: Date of Delivery

Due: October 1, as shown below

The St. Johns County, Florida Transportation Improvement 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 as set forth on the inside cover herein.

The Series 2006 Bonds may be subject to optional and mandatory redemption prior to their stated maturities as described herein.

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\* Preliminary, subject to change.

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 to provide funds to: (i) finance all or a part of the cost of the acquisition, construction and installation of certain capital transportation projects within St. Johns County constituting the 2006 Project (as defined 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 the costs of issuance related to the Series 2006 Bonds, including the financial guaranty insurance policy premium.

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 Section 336.025, Florida Statutes, as amended; and St. Johns County Ordinance No. 86-89, as amended; and Resolution No. 92-103 duly adopted by the County on June 23, 1992, as amended and supplemented, particularly as amended and supplemented by Resolution No. 2006-\_\_\_\_ duly adopted by the County on November 14, 2006 (collectively, the "Resolution").

The Series 2006 Bonds and the interest thereon will be payable solely from and 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 which is distributed to the County by the State Board of Administration pursuant to and in the manner authorized by Article XII, Section 9(c)(5) of the Constitution of the State of Florida, and Sections 206.47 and 336.024, Florida Statutes, as amended, and, until applied in accordance with the provisions of the Resolution, the proceeds of the Series 2006 Bonds and all moneys, including investments thereof, in the Restricted Revenue Account and the Debt Service Fund created under the Resolution (as defined herein) (collectively, the "Pledged Funds"), on a parity with the County's outstanding Transportation Improvement Revenue Refunding Bonds, Series 2002 and Transportation Improvement Revenue Bonds, Series 2003 (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, IN ACCORDANCE WITH THE TERMS OF 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 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 Ambac Assurance 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**

**A.G. Edwards**

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.

\$ \_\_\_\_\_ \*

**ST. JOHNS COUNTY, FLORIDA**  
**TRANSPORTATION IMPROVEMENT REVENUE BONDS, SERIES 2006**

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

\$ \_\_\_\_\_ \* **SERIAL BONDS**

<u>Amount</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial CUSIP Number</u>	<u>Amount</u>	<u>Maturity (October 1)</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial CUSIP 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, Ambac Assurance Corporation, and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the County with respect to any information provided by others. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters listed on the cover page hereof have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 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.

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APPENDIX E –	FORM OF BOND COUNSEL OPINION
APPENDIX F –	FORM OF FINANCIAL GUARANTY INSURANCE POLICY

## OFFICIAL STATEMENT

*relating to*

\$ \_\_\_\_\_ \*

### ST. JOHNS COUNTY, FLORIDA

### Transportation Improvement 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 Transportation Improvement 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, particularly Chapter 125, Part I, Florida Statutes, as amended; and Section 336.025, Florida Statutes, as amended; and St. Johns County Ordinance No. 86-89, as amended; and Resolution No. 92-103 duly adopted by the County on June 23, 1992, as amended and supplemented, particularly as amended and supplemented by Resolution No. 2006-\_\_\_\_ duly adopted by the County on November 14, 2006 (the "2006 Supplemental Resolution" and with Resolution No. 92-103, as amended and supplemented before the County's adoption of the 2006 Supplemental Resolution (the "Original Resolution")

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\* Preliminary, subject to change.

being collectively referred to as the "Resolution"). See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" attached hereto.

### **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 all or a portion of the cost of the acquisition, construction and installation of the 2006 Project (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 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 which is distributed to the County by the State Board of Administration pursuant to and in the manner authorized by Article XII, Section 9(c)(5) of the Constitution of the State of Florida, and Sections 206.47 and 336.024, Florida Statutes, as amended, and, until applied in accordance with the provisions of the Resolution, the proceeds of the Series 2006 Bonds and all moneys, including investments thereof, in the Restricted Revenue Account and the Debt Service Fund created under 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 Transportation Improvement Revenue Refunding Bonds, Series 2002 (the "Series 2002 Bonds") and Transportation Improvement Revenue Bonds, Series 2003 (the "Series 2003 Bonds," and together with the Series 2002 Bonds, the "Parity Obligations"). The Parity Obligations are currently outstanding in the aggregate principal amount of \$31,075,000. See "SECURITY FOR THE SERIES 2006 BONDS" 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 to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2006 Bonds. See "FINANCIAL GUARANTY

INSURANCE POLICY" herein. In addition, Ambac Assurance Corporation 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, the Series 2003 Bonds and any Additional 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, Ambac Assurance Corporation, the Financial Guaranty Insurance Policy (as defined herein) 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" consists of expenditures for transportation capital projects described in the program areas listed in Section 336.025, Florida Statutes, as amended (which are consistent with the requirements of Section 206.47, Florida Statutes, as amended), including the design, permitting, acquisition, construction, reconstruction, relocation, expansion, repair and/or improvement of various capital transportation projects of the County. 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](http://www.dtcc.com) and [www.dtc.org](http://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>
	\$

\*

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\* 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, and (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.

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 Bonds or portions thereof which are to be redeemed on that date.

## **Interchangeability, Negotiability and Transfer**

*So long as DTC's book-entry only system of registration is in effect the registration and transfer of the Series 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.*

Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any other authorized denominations.

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

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

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

## SECURITY FOR THE SERIES 2006 BONDS

### Source of Payment

The Series 2006 Bonds are special obligations of the County secured equally and ratably by a pledge of and prior lien upon the Pledged Funds (as defined herein); provided, however, that a Series of Bonds may be further secured by a Credit Facility or Bond Insurance Policy not applicable to any one or more other Series of Bonds, as further provided in the Resolution. Pledged Funds mean 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 (the "Gas Tax Fund") pursuant to and in the manner authorized by Section 336.025, Florida Statutes, as amended (the "Local Option Fuel Tax"), 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 which is distributed to the County by the State Board of Administration pursuant to and in the manner authorized by Article XII, Section 9(c)(5) of the Constitution of the State of Florida, and Sections 206.47 and 336.024, Florida Statutes, as amended (the "Constitutional Fuel Tax," and together with the Local Option Fuel Tax, the "Gas Tax Revenues"), and, until applied in accordance with the provisions of the Resolution, the proceeds of the Series 2006 Bonds and all moneys, including investments thereof, in the Restricted Revenue Account and the Debt Service Fund, all in the manner and to the extent described in the Resolution.

The Series 2006 Bonds will be issued on a parity with the Parity Obligations and any Additional Bonds issued after the date hereof. See "SECURITY FOR THE SERIES 2006 BONDS – Additional Bonds" below.

**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 A PLEDGE OF THE PLEDGED FUNDS. NO OWNER OF ANY SERIES 2006 BONDS OR ANY INSURER SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF OR INTEREST ON ANY SUCH SERIES 2006 BOND OR SHALL BE ENTITLED TO PAYMENT OF SUCH SERIES 2006 BONDS FROM ANY MONEYS OF THE COUNTY EXCEPT THE PLEDGED FUNDS, IN THE MANNER PROVIDED IN 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 means, as of any date of calculation, an amount equal to the lesser of (i) the Maximum Debt Service Requirement, (ii) 125% of average annual Debt Service Requirement, or (iii) 10% of the proceeds of all outstanding 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 when the other moneys in the Debt Service Fund are insufficient therefor, and for no other purpose.

Upon the issuance of Additional Bonds, the County is required by the Resolution to provide for the additional funding of the Reserve Account in the manner described in the Resolution.

Upon delivery of the Series 2006 Bonds, the County will deposit into the Reserve Account the Surety Bond, with a face amount of \$\_\_\_\_\_, which, together with the face amounts of the existing surety bond issued in connection with the Series 2002 Bonds will equal or exceed the Reserve Account Requirement. See "RESERVE ACCOUNT SURETY BOND" herein.

**Flow of Funds**

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

The County shall deposit the Gas Tax Revenues into the Restricted Revenue Account, promptly upon receipt thereof. On or before the last day of each month, the moneys in the Restricted Revenue Account shall be deposited or credited in the following manner and in the following order of priority:

The County shall deposit into or credit to the Interest Account the sum which, together with the balance in said account, shall equal the interest on all Outstanding Bonds accrued and unpaid and to accrue to the end of the then current calendar month (assuming that a year consists of 12 equal calendar months of 30 days each). Moneys in the Interest Account shall be

applied by the County to pay interest on the Bonds as and when the same shall become due, whether by redemption or otherwise, and for no other purpose. The County shall adjust the amount of the deposit into the Interest Account not later than the month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest coming due on the Bonds on such Interest Date.

