

RESOLUTION NO. 2013-13

A RESOLUTION AMENDING AND SUPPLEMENTING RESOLUTION NO. 89-84 ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, ON APRIL 25, 1989, AS PREVIOUSLY AMENDED AND SUPPLEMENTED, FOR THE PURPOSE OF AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$26,000,000 AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE AND REFUNDING BONDS, SERIES 2013A AND NOT EXCEEDING \$40,000,000 AGGREGATE INITIAL PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2013B, FOR THE PRINCIPAL PURPOSE OF FINANCING A PORTION OF THE COST OF THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE COUNTY'S WATER AND SEWER SYSTEM AND REFUNDING CERTAIN OUTSTANDING WATER AND SEWER REVENUE BONDS OF THE COUNTY; PLEDGING THE PLEDGED FUNDS DESCRIBED IN RESOLUTION NO. 89-84 TO SECURE PAYMENT OF THE PRINCIPAL OF, ACCRETED VALUE AND INTEREST ON THE SERIES 2013 BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2013 BONDS; AUTHORIZING A NEGOTIATED SALE AND AWARD OF THE SALE OF THE SERIES 2013 BONDS AND APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT WITH RESPECT TO THE SERIES 2013 BONDS; APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING A FINAL OFFICIAL STATEMENT WITH RESPECT TO THE SERIES 2013 BONDS; APPOINTING THE REGISTRAR AND PAYING AGENT FOR THE SERIES 2013 BONDS AND APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A REGISTRAR AND PAYING AGENT AGREEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE; ESTABLISHING A BOOK-ENTRY SYSTEM OF REGISTRATION FOR THE SERIES 2013 BONDS; PROVIDING FOR CERTAIN AMENDMENTS TO BE MADE TO RESOLUTION NO. 89-84 RELATING TO THE RESERVE ACCOUNT ESTABLISHED THEREIN; APPOINTING AN ESCROW AGENT AND APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT; DELEGATING CERTAIN AUTHORITY TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE SERIES 2013 BONDS INCLUDING WHETHER TO UTILIZE A BOND INSURANCE POLICY FOR ANY OF THE SERIES 2013 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 I
GENERAL**

Section 1.1 Definitions. When used in this Resolution, the terms defined in the Original Instrument (as hereinafter defined) shall have the respective meanings assigned thereto by the Original Instrument and the following terms shall have the following meanings, unless the context clearly otherwise requires:

"**Act**" shall mean Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No 86-89, as amended, and other applicable provisions of law.

"**Bond Counsel**" shall mean Nabors, Giblin & Nickerson, P.A., Tampa, Florida, bond counsel to the Issuer with respect to the issuance of the Series 2013 Bonds.

"**Book-Entry System**" shall mean, with respect the Series 2013 Bonds, a form or system, as applicable, under which (1) the ownership of beneficial interest in Series 2013 Bonds and debt service payments on the Series 2013 Bonds may be transferred only through a book entry and (2) physical Series 2013 Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as holder, with the physical Series 2013 Bond certificates "immobilized" in the custody of the Depository.

"**Chairman**" shall mean the Chairman or 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.

"**Clerk**" shall mean the Clerk 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 2013 Bonds, substantially in the form attached hereto as Exhibit C.

"**County Administrator**" shall mean the County Administrator of the Issuer.

"**Current Interest Bonds**" shall mean those Series 2013 Bonds which may be either Serial Bonds or Term Bonds and which shall bear interest payable on each Interest Date described herein.

"**Depository**" shall mean any Person which acts as a securities depository. The initial Depository for the Series 2013 Bonds shall be The Depository Trust Company.

"Draft Preliminary Official Statement" shall mean the draft preliminary official statement relating to the Series 2013 Bonds, substantially in the form attached hereto as Exhibit A.

"Escrow Agent" shall mean the Person designated as such pursuant to Section 6.4 hereof and its successors and assigns.

"Escrow Agreement" shall mean the Escrow Deposit Agreement to be executed between the Issuer and the Escrow Agent, substantially in the form attached hereto as Exhibit E.

"Financial Advisor" shall mean Public Financial Management, Inc.

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

"Insurer" shall mean, with respect to the Series 2013 Bonds, Assured Guaranty Municipal Corp., or any successor thereto, if the Chairman or the County Administrator determines to obtain the Policy from the Insurer to secure any portion of the Series 2013 Bonds in accordance with Section 4.1 hereof.

"Maturity Amount" shall mean, with respect to each Series 2013 Capital Appreciation Bond, the Accreted Value required to be paid to the Holder thereof on the Maturity Date thereof.

"Maturity Date" shall mean the final maturity date of each Series 2013 Bond as indicated on the face of each such Bond.

"Original Instrument" shall mean St. Johns County Resolution No. 89-84 adopted by the Governing Body on April 25, 1989, as amended by St. Johns County Resolution No. 89-189 adopted by the Governing Body on August 9, 1989, St. Johns County Resolution No. 90-61 adopted by the Governing Body on March 27, 1990, St. Johns County Resolution No. 90-208 adopted by the Governing Body on November 14, 1990, St. Johns County Resolution No. 91-113 adopted by the Governing Body on July 23, 1991, St. Johns County Resolution No. 95-87 adopted by the Governing Body on May 9, 1995 and Resolution No. 2006-269 adopted by the Governing Body on August 8, 2006, and as amended and supplemented by this Resolution.

"Parity Obligations" shall mean the Series 1991A Bonds, the Unrefunded Series 2004 Bonds and the Series 2006 Bonds.

"Policy" shall mean the Bond Insurance Policy to be issued by the Insurer, if the Chairman or the County Administrator determine to obtain such a Policy from the Insurer to secure any portion of the Series 2013 Bonds in accordance with Section 4.1 hereof.

"Purchase Contract" shall mean the Bond Purchase Agreement to be executed between the Issuer and the Purchaser, substantially in the form attached hereto as Exhibit B.

"Purchaser" shall mean RBC Capital Markets, LLC, the initial purchaser of the Series 2013 Bonds.