Next, the County shall deposit into or credit to the Principal Account the sum which, together with the balance in said account, shall equal (i) the principal amount of all Outstanding Bonds other than Term Bonds due and unpaid, (ii) that portion of the principal amount of the Bonds other than Term Bonds next due which would have accrued on such Bonds next due during the then current calendar month if such principal amount thereof were deemed to accrue monthly (assuming that a year consists of 12 equal calendar months of 30 days each) in equal installments from a date one year preceding the due date of such Bonds next due and (iii) the portion of the principal amount of the Bonds next due which shall have accrued on such basis in prior months. Not later than the month immediately preceding any principal payment date, the County shall adjust the amount of the deposit into the Principal Account so as to provide sufficient moneys in the Principal Account to pay the principal on the Bonds other than Term Bonds becoming due on such principal payment date. Moneys in the Principal Account shall be applied by the County to pay the principal of the Bonds other than Term Bonds as and when the same shall become due, whether at maturity or otherwise, and for no other purpose.

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

Next, the County shall deposit into or credit to the Reserve Account such sum, if any, as will be necessary to immediately restore the funds on deposit therein to an amount equal to the Reserve Account Requirement including the reinstatement of any Reserve Account Insurance

Policy or Reserve Account Letter of Credit on deposit therein or the cash replacement thereof. On or prior to each principal and interest payment date for the Bonds, moneys in the Reserve Account shall be applied by the County to the payment of the principal of and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Bond Amortization Account shall be insufficient for such purpose. Whenever there shall be surplus moneys in the Reserve Account by reason of a decrease in the Reserve Account Requirement or as a result of a deposit therein of a Reserve Account Insurance Policy and/or a Reserve Account Letter of Credit, such surplus moneys shall be deposited by the County into the Principal Account, or such other appropriate fund or account of the County, provided such deposit to such other fund or account will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Upon the issuance of any Series of Bonds, under the terms, limitations and conditions as provided in the Resolution, the County shall provide for the funding of the Reserve Account in an amount equal to the Reserve Account Requirement. Such required amount may be paid in full or in part from the proceeds of such Series of Bonds or may be accumulated in equal and consecutive monthly payments from the Revenue Fund, on a parity with the payments required by the first sentence of the preceding paragraph, to the Reserve Account over a period of months from the date of issuance of such Series of Bonds, which shall not exceed the greater of (i) 24 months, or (ii) the number of months for which interest on such Series of Bonds has been capitalized, as determined by Supplemental Resolution.

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

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

Moneys on deposit in the Construction Fund, the Restricted Revenue Account and the Debt Service Fund, other than the Reserve Account, may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed. Moneys on deposit in the Reserve Account may be invested or reinvested in Authorized Investments which shall mature no later than five years from the date of acquisition thereof. Any and all income received by the County from the investment of moneys in the Construction Fund, the Restricted Revenue Account in the Revenue Fund and the Interest Account, Principal Account, Bond Amortization Account and Reserve Account (to the extent the amount therein is less than the Reserve Account Requirement) in the Debt Service Fund

shall be retained in such respective fund or account unless otherwise required by applicable law.

### **Additional Bonds**

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 for the purposes specified and upon satisfaction of the requirements set forth in the Resolution including the following:

The County shall certify that it is current in all deposits to the various funds and accounts established in the Resolution, and all payments theretofore required to have been deposited or made by it under the provisions of the Resolution, and is in compliance with the covenants and agreements of the Resolution.

There shall have been obtained and filed with the County a certificate of an independent certified public accountant: (i) stating that he has examined the books and records of the County relating to the collection and receipt of the Gas Tax Revenues; (ii) setting forth the amount of the Gas Tax Revenues for the immediately preceding Fiscal Year or any 12 consecutive months within the 18 months immediately preceding the issuance of such Additional Bonds; (iii) stating that the Gas Tax Revenues equal the sum of at least (a) 1.35 times the Maximum Debt Service Requirement of all Outstanding Bonds and such Additional Bonds then proposed to be issued, and (b) 1.00 times maximum annual debt service for all Subordinated Indebtedness then outstanding (such maximum annual debt service computed in a manner substantially similar to the manner in which the Maximum Debt Service Requirement is computed); and (iv) stating that no Event of Default was disclosed in the report of the most recent Annual Audit, or if such Event of Default was so disclosed, that it shall have been cured.

In the event that one or more of the taxes that produce revenues that compose the Gas Tax Revenues is scheduled to expire during the term of any Additional Bonds proposed to be issued by the County, then prior to the delivery of the proposed Additional Bonds there shall have been obtained and filed with the County a certificate of an Authorized County Officer stating that the amount of Gas Tax Revenues is anticipated to be equal to at least 1.35 times the Maximum Debt Service Requirement of all Outstanding Bonds and such Additional Bonds then proposed to be issued calculated for each of the Bond Years including and following such expiration date.

In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of the second preceding paragraph shall not apply, provided that the issuance of such Additional Bonds shall not result in an increase in the aggregate amount of principal of and interest on the Outstanding Bonds becoming due in the current Fiscal Year and all subsequent Fiscal Years. The conditions of the second preceding paragraph

shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

**Other Covenants**

The County has covenanted in the Resolution to keep books and records of the Pledged Funds in accordance with generally accepted accounting principles. Within 180 days of the close of each Fiscal Year it must file a statement concerning the amount of the Gas Tax Revenues received, the total amounts deposited to the credit of each fund and account created under the Resolution and the amounts on deposit in such funds and accounts, and other matters as provided in the Resolution. An annual audit by an independent firm of certified public accountants is required of the financial statements of the County.

The County has also covenanted in the Resolution to do all things necessary on its part to continue the levy and collection of the Gas Tax Revenues in compliance with Chapter 336.025, Florida Statutes, as amended, and any successor provision of law. The County will at all times comply with all of the requirements and conditions of Chapter 218, Parts II and VI, Florida Statutes, as amended, and take every necessary action to remain qualified to receive distribution of the Gas Tax Revenues; and the County will not take any action which will jeopardize its eligibility for receipt of such funds which may adversely effect its undertakings as provided in the Resolution. The County will take all actions legally available to the County to increase or maximize its entitlement to the Gas Tax Revenues under the Interlocal Agreement hereinafter described. Other than as set forth in the provisions of the Interlocal Agreement, the County will not take any action or enter into any agreement that shall result in reducing the level of Gas Tax Revenues distributed to the County from that prevailing at the time the County takes such action or enters into such agreement.

**GAS TAX REVENUES**

**General**

The "Gas Tax Revenues" consist of revenues received by the county from two separate taxes referred to herein as the "Local Option Fuel Tax," and the "Constitutional Gas Tax." Each of the components of the Gas Tax Revenues is described herein.

The 2006 Supplemental Resolution amended the definition of "Gas Tax Revenues" in the Original Resolution to provide that Gas Tax Revenues included both the Local Option Fuel Tax and the Constitutional Fuel Tax. Before the County adopted the 2006 Supplemental Resolution, Gas Tax Revenues had included only the Local Option Fuel Tax, and not the Constitutional Fuel Tax. The amendment to the Original Resolution provides that the amendment of the definition of "Gas Tax Revenues" shall apply to all Parity Obligations and Additional Bonds.

## Six Cents Local Option Gas Tax

Each county in the State is authorized to levy a tax, statutorily referred to as the "Local Option Fuel Tax," of between one cent and six cents per net gallon on motor fuel sold in such county. The levy is a tax of one to six cents and may be authorized in a county by an ordinance enacted by a majority vote of the governing body of a county or by referendum. The County levies all six cents. All of Florida's sixty-seven counties levy this portion of the Local Option Fuel Tax with sixty-five of the counties levying at the maximum rate of six cents.

Since July 1, 1996, each county is statutorily required (previously the levy had been optional) to impose a tax, also referred to as the "Local Option Fuel Tax," of six cents per net gallon on diesel fuel sold in such county. The tax of six cents per net gallon on diesel fuel is automatically levied in each county even though such county may not have imposed a levy on motor fuel at all or is not levying the first one to six cents tax on motor fuel at all or at the full six cents.