"Refunded Bonds" shall mean, collectively, the Refunded Series 1998 Bonds and the Refunded Series 2004 Bonds.

"Refunded Series 1998 Bonds" shall mean all of the Series 1998 Bonds.

"Refunded Series 2004 Bonds" shall mean that portion of the Series 2004 Bonds which are refunded in connection with the issuance of the Series 2013B Bonds, as determined pursuant to the provisions of Section 6.1 hereof.

"Registrar and Paying Agent Agreement" shall mean the Registrar and Paying Agent Agreement between the Issuer and the Registrar and Paying Agent, substantially in the form attached hereto as Exhibit D.

"Registrar and Paying Agent" shall mean the Person designated as such pursuant to Section 6.3 hereof and its successors and assigns.

"Resolution" and **"this Resolution"** shall mean this instrument, as the same may from time to time be amended, modified or supplemented.

"Series 1991A Bonds" shall mean the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1991A, issued pursuant to the Original Instrument.

"Series 1998 Bonds" shall mean the Issuer's outstanding Water and Sewer Revenue Refunding Bonds, Series 1998, issued pursuant to the Original Instrument.

"Series 2004 Bonds" shall mean the Issuer's outstanding Water and Sewer Revenue Bonds, Series 2004, issued pursuant to the Original Instrument.

"Series 2006 Bonds" shall mean the Issuer's outstanding Water and Sewer Revenue and Refunding Bonds, Series 2006, issued pursuant to the Original Instrument.

"Series 2013 Bonds" shall mean, collectively, the Series 2013A Bonds and the Series 2013B Bonds.

"Series 2013 Capital Appreciation Bonds" shall mean those Series 2013B Bonds which constitute Capital Appreciation Bonds as provided in Section 2.1 hereof.

"Series 2013 Current Interest Bonds" shall mean those Series 2013 Bonds which constitute Current Interest Bonds as provided in Section 2.1 hereof.

"Series 2013A Bonds" shall mean the Water and Sewer Revenue and Refunding Bonds, Series 2013A, authorized to be issued by the Issuer pursuant to Section 2.1 hereof.

"Series 2013A Construction Account" shall mean the special account for payment of the Cost of the 2013A Project, to be established in the Construction Fund pursuant to the Original Instrument and Section 3.3 hereof.

"Series 2013B Bonds" shall mean the Water and Sewer Revenue Refunding Bonds, Series 2013B, authorized to be issued by the Issuer pursuant to Section 2.1 hereof.

"Subordinated Indebtedness" shall mean (1) the Issuer's outstanding loan (the "1994 State Loan") under that certain State Revolving Fund Loan Agreement dated June 27, 1994, as amended and restated on September 12, 1995, as further amended (the "1994 State Loan Agreement"), between the Issuer and the State of Florida Department of Environmental Protection (the "State Department"), and (2) the Issuer's outstanding loan (the "2011 State Loan") under that certain Clean Water State Revolving Fund Loan Agreement dated May 17, 2011, as amended (the "2011 State Loan Agreement"), between the Issuer and the Florida Water Pollution Control Financing Corporation (the "Financing Corporation") and approved and accepted by the State Department.

"Unrefunded Series 2004 Bonds" shall mean that portion of the Series 2004 Bonds which are not refunded in connection with the issuance of the Series 2013B Bonds.

"2013A Project" shall mean the acquisition, construction and equipping of a new regional wastewater treatment facility for the System to be located on an approximately 40.88 acre site located near proposed County Road 2209 just north of International Golf Parkway, as such 2013A Project is more particularly described in certain plans and specifications on file or to be on file with the Issuer, with such changes, deletions, additions or modifications to the enumerated improvements, equipment and facilities or such other improvements, equipment and facilities for the System as shall be designated and approved by the County Administrator or his or her designee in accordance with applicable law. The 2013A Project is hereby determined by the Issuer to be an Additional Project under the Original Instrument.

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

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

Section 1.2 Authority for Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.3 Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Series 2013 Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Series 2013 Bonds and shall be a part of the contract of the Issuer with any Credit Bank and any Insurer that pertains to the Series 2013 Bonds. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Series 2013 Bonds and for the benefit, protection and security of any Credit Bank and any Insurer insuring the Series 2013 Bonds. All of the Series 2013 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 2013 Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

Section 1.4 Findings. It is hereby ascertained, determined and declared as follows:

(A) The Issuer presently owns and operates the System for the health, benefit and welfare of its citizen and inhabitants, and it is in the best interest of the Issuer and said citizens and inhabitants that the Issuer acquire, construct and equip the 2013A Project and finance all or a portion of the costs of such acquisition, construction and equipping through the issuance of the Series 2013A Bonds in the manner herein provided.

(B) Pursuant to the Original Instrument, the Issuer has previously issued the Series 1998 Bonds and the Series 2004 Bonds and in order to achieve debt service savings it is in the best interest of the Issuer and the citizens and inhabitants of the Issuer to refund all of the Series 1998 Bonds and a portion of the Series 2004 Bonds in accordance with the provisions hereof and of the Escrow Agreement.

(C) The Issuer deems it necessary, desirable and in the best interests of the Issuer that the issuance of the Series 2013A Bonds be authorized as provided herein for the purposes of financing a portion of the Cost of the 2013A Project and refunding the Refunded Series 1998 Bonds.

(D) The Issuer deems it necessary, desirable and in the best interests of the Issuer that the issuance of the Series 2013B Bonds be authorized as provided herein for the purpose of refunding the Refunded Series 2004 Bonds.

(E) The Issuer deems it necessary, desirable and in the best interest of the Issuer that the Pledged Funds be pledged to the payment of the principal of and interest

on the Series 2013 Bonds. No part of the Pledged Funds shall be pledged or encumbered in any manner, except that the Pledged Funds have been pledged as security for the Parity Obligations and the Refunded Bonds, and except that a portion of the Pledged Funds have been pledged, on a subordinate basis, as security for the Subordinated Indebtedness. No Assessments are pledged to the payment of the principal of and interest on the Series 2013 Bonds or the Parity Obligations.

(F) The Original Instrument, in Section 5.02 thereof, provides for the issuance of Additional Bonds payable from the Pledged Funds on a parity with the Parity Obligations under the terms, limitations and conditions provided therein. The Issuer will issue the Series 2013 Bonds as Additional Bonds within the authorization contained in Section 5.02 of the Original Instrument. The Series 2013 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. Prior to the issuance of the Series 2013 Bonds, the Issuer will receive the written consent of the State Department in accordance with Section 7.02 of the 1994 State Loan Agreement that the lien on the Pledged Funds in favor of the Series 2013 Bonds will be superior to the lien thereon in favor of the 1994 State Loan. No consent of either the State Department or the Financing Corporation is required under the provisions of the 2011 State Loan Agreement in order to issue the Series 2013 Bonds with a lien on the Pledged Funds which is superior to the lien thereon in favor of the 2011 State Loan.

(G) No Bondholder shall ever be entitled to compel the payment of the principal of and interest on the Series 2013 Bonds or any other payments provided for in this Resolution from any funds or revenues of the Issuer other than the sources provided herein and in the Original Instrument in accordance with the terms hereof and thereof, nor will any Bondholder or any Credit Bank or any Insurer have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay the principal of or interest on the Series 2013 Bonds or to make any other payments provided for in this Resolution, and the Series 2013 Bonds shall not constitute a lien upon the System or any other property of the Issuer or any other property situated within its territorial limits, except the Pledged Funds.

(H) The Governing Body is advised that due to the present volatility of the market for tax-exempt public obligations such as the Series 2013 Bonds, it is in the best interest of the Issuer to sell the Series 2013 Bonds by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Series 2013 Bonds and, accordingly, the Governing Body does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Series 2013 Bonds to the Purchaser be authorized.

(I) The Issuer anticipates receiving a favorable offer to purchase the Series 2013 Bonds from the Purchaser, all within the parameters set forth herein and as provided

in the Purchase Contract, and the Governing Body does hereby find and determine that it is in the best financial interest of the Issuer to accept the offer of the Purchaser to purchase the Series 2013 Bonds at a negotiated sale and to authorize the execution and delivery of the Purchase Contract in the manner and upon the terms hereinafter provided; and upon the execution of the Purchase Contract by the Issuer and the Purchaser, the Series 2013 Bonds shall be sold to the Purchaser pursuant to the terms and provisions of the Purchase Contract.

(J) The Issuer is advised that because the terms of the Series 2013 Bonds cannot be determined on the date of adoption of this Resolution, it is in the best interest of the Issuer to delegate the authority to determine, in accordance with the terms and parameters set forth in this Resolution, the terms of the Series 2013 Bonds, including their date, Amortization Installments, Maturity Dates, interest rates and redemption provisions, and which of the Series 2013 Bonds shall be Series 2013 Capital Appreciation Bonds, and which shall be Series 2013 Current Interest Bonds, to the Chairman or the County Administrator in the manner hereinafter provided.

(K) It is appropriate that the Issuer approve and confirm the distribution of a preliminary official statement for the purpose of providing potential investors with pertinent information with respect to the Issuer and the Series 2013 Bonds and that the Issuer authorize the distribution of a preliminary official statement and a final official statement prior to or contemporaneously with the issuance and delivery of the Series 2013 Bonds. For this purpose, it is appropriate that the Draft Preliminary Official Statement be approved and confirmed and that preparation and distribution of a preliminary official statement and a final official statement be authorized in substantially the form of the Draft Preliminary Official Statement, the final form thereof to be approved by the Chairman or the County Administrator at any time at or prior to the issuance of the Series 2013 Bonds.

(L) It is necessary and appropriate to delegate to the Chairman and the County Administrator the authority to determine, upon the advice of the Financial Advisor, which of the Series 2004 Bonds shall constitute Refunded Series 2004 Bonds and whether to obtain the Policy as provided herein.

(M) It is necessary and appropriate that the Issuer appoint a Registrar and Paying Agent for the Series 2013 Bonds. In order to provide for the services of a Registrar and Paying Agent for the Series 2013 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) It is necessary and appropriate that the Issuer appoint an Escrow Agent with respect to the refunding of the Refunded Bonds. In order to provide for the services of an Escrow Agent, it is necessary and appropriate that the Issuer authorize the execution and

delivery of the Escrow Agreement between the Issuer and the Escrow Agent in the manner hereinafter provided.

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

(P) The Issuer is current in all deposits into the various funds and accounts established by the Original Instrument and all payments theretofore required to have been deposited or made by the Issuer under the provisions of the Original Instrument have been deposited or made and the Issuer has complied with the covenants and agreements of the Original Instrument.

(Q) It is necessary and desirable to provide for certain amendments to be made to the Original Instrument with respect to the Reserve Account established thereunder as hereinafter provided in Article V hereof.

Section 1.5 Authorization of the 2013A Project and Refunding of Refunded Bonds. (A) The acquisition, construction and equipping of the 2013A Project in the manner herein provided is hereby authorized. The 2013A Project shall be part of the System.

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

ARTICLE II

AUTHORIZATION, TERMS EXECUTION AND REGISTRATION OF SERIES 2013 BONDS

Section 2.1 Authorization of Series 2013 Bonds. The Issuer hereby authorizes the issuance of a Series of Bonds of the Issuer to be designated as "St. Johns County, Florida, Water and Sewer Revenue and Refunding Bonds, Series 2013A," in an aggregate principal amount not to exceed \$26,000,000 for the principal purpose of (A) financing a portion of the Cost of the 2013A Project, (B) current refunding the Refunded Series 1998 Bonds, (C) capitalizing a portion of the interest on the Series 2013A Bonds, (D) funding the Reserve Account, if and to the extent necessary, and (E) paying the costs of issuing the Series 2013A Bonds, including a portion of the premium for the Policy, if any. The Series 2013A Bonds shall be issued as Current Interest Bonds.