Collection and Distribution. The Florida Department of Revenue ("FDOR") collects the Local Option Fuel Tax in each county and deposits the proceeds, together with the proceeds of certain other fuel taxes, into the State's Local Option Fuel Tax Trust Fund. The Local Option Fuel Tax Trust Fund is subject to a 7.3% charge imposed by the State, representing a share of the cost of general government of the State. This charge is deducted from the Local Option Fuel Tax Trust Fund and is deposited in the General Revenue Fund of the State. In addition, FDOR is authorized to deduct certain administrative costs incurred in collecting, administering, enforcing and distributing the proceeds of such tax to the counties in an amount not to exceed 2% of total collections from the Local Option Fuel Tax Trust Fund.

The net proceeds collected from the Local Option Fuel Tax are distributed by FDOR to each eligible county and the eligible municipalities therein according to a distribution formula determined at the local level by interlocal agreement between the county and the municipalities within the county's boundaries representing a majority of the population of the incorporated area within the county. If no interlocal agreement is established, then the distribution is based on the relative transportation expenditures of the county and the municipalities therein for the preceding 5 years.

The County has imposed the Local Option Fuel Tax since September 1, 1986. Pursuant to Ordinance No. 86-61, the County imposed a six-cent tax upon motor fuel and special fuel for a period of 30 years, commencing September 1, 1986. The County enacted Ordinances No. 2003-91 and No. 2003-104 (collectively, the "2003 Ordinance") which reimpose the six-cent Local Option Fuel Tax commencing September 1, 2016 and continuing through and including December 31, 2032. On November 14, 2006, the County enacted Ordinance No. 2006- \_\_\_\_\_ (the "2006 Ordinance") which reimposes the six-cent Local Option Fuel Tax commencing

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January 1, 2033 and continuing through and including December 1, 2036. Because Section 336.025(1)(a)1, Florida Statutes provides that the six-cent fuel tax may be reimposed effective the date of its expiration, such reimpositions will not be effective until September 1, 2016 and January 1, 2033, respectively.

An Amendment to Interlocal Agreement dated June 10, 1986, as amended (the "Interlocal Agreement") between the County and St. Augustine, representing a majority of the population of the incorporated area of the County, provides for the distribution of the Local Option Fuel Tax collected within the County. The Interlocal Agreement became effective as of July 14, 1986. The Interlocal Agreement provides that the division of the Local Option Fuel Tax collected in the County is to be adjusted for each succeeding five-year period during which the Interlocal Agreement is in effect. The adjustment is to be based on the then-current population figures published by the Bureau of Economic and Business Research, Population Division, University of Florida. The adjustment is to be determined as of September 1 of the first year of each succeeding five-year period during which the Interlocal Agreement is in effect. The State Department of Revenue would begin using the adjusted amounts as of the succeeding July 1. On October 20, 2003, the County and St. Augustine entered into a Supplement to Amendment to Interlocal Agreement confirming that the current distribution formula will continue to be in use from August 31, 2016 until the 2003 Ordinance is repealed. Although the County has enacted the 2006 Ordinance extending the levy an additional 3 years with an expiration of December 1, 2036, the County has not entered into a revised Interlocal Agreement with St. Augustine. The Interlocal Agreement currently terminates on December 31, 2032, which is prior to the final maturity of the Series 2006 Bonds. The County expects to enter into a Second Supplement to Amendment to Interlocal Agreement with St. Augustine confirming that the current distribution formula will continue to be in use from December 31, 2032 until the 2006 Ordinance is repealed. However, if the County does not enter into the Second Supplement to Amendment to Interlocal Agreement with St. Augustine, the proceeds will be distributed according to the statutory formula outlined above.

Pursuant to the Interlocal Agreement, the current distribution of proceeds of the Local Option Fuel Tax, effective July 1, 2002 to July 1, 2007 is as follows:

<u>Local Governmental Unit</u>	<u>Share of Proceeds</u>
City of St. Augustine	10%
City of St. Augustine Beach	4
Town of Hastings	0
St. Johns County	86

Source: St. Johns County, Florida

The division of the Local Option Fuel Tax established by the Interlocal Agreement reflects the percentage (rounded to the nearest whole number) of the population of each separate governmental unit (with the County population being computed as those persons who live in the unincorporated areas of the County) when compared to the total population of the County. The population figures used to compute the percentages were derived from information contained in the document referred to as the Florida Estimates of Population, published on an annual basis by the Bureau of Economic and Business Research, Population Division, University of Florida.

Eligibility. In order to be eligible to receive a distribution of funds from the Local Option Fuel Tax Trust Fund, each county or municipality must have:

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

(ii) made provisions for annual postaudits 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 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 3 mill ad valorem tax, to have received certain revenues from a county (in the case of a municipality), an occupational license tax, utility tax, or ad valorem tax, 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 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 postaudit of its financial accounts in accordance with law; and

(vii) certified to FDOR 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.

Any funds otherwise undistributed because of ineligibility of a county or municipality shall be distributed to the eligible governments within the applicable county in proportion to other monies distributed pursuant to Section 336.025, Florida Statutes.

Use of Revenue. Generally, county and municipal governments may use monies received from the Local Option Fuel Trust Fund only for transportation expenditures, defined as:

- (a) public transportation operation and maintenance;
- (b) roadway and right-of-way maintenance and equipment and structures used primarily for the storage and maintenance of such equipment;
- (c) roadway and right-of-way drainage;
- (d) street lighting;
- (e) traffic signs, traffic engineering, signalization and pavement markings;
- (f) bridge maintenance and operation; and
- (g) debt service and current expenditures for transportation capital projects in the foregoing program areas including the construction and reconstruction of roads.

A county or municipality may not issue bonds payable from the Local Option Fuel Tax more frequently than once per year.

The County has been in compliance with the statutory eligibility requirements for the Local Option Fuel Tax in the past and that it has covenanted in the Resolution to do so in the future.

#### **Historical Fuel Sales in the County**

The volume of motor and special fuel sold in the County is set forth below for the years indicated:

**Historical Sales in the County  
(in gallons)**

<b>State Fiscal Year Ended June 30,</b>	<b><u>Gasoline</u></b>	<b><u>Diesel Fuel</u></b>	<b><u>Total</u></b>
2001	71,090,072	21,171,428	92,261,500
2002	73,808,420	20,690,263	94,498,683
2003	78,502,168	20,258,096	98,760,264
2004	88,723,235	20,997,680	109,720,916
2005	99,490,548	22,529,396	122,019,944

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Source: State of Florida, Department of Revenue, Revenue Accounting Section.

Depending on the relative growth of the various governmental units within the County, it is possible that the Local Option Fuel Tax may be reallocated pursuant to the terms of the Interlocal Agreement such that the amount distributed to the County would be insufficient to pay in full the principal of and interest on the Bonds as the same becomes due. Based upon the recent population figures, the County's expectations relating to future development and the potential for future incorporation or annexation of presently unincorporated areas of the County, the County does not believe that its share of the Local Option Fuel Tax would be materially adversely affected. If there were a newly incorporated municipality in the County, Section 336.025, Florida Statutes, provides that the distribution of the Local Option Fuel Tax shall not under any circumstances materially or adversely affect the rights of owners of outstanding bonds backed by such tax, and amounts distributed to the County government shall not be reduced below the amount necessary for the payment of principal and interest and reserves for principal and interest as required by any bond resolution outstanding on the date of such redistribution.

"Motor fuel" is statutorily defined as gasoline and fuels containing a mixture of gasoline and other products, but excludes alternative fuel. "Special fuel" is statutorily defined as diesel fuel, alcohol, or any liquid product or combination thereof (except kerosene) used to propel any diesel engine. Kerosene or kerosene compounded or mixed with any product suitable for use in a diesel engine is a "special fuel." The State Department of Revenue collects and deposits the tax into the Gas Tax Fund. Moneys in the Gas Tax Fund are distributed monthly to the County and eligible municipalities within the County. Disbursements from the Gas Tax Fund may be used only for transportation expenditures (as defined by State law).

Upon payment to the State of the local option fuel tax by persons in the County licensed under Part I or Part II of Chapter 206, Florida Statutes, who use motor fuel or special fuel, or who engage in selling motor fuel or special fuel at retail, such persons may deduct from the amount of tax payable an amount equivalent to three percent of such tax for amounts less than

\$1,000 and one percent for amounts due in excess of \$1,000, as an allowance for services and expenses in complying with the law. Refunds or exemptions from the payment of motor fuel taxes are allowed for motor fuel used for agricultural or commercial fishing purposes, certain sales to the United States and its agencies and sales to licensed importers for export from the State.

The following is information concerning historical monthly Local Option Fuel Tax received by the County since October 1, 2001.

### Historical Monthly Local Option Fuel Tax Revenues

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
October	\$ 359,134	\$ 358,939	\$ 416,295	\$434,522	\$561,796	\$673,859
November	377,372	330,064	394,027	439,428	497,219	555,268
December	361,729	356,986	390,800	407,270	565,024	481,588
January	337,612	348,814	355,810	408,736	503,255	430,629
February	355,556	358,942	429,777	450,229	414,896	429,993
March	340,048	407,884	412,208	510,389	348,558	444,632
April	275,778	352,744	366,969	402,575	389,681	447,938
May	345,473	326,022	380,756	375,104	455,609	358,181
June	327,671	340,589	361,134	392,252	531,097	457,275
July	430,464	344,689	374,995	407,847	520,283	395,260
August	422,798	397,981	450,628	584,393	395,998	573,977
September	<u>320,509</u>	<u>378,990</u>	<u>460,101</u>	<u>488,186</u>	<u>505,910</u>	<u>502,949</u>
TOTAL	<u>\$4,254,143</u>	<u>\$4,302,643</u>	<u>\$4,793,499</u>	<u>\$5,300,931</u>	<u>\$5,689,326</u>	<u>\$5,751,549</u>

Source: St. Johns County, Florida, Finance Department. All amounts are audited except for those in fiscal year 2006 which have not yet been audited.

The Florida Department of Revenue remits the Local Option Fuel Tax to the counties in an amount equal to its estimate of current collections. Periodically, the monthly remittances are adjusted to reflect actual motor fuel and diesel fuel sales.

### Constitutional Fuel Tax

Article XII, Section 9(c) of the Florida Constitution (1968), as amended, provides for the levy of a tax, initially designated as the "second gas tax," of two cents per gallon upon gasoline and other like products of petroleum and an equivalent tax upon other sources of energy used to propel motor vehicles (the "Constitutional Fuel Tax"). It was renamed the "constitutional gas tax" pursuant to Chapter 83-3, Laws of Florida, and then renamed "constitutional fuel tax" pursuant to Chapter 95-417, Laws of Florida. The Florida Legislature implemented the constitutional provisions pursuant to Sections 206.41 and 206.47, Florida Statutes.

The proceeds of the Constitutional Fuel Tax are collected by the Florida Department of Revenue and are transferred monthly to the State Board of Administration of Florida (the "SBA") for distribution to the counties, after certain deductions by the SBA, described below. The SBA deducts reasonable administrative costs from the proceeds and allocates the balance of the proceeds to the counties as follows:

1. First, a distribution factor for each county is calculated on an annual basis as follows:

$$\begin{aligned}
 & \frac{1}{4} \times \frac{\text{County Area}}{\text{State Area}} \\
 + & \frac{1}{4} \times \frac{\text{County Population}}{\text{State Population}} \\
 + & \frac{1}{2} \times \frac{\text{Total Tax Collected on County Retail Sales and Use in Prior Fiscal Year}}{\text{Total Tax Collected on Statewide Retail Sales and Use in Prior Fiscal Year}} \\
 = & \text{County's Distribution Factor (Currently 1.10540\%)}^{(1)}
 \end{aligned}$$

2. Second, the monthly allocation for each county is calculated as follows:

$$\begin{aligned}
 & \text{Statewide Constitutional Gas Tax Receipts (less reasonable costs)} \times \text{County's Distribution Factor} = \text{County's Monthly Allocation}
 \end{aligned}$$

3. Third, the Monthly Allocation is distributed to the County as follows:

$$\begin{aligned}
 & 80\% \times \text{County's Monthly Allocation} = \text{Amount retained by SBA for debt service}^{(2)} \\
 & 20\% \times \text{County's Monthly Allocation} = \text{Amount distributed to County}
 \end{aligned}$$

(1) Source: State of Florida, Department of Revenue  
 (2) Retained only if the SBA is servicing bonds pledging the Constitutional Fuel Tax; otherwise such amount is distributed to the County.

Before the proceeds are distributed, the monthly allocation is divided into two parts: (1) the monthly allocation multiplied by 80%, which represents the amount needed to meet debt service requirements on bonds administered by the SBA pledging the Constitutional Fuel Tax; and (2) the monthly allocation multiplied by 20%, which represents the amount transferred to the County. The SBA uses the 80% portion to meet the debt service requirement of SBA-administered bond issues that pledge the Constitutional Fuel Tax. If the SBA determines that the 80% portion is not enough to cover the debt service requirement, it will withhold some of the 20% portion for that purpose. Otherwise, the 20% portion is remitted directly to the County. If a county has not pledged the proceeds for the Constitutional Gas Tax for bonds administered by SBA, the full amount of both the 80% portion and the 20% portion is distributed directly to the County.

The County has not pledged the proceeds of the Constitutional Fuel Tax for bonds administered by SBA and the Constitutional Gas Tax has not been pledged to secure any other indebtedness.

Only counties are eligible to receive the Constitutional Fuel Tax.

Constitutional Fuel Tax funds are to be used for the acquisition, construction and maintenance of roads. The term "maintenance" includes periodic maintenance and routine maintenance and may include the construction and installation of traffic signals, sidewalks, bicycle paths and landscaping.

The following is information concerning historical monthly Constitutional Fuel Tax received by the County since October 1, 2001.

## Historical Monthly Constitutional Fuel Tax Revenues

	Fiscal Year Ended September 30,					
	2001	2002	2003	2004	2005	2006
October	\$139,822	\$146,062	\$150,560	\$163,918	\$177,456	\$186,069
November	150,397	154,244	155,455	164,954	165,463	174,271
December	146,324	153,442	160,440	158,840	179,559	191,620
January	145,829	158,404	161,240	156,525	185,574	193,771
February	151,691	156,536	163,143	183,686	173,687	194,238
March	145,585	140,107	148,465	157,627	179,837	189,879
April	154,749	195,880	173,277	188,241	196,802	181,939
May	156,875	140,204	157,162	172,437	178,164	178,925
June	147,827	159,604	166,235	173,290	159,289	188,904
July	148,969	145,171	153,457	173,428	203,597	194,001
August	155,213	159,599	163,234	157,427	193,363	174,535
September	145,530	157,390	162,638	185,981	191,194	179,107
<b>TOTAL</b>	<b>\$1,788,811</b>	<b>\$1,866,644</b>	<b>\$1,915,308</b>	<b>\$2,036,353</b>	<b>\$2,183,985</b>	<b>\$2,227,258</b>

Source: St. Johns County, Florida, Finance Department. All amounts are audited except for those in fiscal year 2006 which have not yet been audited.

Bondholder Risk. The Florida Statutes do not explicitly authorize a county to pledge as a source of security for a bond issue the Constitutional Fuel Tax it receives from the State. Although the County has no reason to believe it may occur, it is possible that the Florida Legislature could amend the statutorily authorized uses of the Constitutional Fuel Tax to restrict the uses of the moneys, including without limitation a prohibition for use of those funds to make debt service payments on local indebtedness such as the Series 2006 Bonds, or permission to issue SBA-administered bond issues pledging the Constitutional Fuel Tax without the consent of the County, or could alter the manner in which proceeds of the Constitutional Fuel Tax are allocated and diminish the amount allocable to the County. If the Florida Legislature did attempt to take such action, the County would vigorously challenge such an action on the grounds of "impairment of contract" under the Florida Constitution. However, it is unclear as to whether the County would be successful on such a challenge. The County is not aware of any instance in which the Florida Legislature has ever taken action adversely impacting a revenue source pledged to bonds without explicit statutory authority without also providing a substitute revenue source for the affected bonds. Nevertheless, there can be no assurance given to the holders of any Series 2006 Bonds that the Florida Legislature will not amend the Act in some manner which would have the affect of repealing, impairing or amending the rights of the holders of such Series 2006 Bonds with respect to the Constitutional Fuel Tax revenues.

**Aggregate Gas Tax Revenues**

Set forth below is a table reflecting the actual total Gas Tax Revenues (the sum of the Local Option Gas Tax revenues and the Constitutional Gas Tax revenues) distributed to the County for the Fiscal Years ended September 30, 2001 through 2006.