The Issuer hereby authorizes the issuance of a Series of Bonds of the Issuer to be designated as "St. Johns County, Florida, Water and Sewer Revenue Refunding Bonds, Series 2013B," in an aggregate initial principal amount not to exceed \$40,000,000 for the

principal purpose of (A) advance refunding the Refunded Series 2004 Bonds, and (B) paying the costs of issuing the Series 2013B Bonds, including a portion of the premium for the Policy, if any. The Series 2013B Bonds may be issued in such amounts of Current Interest Bonds and/or Capital Appreciation Bonds as may be determined by the Chairman or the County Administrator upon the advice of the Financial Advisor. Any Series 2013B Bonds issued as Capital Appreciation Bonds may contain provisions that convert such Bonds to Current Interest Bonds prior to the Maturity Date thereof as may be determined by the Chairman or the County Administrator upon the advice of the Financial Advisor.

Section 2.2 Description of Series 2013 Bonds. Each Series of the Series 2013 Current Interest Bonds shall be issued as fully registered Bonds, shall be numbered consecutively from one upward in order of maturity preceded by the letters "CI R," shall be in denominations of \$5,000 and integral multiples of \$5,000, and shall bear interest at the rates, not exceeding the maximum rate permitted by law (calculated on the basis of a 360-day year of twelve 30-day months), payable on June 1 and December 1 in each year, commencing on June 1, 2013 or such other date(s) as the Chairman or County Administrator may determine (each an "Interest Date"), shall mature on June 1 in such years, shall be dated such date, shall have such redemption provisions, and shall have such other terms as are provided herein and in the Purchase Contract.

Each Series of Series 2013 Capital Appreciation Bonds shall be dated the date of delivery thereof; shall be issued as fully registered Bonds, shall be numbered consecutively from one upward in order of maturity preceded by the letter "CA R" (with such other designation as may be necessary to differentiate any Series 2013 Capital Appreciation Bonds that may be converted to Current Interest Bonds), and shall be in denominations of \$5,000 Maturity Amount and integral multiples thereof. Interest on the Series 2013 Capital Appreciation Bonds shall not be payable currently but shall accrete from the date of delivery thereof, which interest shall be compounded semiannually commencing on June 1, 2013, or such other date(s) as the Chairman or County Administrator may determine, and on each December 1 and June 1 thereafter until such Bonds shall no longer be Outstanding, and shall be payable on the Maturity Date or earlier upon redemption prior to the Maturity Date. The total amount of principal and accreted interest in all instances applicable to the Series 2013 Capital Appreciation Bonds shall be equal to the Accreted Value which is determined by reference to the Table of Accreted Values to be set forth in the Series 2013 Capital Appreciation Bonds and otherwise in accordance with this Resolution and the Original Instrument. Interest on the Series 2013 Capital Appreciation Bonds shall accrete in the manner set forth above at the rates, not exceeding the maximum rate permitted by law (then calculated on the basis of a 360-day year of twelve 30-day months) provided in the Purchase Contract. The Series 2013 Capital Appreciation Bonds shall mature in full as to the applicable Maturity Amounts on such Maturity Dates, shall contain such redemption provisions, and shall have such other terms as are provided herein and in the Purchase Contract.

The principal of the Series 2013 Current Interest Bonds and the Accreted Value of the Series 2013 Capital Appreciation Bonds or Redemption Price, if applicable, on the Series 2013 Bonds is payable only upon presentation and surrender of the Series 2013 Bonds at the office of the Paying Agent. Interest payable on any Series 2013 Current Interest Bond on any Interest Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, 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 2013 Current Interest Bond is not punctually paid or duly provided for by the Issuer on such Interest Date, such defaulted interest will be paid to the Holder in whose name such Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Holder, not less than ten (10) days preceding such special record date. All payments of principal of and Redemption Price, if applicable, and interest on the Series 2013 Current Interest Bonds and all payments of Accreted Value or Redemption Price, if applicable, of the Series 2013 Capital Appreciation 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 of any of the Series 2013 Bonds, whether at fixed maturity, or otherwise (deposit of moneys and/or Securities for the payment of the principal and interest on such Series 2013 Current Interest Bonds and the Accreted Value of Series 2013 Capital Appreciation Bonds having been made by the Issuer with the Paying Agent), notwithstanding that any of such Series 2013 Bonds shall not have been surrendered for cancellation, no further interest shall accrue upon the principal or upon the interest which shall have accrued and shall then be due on such date, and such Series 2013 Bonds shall cease to be entitled to any lien, benefit or security under the Original Instrument or this Resolution, and the Holders shall have no rights in respect of such Series 2013 Bonds except to receive payment of such principal and unpaid interest accrued to the Maturity Date or Accreted Value on the Maturity Date.

Redemption of the Series 2013 Bonds shall be in accordance with and governed by the provisions hereof and of Article III of the Original Instrument.

Section 2.3 Application of Series 2013 Bond Proceeds. The proceeds derived from the sale of the Series 2013 Bonds, including accrued interest and premium, if any, shall, simultaneously with the delivery of the Series 2013 Bonds to the Purchaser, be applied by the Issuer as follows:

(A) Capitalized interest shall be deposited in the Interest Account from proceeds of the Series 2013A Bonds.

(B) An amount shall be deposited in the Reserve Account from proceeds of the Series 2013 Bonds which, together with any moneys and securities on deposit therein and any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit on deposit therein, shall equal the applicable 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 Water and Sewer Revenue Bonds, Series 2013, Costs of Issuance Account," which shall be used only for payment of the costs and expenses described in this subsection. A sum sufficient to pay all of the costs and expenses in connection with the preparation, issuance and sale of the Series 2013 Bonds, including fees of financial advisors, engineering and other consulting fees, legal fees, premiums for the Policy, if any, printing fees, rating agency fees and all other similar costs, shall be deposited in said account, and all such costs and expenses shall be promptly paid by the Issuer from said account to the Persons respectively entitled to receive the same. When all moneys on deposit to the credit of said account shall have been disbursed by the Issuer for the payment of such costs and expenses, said account shall be closed; provided, however, that if any balance shall remain in said account six months after issuance of the Series 2013 Bonds, such moneys shall be transferred by the Issuer to the Series 2013A Construction Account and the special account created pursuant to this subsection shall be closed. After said account shall be closed, the Issuer may pay from the Series 2013A Construction Account any unpaid issuance expenses.

(D) A sufficient amount of the proceeds of the Series 2013A Bonds and a sufficient amount of the proceeds of the Series 2013B Bonds shall be deposited in the escrow deposit trust fund established under the Escrow Agreement in order to refund the Refunded Bonds, all in accordance with the provisions of, and in the manner provided in, the Escrow Agreement.

(E) The balance of the Series 2013 Bonds proceeds shall be deposited by the Issuer in the Series 2013A Construction Account.

Section 2.4 Execution of Series 2013 Bonds. The Series 2013 Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and the official seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the Series 2013 Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Series 2013 Bonds so signed and sealed have been actually sold and delivered such Series 2013 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2013 Bonds had not ceased to hold such office. Any Series 2013 Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Series 2013 Bond shall hold the proper office of the Issuer, although at the date of such Series 2013 Bond such person may not have held such office or may not have been so authorized.

The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Series 2013 Bonds shall be actually sold and delivered.

Section 2.5 Book-Entry Only. A Depository may act as securities depository for the Series 2013 Bonds. The ownership of one fully-registered, certificated Series 2013 Bond for each maturity of each Series of the Series 2013 Bonds, each in the aggregate initial principal amount of such maturity, may be registered in the name of a Depository or its nominee. The Series 2013 Bonds shall initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company.

The Series 2013 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 (a) in the case of principal or Accreted Value of such Series 2013 Bonds, delivered or transmitted to the Depository or its authorized representative when due, and (b) in the case of interest on the Series 2013 Bonds, delivered or transmitted on any date interest is due to the Depository or nominee that was the Holder of that Series 2013 Bond (or one or more predecessor Series 2013 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 (a) the Depository determines to discontinue providing its service with respect to the Series 2013 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 2013 Bonds, or (b) 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 2013 Bonds. The purchasers of beneficial ownership interests in the Series 2013 Bonds (the "Beneficial Owners"), upon registration of certificates held in the Beneficial Owner's name, will become the registered owner of the Series 2013 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 (a) the accuracy of any records maintained by the Depository or any persons participating by or through the Depository; (b) 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; (c) any notice which is permitted or required to be given to Holders pursuant to

this Resolution; or (d) any consent given or other action taken by the Depository as Holder.

Section 2.6 Authentication. No Series 2013 Bond shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Series 2013 Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such purpose. Such certificate on any Series 2013 Bond shall be conclusive evidence that such Series 2013 Bond has been duly authenticated and delivered under the Original Instrument and this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.10 hereof.

Section 2.7 Temporary Bonds. Until the definitive Series 2013 Bonds are prepared, the Issuer may execute, in the same manner as is provided in Section 2.4 hereof, and deliver, upon authentication by the Registrar pursuant to Section 2.6 hereof, in lieu of definitive Series 2013 Bonds, but subject to the same provisions, limitations and conditions as the definitive Series 2013 Bonds, except as to the denominations thereof, one or more temporary Series 2013 Bonds substantially of the tenor of the definitive Series 2013 Bonds in lieu of which such temporary Series 2013 Bond or Bonds are issued, in denominations approved by the officers of the Issuer who shall execute such temporary Series 2013 Bond or Bonds, and with such omissions, insertions and variations as may be appropriate to temporary Series 2013 Bonds. The Issuer, at its own expense, shall prepare and execute definitive Series 2013 Bonds, which shall be authenticated by the Registrar. Upon the surrender of such temporary Series 2013 Bonds for exchange, the Registrar, without charge to the Holder thereof, shall deliver in exchange therefor definitive Series 2013 Bonds, of the same aggregate principal amount and Series and maturity as the temporary Series 2013 Bonds surrendered. Until so exchanged, the temporary Series 2013 Bonds shall in all respects be entitled to the same benefits and security as definitive Series 2013 Bonds issued pursuant to this Resolution. All temporary Series 2013 Bonds surrendered in exchange for another temporary Series 2013 Bond or Bonds or for a definitive Series 2013 Bond or Bonds shall be forthwith canceled by the Registrar.

Section 2.8 Series 2013 Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2013 Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new Series 2013 Bond of like tenor as the Series 2013 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2013 Bond upon surrender and cancellation of such mutilated Series 2013 Bond or in lieu of and substitution for the Series 2013 Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of such Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may

incur. All Series 2013 Bonds so surrendered or otherwise substituted shall be canceled by the Registrar. If any of the Series 2013 Bonds shall have matured or be about to mature, instead of issuing a substitute Series 2013 Bond, the Issuer may pay the same or cause the Series 2013 Bond to be paid, upon being indemnified as aforesaid, and if such Series 2013 Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Series 2013 Bonds issued pursuant to this Section 2.8 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Series 2013 Bond be at any time found by anyone, and such duplicate Series 2013 Bond shall be entitled to equal and proportionate benefits and rights as to the lien on the Pledged Funds to the same extent as all other Series 2013 Bonds issued hereunder and shall be entitled to the same benefits and security as the Series 2013 Bond so lost, stolen or destroyed.

Section 2.9 Interchangeability, Negotiability and Transfer. Series 2013 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 Series 2013 Bonds of the same Series and maturity of any other authorized denominations.

The Series 2013 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 Original Instrument and this Resolution and in the Series 2013 Bonds. So long as any of the Series 2013 Bonds shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Series 2013 Bonds.