**Historical Gas Tax Revenues  
(Fiscal Years Ended September 30, 2001 through 2006)**

County Fiscal Year Ended <u>September 30</u>	Local Option Gas Tax <u>Revenues</u>	Constitutional Gas Tax <u>Revenues</u> <sup>(1)</sup>	Total Gas Tax <u>Revenues</u>	Percentage Increase <u>(Decrease)</u>
2001	\$4,254,143	\$1,788,811	\$6,042,954	-----
2002	4,302,643	1,866,644	6,169,287	2.09%
2003	4,793,499	1,915,308	6,708,807	8.04
2004	5,300,931	2,036,353	7,337,284	8.57
2005	5,689,326	2,183,985	7,873,311	7.31
2006	5,751,549	2,227,258	7,978,807	1.34

<sup>(1)</sup> The 2006 Supplemental Resolution amended the definition of “Gas Tax Revenues” in the Original Resolution to provide that Gas Tax Revenues included both the Local Option Fuel Tax and the Constitutional Fuel Tax and further provided that the amendment of the definition of “Gas Tax Revenues” shall apply to all Parity Obligations and Additional Bonds.

Source: St. Johns County, Florida, Finance Department.

Set forth below is a table showing actual total Gas Tax Revenues (the sum of the Local Option Gas Tax revenues and the Constitutional Gas Tax revenues) distributed to the County for the Fiscal Years ended September 30, 2001 through 2006 and the debt service coverage for each year based upon the Maximum Annual Debt Service on the Series 2006 Bonds and the Parity Obligations.

**Gas Tax Revenues  
Debt Service Coverage  
(Fiscal Years Ended September 30, 2001 through 2006)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Gas Tax Revenues	\$6,042,954	\$6,169,287	\$6,708,807	\$7,337,284	\$7,873,311	\$7,978,807
Debt Service <sup>(1)</sup>	\$3,887,597	\$3,887,597	\$3,887,597	\$3,887,597	\$3,887,597	\$3,887,597
Debt Service Coverage <sup>(1)</sup>	1.55x	1.59x	1.73x	1.89x	2.03x	2.05x

<sup>(1)</sup> Preliminary, subject to change. Maximum Annual Debt Service for the Series 2006 Bonds and Parity Obligations, as calculated by the Financial Advisor based on an estimated principal amount of \$ \_\_\_\_\_, an estimated true interest cost of 4.59% and a final maturity of October 1, 2036 for the Series 2006 Bonds.

Source: St. Johns County, Florida, Finance Department.

State law provides that only those municipalities and counties eligible for participation in the distribution on moneys under Part II of Chapter 218, Florida Statutes (the "Florida Revenue Sharing Act") and Part VI of Chapter 218, Florida Statutes (relating to participation in half-cent sales tax proceeds and which essentially requires compliance with the Florida Revenue Sharing Act for participation) are eligible to receive the Local Option Fuel Tax. The Florida Revenue Sharing Act provides, in effect, that local governments shall be eligible to receive distributions thereunder only if they comply with certain statutory requirements concerning financial reporting and auditing and levying of taxes and raising of revenues as well as certifying compliance with statutes governing the employment of law enforcement officers and fire fighters. The County covenants in the Resolution to maintain its eligibility for receipt of the Gas Tax Revenues.

**FINANCIAL GUARANTY INSURANCE POLICY**

The following information under this heading has been furnished by Ambac Assurance Corporation (the "Insurer") for use in this Official Statement. See "APPENDIX F – SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY" attached hereto.

**Payment Pursuant to Financial Guaranty Insurance Policy**

The Insurer has made a commitment to issue a Financial Guaranty Insurance Policy (the "Financial Guaranty Insurance Policy") relating to the Series 2006 Bonds effective as of the date of issuance of the Series 2006 Bonds. Under the terms of the Financial Guaranty Insurance Policy, the Insurer will pay to The Bank of New York, in New York, New York, or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Series 2006 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the County (as such terms are defined in the Financial Guaranty Insurance Policy). The Insurer will make such payments to the Insurance Trustee on the later of the date on which such principal and/or interest becomes Due for Payment or within one business day following the date on which the Insurer shall have received notice of Nonpayment from the Paying Agent. The insurance will extend for the term of the Series 2006 Bonds and, once issued, cannot be canceled by the Insurer.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, if any, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2006 Bonds become subject to mandatory redemption, if applicable, and insufficient funds are available for redemption of all outstanding Series 2006 Bonds, the Insurer will remain obligated to pay principal of and interest on outstanding Series 2006 Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates, if any. In the event of any acceleration of the principal of the Series 2006 Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration, except to the extent that Ambac Assurance elects, in its sole discretion, to pay all or a portion of the accelerated principal and interest accrued thereon to the date of acceleration (to the extent unpaid by the County). Upon payment of all such accelerated principal and interest accrued to the acceleration date, Ambac Assurance's obligations under the Financial Guaranty Insurance Policy shall be fully discharged.

In the event the Paying Agent has notice that any payment of principal of or interest on a Series 2006 Bond which has become Due for Payment and which is made to a holder of Series 2006 Bonds by or on behalf of the County has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from the Insurer to the extent of such recovery if sufficient funds are not otherwise available.

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

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

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Series 2006 Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2006 Bonds to be registered in the name of the Insurer to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Series 2006 Bondholder's entitlement to interest payments and an appropriate assignment of the Series 2006 Bondholder's right to payment to the Insurer.

Upon payment of the insurance benefits, the Insurer will become the owner of the Series 2006 Bond, appurtenant interest, if any, or right to payment of principal or interest on such Series 2006 Bond and will be fully subrogated to the surrendering of Series 2006 Bondholder's rights to payment.

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

### **Ambac Assurance Corporation**

The Insurer is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam the Commonwealth of Puerto Rico, and the U.S. Virgin Islands, with admitted assets of approximately \$9,599,000,000 (unaudited) and statutory capital of approximately \$6,000,000,000 (unaudited) as of June 30, 2006. Statutory capital consists of the Insurer's surplus and statutory contingency reserve. Standard & Poor's Ratings, a Division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc. and Fitch Ratings, Inc. have each assigned a triple-A financial strength rating to the Insurer. See "RATINGS" herein, however, for the ratings which have been assigned to the Series 2006 Bonds.

The Insurer has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by the Insurer will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by the Insurer under Financial Guaranty Insurance Policy provisions substantially

identical to those contained in the Financial Guaranty Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the County.

The Insurer makes no representation regarding the Series 2006 Bonds or the advisability of investing in the Series 2006 Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement other than the information supplied by the Insurer and presented under the heading "FINANCIAL GUARANTY INSURANCE POLICY" herein.

### **Available Information**

The parent company of the Insurer, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Such reports, proxy statements and other information may be inspected and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

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

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

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

- (1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and filed on March 13, 2006;
- (2) The Company's Current Report on Form 8-K dated and filed on April 26, 2006;
- (3) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2006 and filed on May 10, 2006;

- (4) The Company's Current Report on Form 8-K dated July 25, 2006 and filed on July 26, 2006;
- (5) The Company's Current Report on Form 8-K dated and filed on July 26, 2006;
- (6) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2006 and filed on August 9, 2006; and
- (7) The Company's Current Report on Form 8-K dated and filed on October 25, 2006.

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

THE INFORMATION RELATING TO THE INSURER CONTAINED ABOVE HAS BEEN FURNISHED BY THE INSURER. NO REPRESENTATION IS MADE BY THE COUNTY OR THE UNDERWRITERS 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 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.

#### **RESERVE ACCOUNT SURETY BOND**

THE INFORMATION RELATING TO THE INSURER AND THE RESERVE ACCOUNT SURETY BOND CONTAINED BELOW HAS BEEN FURNISHED BY AMBAC ASSURANCE 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 the issuance of a Surety Bond for the purpose of funding the Reserve Account Requirement with respect to the Series 2006 Bonds, the Series 2003 Bonds and any Additional Bonds. The Series 2006 Bonds will only be delivered upon the issuance of such Surety Bond. The premium on the Surety Bond is to be fully paid at

or prior to the issuance and delivery of the Series 2006 bonds. The Surety Bond provides that upon the later of (i) one (1) day after receipt by the Insurer of a demand for payment executed by the Paying Agent certifying that provision for the payment of principal of or interest on the Series 2006 Bonds, the Series 2003 Bonds and/or any Additional Bonds when due has not been made or (ii) the interest payment date specified in the Demand for Payment submitted to the Insurer, the Insurer will promptly deposit funds with the Paying Agent sufficient to enable the Paying Agent to make such payments due on the Series 2006 Bonds, the Series 2003 Bonds and/or any Additional Bonds but in no event exceeding the Surety Bond Coverage, as defined in the Surety Bond.