Each Series 2013 Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Series 2013 Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Series 2013 Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Series 2013 Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Series 2013 Bond shall be registered upon the books of the Issuer as the absolute owner of such Series 2013 Bond, whether such Series 2013 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Series 2013 Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Series 2013 Bond to the extent of the sum or

sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent for the Series 2013 Bonds, shall forthwith (a) following the fifteenth day of the calendar month next preceding an interest payment date for the Series 2013 Bonds, (b) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Series 2013 Bonds, and (c) at any other time as reasonably requested by the Paying Agent of the Series 2013 Bonds, certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Bond shall effect payment of interest on such Series 2013 Bonds by mailing a check or draft to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Series 2013 Bonds or transferring Series 2013 Bonds is exercised, the Issuer shall execute and the Registrar shall authenticate and deliver such Series 2013 Bonds in accordance with the provisions of the Original Instrument and this Resolution. Execution of Series 2013 Bonds, by the officers of the Issuer described in Section 2.4 above, for purposes of exchanging, replacing or transferring Series 2013 Bonds may occur at the time of the original delivery of the Series 2013 Bonds. All Series 2013 Bonds surrendered in any such exchanges or transfers shall be canceled by the Registrar. For every such exchange or transfer of Series 2013 Bonds, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The Issuer and the Registrar shall not be obligated to make any such exchange or transfer of any Series 2013 Bonds which shall have been selected for redemption or of any Series 2013 Bonds during the fifteen (15) days next preceding an Interest Date on the Series 2013 Bonds, or in the case of any proposed redemption of Series 2013 Bonds, during the fifteen (15) days next preceding the date of selection of Series 2013 Bonds to be redeemed.

Section 2.10 Form of Bonds. The Series 2013 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 Series 2013 Bonds to the Purchaser):

[FORM OF SERIES 2013 CURRENT INTEREST BOND]

No. CI R- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
ST. JOHNS COUNTY
WATER AND SEWER REVENUE [AND] REFUNDING BOND
SERIES 2013[A][B]

| | | | |
|----------------------|----------------------|-----------------------------------|--------------|
| <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Date of Original Issue</u> | <u>CUSIP</u> |
| _____ % | June 1, 20__ | _____, 2013 | _____ |

Registered Holder: _____

Principal Amount: _____ AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that St. Johns County, a political subdivision created and existing under and by virtue of the laws of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the sources of payment hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, the Principal Amount identified above on the Maturity Date identified above and interest (calculated on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above, on June 1 and December 1 of each year commencing June 1, 2013, until such Principal Amount shall have been paid or provided for, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.

Such Principal Amount, premium, if any, 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 and premium, if any, are payable upon presentation and surrender hereof, at the designated corporate trust office of Regions Bank, Jacksonville, Florida, 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 Regions Bank, Jacksonville, Florida, as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "Registrar"), at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar

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

This bond is one of an authorized issue of bonds of the Issuer issued in the aggregate principal amount of \$_____ (the "Bonds"). The Bonds are of like tenor and effect, except as to maturity date, interest rate, denomination and number. The Bonds are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof.

The Bonds are issued for the purposes of [Insert Purposes] 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, other applicable provisions of law, St. Johns County Ordinance No. 86-89, as amended and supplemented, and Resolution No. 89-84 duly adopted by the Board of County Commissioners of the Issuer on April 25, 1989, as amended and supplemented, particularly as amended and supplemented by Resolution No. _____ adopted by said Board on _____, 2013 (the "Resolution"), and are 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 (1) the Net Revenues (as defined in the Resolution) of the main water and sewer system of the Issuer (the "System," as defined in the Resolution), (2) certain Connection Charges (as defined in the Resolution) to the extent provided in the Resolution and (3) until applied in accordance with the provisions of the Resolution, the proceeds of the Bonds, all moneys and investments thereof in certain of the funds and accounts established pursuant to the Resolution and the earnings on such investments (collectively, the "Pledged Funds"), all in the manner and to the extent described in the Resolution. 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 premium, if any, or interest on this bond and that the Registered Holder shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer to the payment of such principal, premium, if any, and interest. This bond and the obligation evidenced hereby shall not constitute a lien upon the System or 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 Water and Sewer Revenue Bonds, Series 1991A, Water and Sewer Revenue Bonds, Series 2004, Water and Sewer Revenue and Refunding Bonds, Series 2006 and Water and Sewer Revenue [and] Refunding Bonds, Series 2013[A][B], being issued simultaneously with the Bonds.

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 registered or certified mail 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 given pursuant to the Resolution to any registered holder of Bonds to be redeemed nor failure to give such notice shall in any manner defeat the effectiveness of a call for redemption as to all other registered holders of Bonds to be redeemed. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

This bond is transferable 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. 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 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.

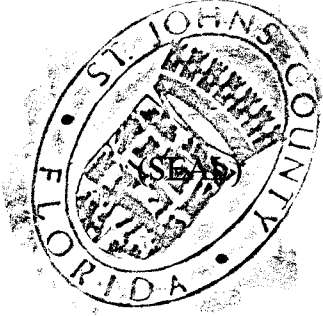
If any Depository determines not to continue to act as a Depository for the Bonds for use in a book entry system, the Issuer may attempt to have established a securities depository/book entry system relationship with another qualified Depository under the Resolution. If the Issuer does not or is unable 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.

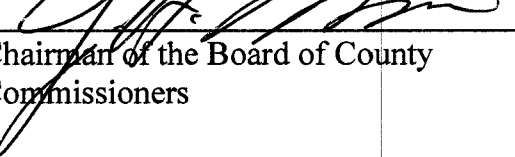
This bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida.

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

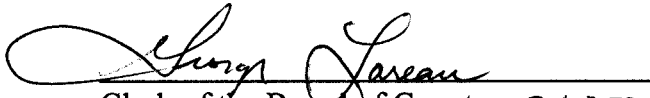
IN WITNESS WHEREOF, St. Johns County, Florida, has issued this bond and has caused the same to be executed by the manual or facsimile signature of the Chairman of its Board of County Commissioners and attested and countersigned by the manual or facsimile signature of the Clerk of said Board and its official seal or a facsimile thereof to be affixed or reproduced hereon, all as of the 15 day of January, 2013.



ST. JOHNS COUNTY, FLORIDA

By: 
Chairman of the Board of County
Commissioners

ATTESTED AND COUNTERSIGNED:


Clerk of the Board of County *BY DEPUTY CLERK*
Commissioners

CERTIFICATE OF AUTHENTICATION

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

DATE OF AUTHENTICATION:

REGIONS BANK
Registrar

By: _____
Authorized Signatory

STATEMENT OF INSURANCE, if any

[TO BE PROVIDED]

LEGAL OPINION

The attached is a true copy of the opinion rendered by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, in connection with the issuance of, and dated as of the original delivery of, the Bonds of the issue of which this bond is one. An executed copy of that opinion is on file in my office.

Clerk of the Board of County Commissioners

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 - _____
(Cust.)

Custodian for _____

under Uniform Transfer to Minors Act of _____
(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

(Names 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.

[FORM OF SERIES 2013 CAPITAL APPRECIATION BOND]

[The form of Series 2013 Capital Appreciation Bond shall be the same as the form for the Series 2013 Current Interest Bond set forth above, with the following modifications: (i) the caption and first and second paragraphs of the foregoing form shall be deleted and the caption and paragraph set forth below shall be substituted therefor; and (ii) the Table of Accreted Values set forth below shall be inserted in such form of Bond immediately preceding the form of assignment. To the extent any Series 2013 Capital Appreciation Bonds are issued with a provision requiring such Bond to convert to a Current Interest Bond prior to the Maturity Date, further modifications may be made to the form of Series 2013 Capital Appreciation Bond to reflect such conversion provision.]

No. CA R-_____ \$ _____

UNITED STATES OF AMERICA
 STATE OF FLORIDA
 ST. JOHNS COUNTY
 WATER AND SEWER REVENUE REFUNDING BOND
 SERIES 2013B

| <u>Approximate Interest Rate</u> | <u>Maturity Date</u> | <u>Date of Original Issue</u> | Original Principal Amount per \$5,000 Accreted Value of <u>Maturity</u> | <u>CUSIP</u> |
|--------------------------------------|----------------------|-----------------------------------|---|--------------|
| _____ % | June 1, 20__ | _____, 2013 | _____ | _____ |

Registered Holder: _____

Accreted Value
 at Maturity: _____ AND 00/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that St. Johns County, a political subdivision created and existing under and by virtue of the laws of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the sources of payment hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, the Accreted Value at Maturity identified above on the Maturity Date identified above, upon presentation and surrender hereof, at the designated corporate trust office of Regions Bank, Jacksonville, Florida, as paying agent, or such other paying agent as the Issuer shall hereafter duly appoint (the "Paying Agent"), the

Accreted Value at Maturity identified above representing the principal amount hereof plus interest accreted thereon (compounded on the basis of a 360-day year consisting of twelve 30-day months) at the Approximate Interest Rate per annum identified above compounded semiannually on June 1 and December 1 of each year from the Date of Original Issuance identified above to the Maturity Date identified above as shown on the Table of Accreted Values made a part of this bond, in any coin or currency of the United States of America which, on the date of payment, shall be legal tender for the payment of public and private debts, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.

TABLE OF ACCRETED VALUES

The Accreted Values of the Capital Appreciation Bonds per \$5,000 Maturity Amount are the following amounts on the following dates:

| <u>Interest Compounding Dates</u> | <u>Bonds Due June 1, 20</u> | <u>Bonds Due June 1, 20</u> | <u>Bonds Due June 1, 20</u> |
|---------------------------------------|---------------------------------|---------------------------------|---------------------------------|
|---------------------------------------|---------------------------------|---------------------------------|---------------------------------|

ARTICLE III
SECURITY, SPECIAL FUND AND APPLICATION THEREOF

Section 3.1 Series 2013 Bonds not to be Indebtedness of Issuer. The Series 2013 Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds in accordance with the terms of this Resolution and the Original Instrument. No Holder of any Series 2013 Bond or any Credit Bank or any Insurer shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay such Series 2013 Bond or be entitled to payment of such Series 2013 Bond from any moneys or property of the Issuer except the Pledged Funds in the manner provided herein and in the Original Instrument.

Section 3.2 Security for Series 2013 Bonds. The payment of the principal of or Redemption Price, if applicable, and interest on the Series 2013 Bonds shall be secured forthwith equally and ratably by a pledge of and prior 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 2013 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 or Redemption Price, if any, and interest on the Series 2013 Bonds in the manner provided in this Resolution and the Original Instrument. The Series 2013A Bonds and the Series 2013B Bonds are each payable from the Pledged Funds on a parity, equally and ratably, with the other Series and with the Parity Obligations.

Section 3.3 Series 2013A Construction Account. The Issuer covenants and agrees to establish a separate account within the Construction Fund which shall be used only for payment of the Cost of the 2013A Project (the "Series 2013A Construction Account"). Moneys in the Series 2013A Construction Account, until applied in payment of any item of the Cost of the 2013A Project in the manner hereinafter provided, shall be held in trust by the Issuer and shall be subject to a lien and charge in favor of the Holders of the Series 2013A Bonds and for the further security of such Holders.

There shall be paid into the Series 2013A Construction Account the amounts required to be so paid by the provisions of the Original Instrument and this Resolution, and there may be paid into the Series 2013A Construction Account, at the option of the Issuer, any moneys received for or in connection with the 2013A Project by the Issuer from any other source.

The proceeds of insurance against, physical loss of or damage to the 2013A Project, or of contractors' performance bonds with respect thereto pertaining to the period of construction thereof, shall be deposited into the Series 2013A Construction Account.