Pursuant to the terms of the Surety Bond, the Surety Bond Coverage is automatically reduced to the extent of each payment made by the Insurer under the terms of the Surety Bond and the County is required to reimburse the Insurer for any draws under the Surety Bond with interest at a market rate. Upon such reimbursement, the Surety Bond is reinstated to the extent of each principal reimbursement up to but not exceeding the Surety Bond Coverage. The reimbursement obligation of the County is subordinate to the County's obligations with respect to the Series 2006 Bonds.

In the event the amount on deposit, or credited to the Reserve Account, exceeds the amount of the Surety Bond, any draw on the Surety Bond shall be made only after all the funds in the Reserve Account have been expended. In the event that the amount on deposit in, or credited to, the Reserve Account, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, Surety Bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency. The Resolution provides that the Reserve Account shall be replenished in the following priority: (i) principal and interest on the Surety Bond and on the Additional Funding Instrument shall be paid from first available Pledged Funds on a pro rata basis in accordance with Section 4.05(A)(4) of the Resolution; (ii) after all such amounts are paid in full, amounts necessary to fund the Reserve Account to the required level, after taking into account the amounts available under the Surety Bond and the Additional Funding Instrument shall be deposited from next available Pledged Funds.

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

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



## 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 Premium/Discount

TOTAL SOURCES

### USES:

Deposit to 2006 Construction Account

Costs of Issuance<sup>(1)</sup>

TOTAL USES

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

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## DEBT SERVICE SCHEDULE

Debt service requirements for the Series 2002 Bonds, the Series 2003 Bonds and the Series 2006 Bonds are as follows:

Bond Year	Series 2006 Bonds			Total Annual
Ending	Parity	Principal	Interest	Annual Debt
<u>October 1</u>	<u>Obligations</u>			<u>Service</u>
2007	\$2,478,417.50			
2008	2,096,167.50			
2009	2,093,042.50			
2010	2,094,167.50			
2011	2,097,130.00			
2012	2,092,850.00			
2013	2,096,525.00			
2014	2,095,150.00			
2015	2,094,700.00			
2016	2,095,950.00			
2017	2,093,550.00			
2018	2,094,750.00			
2019	2,093,550.00			
2020	2,096,050.00			
2021	2,095,800.00			
2022	2,097,800.00			
2023	2,096,800.00			
2024	2,097,800.00			
2025	2,095,550.00			
2026	2,095,050.00			
2027	2,096,050.00			
2028	2,093,300.00			
2029	2,094,762.50			
2030	2,096,868.76			
2031	2,094,362.50			
2032	2,097,243.76			
2033				
2034				
2035				
2036				
<b>TOTALS</b>	<b>\$54,863,387.52</b>			

## 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., Jacksonville, 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,"**

{4511/01/00079120.DOCv5}

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 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 a net original issue premium of \$\_\_\_\_\_ and less Underwriters' discount of \$\_\_\_\_\_). The Underwriters' obligations are subject to certain conditions precedent contained in a contract of purchase entered into with the County, and they will be obligated to purchase all of the Series 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 of after such delivery. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" attached hereto for a description of events of default and remedies.

## **CONTINUING DISCLOSURE**

The County has covenanted for the benefit of the Series 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 Sales Tax Revenue Bonds, Series 2006 (the "Sales Tax Bonds") in an estimated aggregate principal amount of \$\_\_\_\_\_ for the purpose of financing the cost of the acquisition, construction and equipping of various capital projects for and in the County. The Sales Tax Bonds are secured 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. The Sales Tax Bonds are not secured by the Gas Tax Revenues that secure 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.

#### **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, Tocoli, Bakersville, Picolatta, 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 27<sup>th</sup> out of Florida's 67 counties in total gross population for 2005 and ranked 5<sup>th</sup> 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

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

## **Commerce and Industry**

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

The County is home to a number of state, national and international educational, business and sports organizations all contributing to a stable economy. Among those headquartered in the County are the PGA Tour, Inc., Association of Tennis Professionals, Flagler College, Florida School for the Deaf and Blind 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:

<u>Year</u>	<u>Number of Farms</u>	<u>Land in Farms (acres)</u>	<u>Total Cropland (acres)</u>	<u>Woodland (acres)</u>	<u>Pastureland (acres)</u>	<u>Other (acres)</u>	<u>Average Market Value (Dollars)</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

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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 <sup>(1)</sup>	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<sup>(1)</sup></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

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

Source: St. Johns County Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 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	1,217,710
State Revolving Loan – General Governmental	5,237,540
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	3,577,410
Compensational Absences	6,747,300
Other	7,969,300
<b>Total Debt</b>	<b><u>\$228,179,458</u></b>

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 Transportation Improvement Revenue Bonds, Series 2006 (the "Series 2006 Bonds"). The Series 2006 Bonds are being issued pursuant to the Issuer's Resolution No. 92-103 duly adopted by the Issuer on June 23, 1992, as amended and supplemented, particularly as amended and supplemented by 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 Ambac Assurance 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 the following information set forth under the heading "GAS TAX REVENUES" in the Official Statement relating to:

- (a) Table entitled "Historical Monthly Local Option Fuel Tax Revenues" (p. \_\_\_\_\_);
- (b) Table entitled "Historical Monthly Constitutional Fuel Tax Revenues" (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](http://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 F**

REGISTRAR AND PAYING AGENT AGREEMENT

between

ST. JOHNS COUNTY, FLORIDA

and

COMMERCE BANK, NATIONAL ASSOCIATION

pertaining to the

ST. JOHNS COUNTY, FLORIDA

\$\_\_\_\_,000,000 TRANSPORTATION IMPROVEMENT REVENUE BONDS, SERIES 2006

Dated: December \_\_\_\_\_, 2006

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## **REGISTRAR AND PAYING AGENT AGREEMENT**

This REGISTRAR AND PAYING AGENT AGREEMENT (the “Agreement”) by and between ST. JOHNS COUNTY, FLORIDA (the “Issuer”) and COMMERCE BANK, NATIONAL ASSOCIATION (the “Bank”), a national banking association duly organized and validly existing under the laws of the United States of America.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Transportation Improvement Revenue Bonds, Series 2006 (the “Bonds”), in an original aggregate principal amount of \$ \_\_,000,000 to be issued as registered securities without coupons;

WHEREAS, all things necessary to make the Bonds the valid obligations of the Issuer, in accordance with their terms, will have been taken upon the issuance and delivery thereof;

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, redemption premium, if any, and interest on the Bonds, in accordance with the terms thereof, and that the Bank act as Registrar for the Bonds;

WHEREAS, the Issuer has duly authorized the execution and delivery of this Agreement, and all things necessary to make this Agreement a valid agreement of the Issuer, in accordance with its terms, have been done; and

WHEREAS, the Bank, being a duly organized and validly existing national banking association organized under the laws of the United States, has full power and authority to serve as Registrar and Paying Agent hereunder.

NOW, THEREFORE, it is mutually agreed to the following terms:

### **ARTICLE ONE APPOINTMENT OF BANK AS REGISTRAR AND PAYING AGENT**

#### Section 1.01. Appointment.

(a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Bonds, in paying to the Owners of the Bonds the principal, redemption premium, if any, and interest on all or any of the Bonds.

(b) The Issuer hereby appoints the Bank as Registrar with respect to the Bonds.

(c) The Bank hereby accepts its appointment, and agrees to act as the Registrar and Paying Agent with respect to the Bonds in accordance with the terms hereof and the Bond Resolution, as hereinafter defined.

Section 1.02. Compensation.

As compensation for Bank's services as Registrar and Paying Agent the Issuer agrees to pay the Bank from lawfully available non ad volorem revenues the fees and amounts set forth in Annex A hereto. The Issuer agrees to reimburse the Bank for any non-recurring expenses, disbursements or advances provided that the Issuer has been notified in advance and has approved such expense, disbursement or advance prior to being incurred or made. The Bank will provide documentation as to such non-recurring expenses and fees incurred by either an invoice or an internally generated document. Such fees and expenses shall be paid to the Bank as billed.

**ARTICLE TWO  
DEFINITIONS**

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement.

**"Bank"** means Commerce Bank, National Association.

**"Bank Office"** means the principal operations office of the Corporate Trust Division of the Bank in Jacksonville, Florida. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

**"Bond" or "Bonds"** means the Issuer's Transportation Improvement Revenue Bonds, Series 2006 dated December \_\_\_\_, 2006.

**"Bond Insurance Policy"** means the financial guaranty insurance policy issued by the Bond Insurer, insuring the payment of the principal of and interest on the Bonds.

**"Bond Insurer"** means MBIA Insurance Corporation.

**"Bond Resolution"** means Resolution No. 92-103 adopted by the Issuer on June 23, 1992, as amended and supplemented, particularly as supplemented by Resolution No. 2006-\_\_\_\_ adopted by the Issuer on November 14, 2006, providing for the issuance of the Bonds.

**"Fiscal Year"** means each 12-month period ending September 30 of each year.

**"Interest Period"** means the number of days from the Bond's dated date or from the Bond's previous payment date based on a 30-day month.

**"Issuer"** means St. Johns County, Florida.

**"Issuer Request" and "Issuer Order"** means a request in writing signed by the Issuer's Finance Director, or any other officer or official of the Issuer duly authorized and satisfactory to the Bank.

**“Legal Holiday”** means a day on which the Bank is required or authorized to be closed.

**“Owner”** means The Depository Trust Company (“DTC”) or any successor company, unless the Bonds are no longer maintained under a system of book-entry, then such term shall mean the Person in whose name a Bond is registered in the Register.

**“Paying Agent”** means the Bank when it is performing the functions of paying principal, redemption premium, if any, and interest on the Bonds, all in accordance with the terms in this Agreement and the Bond Resolution.

**“Person”** means any individual, corporation, partnership, joint venture, association, joint stock company, trust, organization or government or any agency or political subdivision of a government.

**“Predecessor Bonds”** of any particular Bond means every previous Bond evidencing all or a portion of the same obligation as that evidenced by such particular Bond (and, for the purposes of this definition, any Bond registered and delivered under Section 4.06 hereof in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Bond).

**“Register”** means a register in which the Bank shall, on behalf of the Issuer, provide for the registration and transfer of Bonds.

**“Registrar”** means the Bank when it is performing the functions of registrar in accordance with the terms in this Agreement and the Bond Resolution.

**“Responsible Officer”** when used with respect to the Bank means the President or Vice President of the Board of Directors, the Chairman or Vice Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such officer’s knowledge of and familiarity with the particular subject.

**“Stated Maturity”** means the date specified on the face of the Bond as the fixed date on which the principal of the Bond is due and payable or the date fixed in accordance with the terms of the Bond Resolution for earlier redemption of the Bond, or any portion thereof, prior to the fixed maturity date.

### ARTICLE THREE PAYING AGENT

#### Section 3.01. Duties of Paying Agent.

(a) The Bank, as Paying Agent and on behalf of the Issuer, shall pay to the Owner, at the Stated Maturity and upon the surrender of the Bond or Bonds so maturing at the Bank Office,

the principal amount of the Bond or Bonds then maturing or subject to redemption, provided that the Bank shall have been provided by or on behalf of the Issuer adequate collected funds to make such payment, or in the event that DTC is the Owner then payment is to be made to DTC or its successor by whatever means is agreeable between DTC, or its successor, and the Paying Agent.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Bonds to each Owner of the Bonds (or their Predecessor Bonds) as shown in the Register at the close of business on the record date, with respect to the Bonds, provided that the Bank shall have been provided by or on behalf of the Issuer adequate collected funds to make such payments; such payments shall be made by computing the amount of interest to be paid each Owner (by multiplying the outstanding principal for each maturity or redemption by its respective interest rate and by the number of days in the interest period the product of which is divided by 360), preparing the checks, and mailing the checks on each interest payment date addressed to each Owner's address as it appears in the Register, or in the event that DTC is the Owner then payment is to be made to DTC or its successor by whatever means is agreeable between DTC, or its successor, and the Paying Agent.

(c) At least one business day prior to each principal or interest payment date of the Series 2006 Bonds, the Issuer shall notify the Bank if funds available to pay the principal of or interest due on the Series 2006 Bonds on the immediately succeeding principal or interest payment date, as applicable, will be sufficient to pay the principal of or interest due on the Series 2006 Bonds on such date.

(d) If the funds received by the Bank from the Issuer are insufficient for the payment of the principal of or interest on the Bonds on any principal or interest payment date, the Bank shall notify the Issuer and the Bond Insurer of such deficiency in accordance with the Bond Insurance Policy. In the event the Bonds have been defeased in accordance with the Bond Resolution, then the Bank shall notify the escrow agent for the trust account for the defeased bonds.

(e) The Bank, as Paying Agent, shall perform all obligations under the Bond Resolution, as supplemented and amended, and under any credit facility deposited in the Bond reserve account as may be required thereunder in connection with such credit facility.

#### Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of, premium, if any, and interest on the Bonds on the dates specified in the Bond Resolution and on subsequent payment dates until the Bonds are ultimately retired.

### **ARTICLE FOUR REGISTRAR**

Section 4.01. Authentication of Bonds. The Issuer may deliver executed Bonds to the Bank for authentication and the Bank shall manually authenticate and deliver the Bonds in accordance with the written instructions of the Issuer and not otherwise. No bond shall be entitled to any benefit under the Bond Resolution or be valid for any purpose unless such Bond

shall bear thereon a certificate of authentication substantially in the form set forth in the form of Bond set out in the Bond Resolution executed on behalf of the Bank with a manual signature of an authorized signatory of the Bank. Such certificate of authentication executed as aforesaid on a Bond shall be conclusive evidence that such Bond has been authenticated and delivered under the Bond Resolution.

#### Section 4.02. Transfer and Exchange.

(a) The Issuer shall keep the Register at the Bank Office, and subject to such reasonable written regulations as the Issuer may prescribe, which regulations shall be furnished to the Bank herewith or subsequent hereto by Issuer Order, the Issuer shall provide for the registration and transfer of the Bonds. The Bank is hereby appointed as and accepts the role of “Registrar” for the purpose of registering and transferring the Bonds as herein provided. The Bank agrees to maintain the Register while it is Registrar.

(b) The Registrar hereby agrees that at any time while any Bond is outstanding, the Owner may deliver such Bond to the Registrar for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the persons, the maturities, and the principal amounts to and in which such Bond is to be transferred and the addresses of such persons; the Registrar shall thereupon, within not more than three business days, register and deliver such Bond or Bonds as provided in such instructions. To the extent any transfer and exchange procedures set forth herein are in conflict with such provisions in the Bond Resolution, the provisions of the Bond Resolution shall control.

(c) Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a commercial bank or trust company or a member firm of the New York Stock Exchange, in form satisfactory to the Bank, duly executed by the Owner thereof or such Owner’s attorney duly authorized in writing. The Bank shall manually authenticate every Bond surrendered for transfer or exchange in accordance with Section 4.01 hereof.

(d) The Registrar may request any supporting documentation necessary to effect a re-registration.

(e) The Owner may be charged an amount sufficient to reimburse the Issuer or the Registrar for any tax, fee or other governmental charge required to be paid for any registration, transfer, or exchange of Bond(s).

#### Section 4.03. The Bonds.

The Clerk of the Issuer shall provide an adequate inventory of unregistered Bonds to facilitate transfers of the Bonds in the event the Bonds are no longer maintained under a book-entry system. The Bank covenants that it will maintain the unregistered Bonds in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

#### Section 4.04. Form of Register.

The Bank as Registrar will maintain the records of the Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than a form which the Bank has currently available and currently utilizes at the time.

#### Section 4.05. List of Owners.

(a) The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Issuer may also inspect the information in the Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

(b) Except as otherwise provided in the Bond Resolution, the Bank will not release or disclose the content of the Register to any person other than to the Issuer's Finance Director, or any other officer or official of the Issuer duly authorized and satisfactory to the Bank, except upon the direction or request of an authorized officer or designee of the Issuer or upon receipt of a subpoena or court order. Upon receipt of a subpoena or court order and as permitted by law, the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order.

#### Section 4.06. Cancellation of Bonds.

All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already canceled, shall be promptly canceled by the Bank. The Issuer may, at any time, deliver to the Bank for cancellation any Bonds previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Bank. All canceled Bonds held by the Bank shall be disposed of by the Bank as directed by the Issuer. The Bank will surrender to the Issuer, at such reasonable intervals as it determines, certificates of destruction, in lieu of which or in exchange for which other Bonds have been issued or which have been paid.

#### Section 4.07. Mutilated, Destroyed, Lost, or Stolen Bonds.

(a) Subject to the provisions of this Section 4.07, the Issuer hereby instructs the Bank to deliver fully registered Bonds in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds as long as the same does not result in an over issuance, all in conformance with the requirements of the Bond Resolution.

(b) If (i) any mutilated Bond is surrendered to the Bank, or the Issuer and the Bank receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Issuer and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then, in the absence of notice to the Issuer or the Bank that such Bond has been acquired by a bona fide purchaser, upon the Issuer's request the Bank shall authenticate, shall register and deliver, in exchange for or in lieu of any such mutilated,

destroyed, lost, or stolen Bond, a new Bond of the same stated maturity and series and of like tenor and principal amount bearing a number not contemporaneously outstanding.

(c) Duplicate replacement Bonds issued in place of any mutilated, destroyed, stolen or lost Bonds shall only be issued in accordance with the Bond Resolution and general law of the State of Florida.

(d) Upon the satisfaction of the Bank and the Issuer that a Bond has been mutilated, destroyed, lost or stolen, and upon receipt by the Bank and the Issuer of such indemnity or security as they may require, the Bank shall cancel the Bond number on such Bond, with a notation in the Register that said Bond has been mutilated, destroyed, lost or stolen, and a new Bond shall be issued of the same stated maturity and series and of like tenor and principal amount bearing a number, according to the Register not contemporaneously outstanding.

(e) The Bank may charge the Owner any expenses of the Issuer or the Bank in connection with issuing a new Bond in lieu of or exchange for a mutilated, destroyed, lost or stolen Bond.

Section 4.08. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Bonds it has paid pursuant to Section 3.01, Bonds it has delivered upon the transfer or exchange of any Bonds pursuant to Section 4.02, and Bonds it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds pursuant to Section 4.07.

**ARTICLE FIVE**  
**THE BANK**

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and in accordance with the Bond Resolution and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium, if any, and interest on the Bonds to pay the Bonds as the same shall become due, and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent.

Section 5.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely as to the truth of the statements and correctness of the opinions expressed on any certificate or opinion furnished to the Bank which the Bank reasonably believes to be true and correct.

(b) The Bank shall not be liable for any error of judgment or any act or steps taken or permitted to be taken in good faith, or for any mistake in law or fact, or for anything it may do or refrain from doing in connection herewith, except for its own willful misconduct or negligence.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, note, security, or other paper or document believed reasonably by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Bonds, but is protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Owner or an attorney-in-fact for or legal representative of the Owner. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, direction, consent, order, certificate, note, security paper or document supplied by Issuer.

(e) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

(f) The Bank may consult with nationally recognized counsel, and the advice of such counsel or any opinion of such counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

#### Section 5.03. Recitals of Issuer.

(a) The recitals contained herein and in the Bonds shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

(b) The Bank shall in no event be liable to the Issuer, any Owner or Owners or any other Person for any amount due on any Bond except in the event of the Bank's willful misconduct or negligence.

#### Section 5.04. May Hold Bonds.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent and Registrar or any other agent.

#### Section 5.05. Money Held by Bank.

(a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

(b) The Bank shall be under no liability for interest on any money received by it hereunder.

(c) Unless otherwise provided in the Bond Resolution, any money deposited with the Bank for the payment of the principal, redemption premium, if any, or interest on any Bond and remaining unclaimed for three years after final maturity of the Bond has become due and payable will be paid by the Bank to the Issuer, and the Owner of such Bond shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease.

Section 5.06. Mergers or Consolidations.

Any corporation into which the Bank, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Bank or any successor to it shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Registrar and Paying Agent shall be transferred shall be the successor Bank under this Agreement with written notice to the Issuer of the merger or consolidation within 60 days after the effective date of such transaction.

Section 5.07. Indemnification.

The Issuer hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law and to the extent that non ad valorem revenues of the Issuer are lawfully available for such purpose, to indemnify, protect, save and keep harmless the Bank and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements), which may be imposed on, incurred by, or asserted against, at any time, the Bank and in any way relating to or arising out of the execution and delivery of this Agreement, the acceptance of the funds and securities deposited hereunder, and any payment, transfer or other application of funds and securities by the Bank in accordance with the provisions of this Agreement and the Bond Resolution; or any other duties of the Bank hereunder; provided, however, that the Issuer shall not be required to indemnify the Bank against the Bank's own negligence or willful misconduct. In no event shall the Issuer be liable to any person by reason of the transactions contemplated hereby other than to the Bank as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Bank as Registrar and/or Paying Agent.

Section 5.08. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its persons as well as funds on deposit, waive personal service of any process, and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in Section 6.03 hereof shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a bill of interpleader in any court of competent jurisdiction in St. Johns County, Florida or in Duval County, Florida (as provided in Section 6.11) to determine the rights of any person claiming any interest herein.

**ARTICLE SIX  
MISCELLANEOUS PROVISIONS**

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank, and any notice of deficiency to the Bond Insurer in accordance with Section 3.01(c) herein, shall be mailed first class postage prepaid or hand delivered to the Issuer or the Bank or the Bond Insurer at the respective addresses shown below:

If to the Issuer:	St. Johns County 4010 Lewis Speedway St. Augustine, FL 32084-8637 Attn: Finance Director
If to the Bank:	Commerce Bank, National Association 7545 Centurion Parkway, Suite 402 Jacksonville, FL 32256 Attn: Corporate Trust
If to the Bond Insurer:	MBIA Insurance Corporation 113 King Street Armonk, NY 10504 Attn: Surveillance and Insured Portfolio Management

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by either party shall bind its successors and assigns whether so expressed or not.

Section 6.06. Severability.

In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent and Registrar and if any conflict exists between this Agreement and the Bond Resolution, the Bond Resolution shall govern.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

(a) This Agreement will terminate on the date of final payment by the Bank issuing its final payment of principal and interest of the Bonds, anticipated to be October 1, 2036.

(b) This Agreement may be earlier terminated with or without cause upon 60 days written notice by either party. Upon such termination, the Issuer reserves the right to appoint a successor Paying Agent and Registrar. If the Bank terminates pursuant to this subsection (b) and appointment of a successor is not made within sixty (60) days from the date of written notice, the Bank shall deliver all records and any unclaimed funds to the Issuer without a right of setoff by the Bank for any fees, charges or expenses from the dated date of the written notice; provided, however, that the Bank is entitled to payment of all outstanding fees and expenses incurred prior to the date of written notice to the Issuer. In the event this Agreement is terminated by giving written notice, then the Bank agrees, upon request by the Issuer, to give notice by first-class mail to all registered holders of the name and address of the successor Paying Agent and Registrar. Expenses for such notice to the registered holders shall be paid by the Issuer.

The Issuer may appoint any Registrar and Paying Agent, unless otherwise prohibited by Florida law, as may be amended from time to time.

(c) The provisions of Section 1.02 and Article Five shall survive, and remain in full force and effect following the termination of this Agreement.

(d) In the event this Agreement is terminated prior to the time set forth in (a) above, a pro rated portion of the one-time, up front fee that the Issuer paid the Bank pursuant to Section

1.02 and Annex A shall be returned to the Issuer. The pro rated portion shall be calculated by dividing the number of separate principal and interest payments that remain to be paid by the Bank to the individual Owners under this Agreement at the time of termination of this Agreement by the total number of separate principal and interest payments that are required to be made by the Bank to the Owners pursuant to this Agreement without regard to early termination and then multiplying the quotient by the amount of the one-time, upfront fee.

Section 6.11. Governing Law; Venue.

This Agreement shall be construed in accordance with and governed by the laws of the State of Florida. Any action or proceeding, in law or equity, arising out of or in any way related to this Agreement or the obligations hereunder shall be in St. Johns County, Florida or if in federal court, in Duval County, Florida.

**[The remainder of this page is deliberately left blank.  
Signature page follows.]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement December  
\_\_\_\_, 2006.

**ST. JOHNS COUNTY, FLORIDA**

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

Attest:

By: \_\_\_\_\_  
Clerk of its Board of County  
Commissioners

**COMMERCE BANK, NATIONAL  
ASSOCIATION**

By: \_\_\_\_\_  
Rhonda N. Caraway, Vice President

## ANNEX A

### FEES FOR REGISTRAR AND PAYING AGENT SERVICES

Fee for services as Registrar and Paying Agent for the term of this Agreement shall be \$3,000, payable as a one-time, upfront fee, paid in full upon the delivery hereof. Should the Bank resign or be removed from its duties hereunder, it shall refund to the Issuer a pro rata portion of the fee as stated in Section 6.10(d) of this Agreement.

The fee stated above includes set up and transfer fees and wire transaction fees. The Issuer may be billed for non-recurring expenses as stated in Section 1.02 of this Agreement.

**EXHIBIT G**

**See Appendix D of Exhibit E**