The Issuer covenants that the acquisition, construction and equipping of the 2013A Project will be completed without delay and in accordance with sound engineering practices. The Issuer shall make disbursements or payments from the Series 2013A Construction Account to pay items of the Cost of the 2013A Project upon the filing with the Clerk of documents and/or certificates signed by an Authorized Issuer Officer stating with respect to each disbursement or payment to be made: (1) the item number of the payment, (2) the name and address of the Person to whom payment is due, (3) the amount to be paid, (4) that the Series 2013A Construction Account is the proper Construction Fund account from which payment is to be made, (5) the purpose, by general classification, for which payment is to be made, and (6) that (A) each obligation, item of cost or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of the 2013A Project and is a proper charge against the Series 2013A Construction Account and has not been the basis of any previous disbursement or payment, or (B) each obligation, item of cost or expense mentioned therein has been paid by the Issuer is a reimbursement of a part of the Cost of the 2013A Project, is a proper charge against the Series 2013A Construction Account, has not been theretofore reimbursed to the Issuer or otherwise been the basis of any previous disbursement or payment and the Issuer is entitled to reimbursement thereof. The Clerk shall retain all such documents and/or certificates of the Authorized Issuer Officers for seven (7) years from the dates of such documents and/or certificates. The Clerk shall make available the documents and/or certificates at all reasonable times for inspection by any Holder of any of the Series 2013A Bonds or the agent or representative of any Holder of any of the Series 2013A Bonds.

The date of completion of the 2013A Project shall be determined by the Authorized Issuer Officer who shall certify such fact in writing to the Governing Body. Promptly after the date of the completion of the 2013A Project, and after paying or making provisions for the payment of all unpaid items of the Cost thereof, the Issuer shall deposit in the following order of priority any balance of moneys remaining in the Series 2013A Construction Account in (1) another account of the Construction Fund for which the Authorized Issuer Officer has stated that there are insufficient moneys on deposit to pay in full the Cost of the project for which such account is maintained, (2) the Reserve Account, to the extent of a deficiency therein, (3) the Debt Service Fund, to the extent of a deficiency therein, and (4) any other fund or account of the Issuer designated by the Governing Body provided that the Issuer has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion, if any, of interest on the Bonds from gross income for federal income tax purposes

Section 3.4 Application of Provisions of Original Instrument. The Series 2013 Bonds shall for all purposes be considered to be Additional Bonds issued under the authority of Section 5.02 of the Original Instrument and shall be entitled to all the protection and security provided in and by the Original Instrument for the Parity Obligations, and the Series 2013 Bonds shall be in all respects entitled to the same security, rights and privileges enjoyed by the Parity Obligations. The principal of or Redemption Price, if any, and interest on the Series 2013 Bonds shall be payable from the Debt Service Fund established by the Original Instrument on a parity with the Parity Obligations, and deposits shall be made into the Debt Service Fund by the Issuer in amounts fully sufficient to pay the principal of or Redemption Price, if any, and interest on the Series 2013 Bonds and on the Parity Obligations as such principal and interest become due. The Reserve Account established by the Original Instrument shall be applicable pro rata to the Series 2013 Bonds in the same manner as applicable to the Parity Obligations.

ARTICLE IV

MUNICIPAL BOND INSURANCE POLICY

Section 4.1 Municipal Bond Insurance Policy. Subject in all respects to the satisfaction of the conditions set forth in Section 6.1 hereof, if the Chairman or the County Administrator determines, upon the advice of the Financial Advisor, that any portion of the Series 2013 Bonds will be insured by the Policy, the Issuer hereby authorizes the payment of the principal of and interest on such Series 2013 Bonds to be insured pursuant to the Policy to be issued by the Insurer. For purposes of the Original Instrument and this Resolution, Assured Guaranty Municipal Corp. shall constitute the "Insurer" of such Series 2013 Bonds. The Chairman and the County Administrator are each hereby authorized to execute such documents and instruments necessary to cause the Insurer to insure such Series 2013 Bonds. The right to consent to amendments to the Resolution or any Supplemental Resolution affecting such Series 2013 Bonds shall be vested in the Insurer rather than the holders of such Series 2013 Bonds, so long as the Insurer shall not be in default in the due and punctual performance of its payment obligations under the Policy.

Section 4.2. Policy Provisions. If the Chairman or the County Administrator determines that any portion of the Series 2013 Bonds will be insured by the Policy, payment for the premium for such insurance is hereby authorized from proceeds of the Series 2013 Bonds; and the provisions of this Section 4.2 and Exhibit F hereto shall apply with respect to such Series 2013 Bonds. If the Chairman or the County Administrator determines that none of the Series 2013 Bonds are to be insured and the Policy is not issued in connection with the Series 2013 Bonds, the provisions of this Section 4.2 and Exhibit F hereto will be deemed null and void and will be of no force or effect. Subject in all respects to the satisfaction of the conditions set forth in Section 6.1 hereof, so long

as the Policy issued by the Insurer is in full force and effect and the Insurer has not defaulted in its payment obligations under the Policy, the Issuer agrees to comply with the provisions contained in Exhibit F hereto, notwithstanding anything in the Original Instrument to the contrary.

ARTICLE V AMENDMENTS TO ORIGINAL INSTRUMENT

The Original Instrument is hereby amended as provided in this Article V. Such amendments are being made in accordance with Section 7.02 of the Original Instrument and will not become effective until the Issuer has received the written consent of all of the Insurers then insuring Outstanding Bonds, Credit Banks then providing credit or liquidity support for Outstanding Bonds and the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding. The initial purchasers of the Series 2013A Bonds and Series 2013B Bonds shall be deemed to have consented to all of such amendments by their purchase thereof.

(A) The definition of "Reserve Account Requirement" set forth in Section 1.01 of the Original Instrument is hereby amended by adding the following proviso to the end of clause (3) contained in the first sentence of the existing definition:

"; provided, however, the Issuer may establish by Supplemental Resolution a different Reserve Account Requirement with respect to any particular Series of Additional Bonds pursuant to Section 4.06(A)(2)(d) hereof, which Reserve Account Requirement may be \$0.00."

(B) Section 4.06(A)(2)(d) of the Original Instrument is hereby amended by inserting the following paragraph as the third paragraph of said Section 4.06(A)(2)(d):

"The Issuer may also establish a separate subaccount in the Reserve Account for any Series of Bonds and provide for a pledge of and lien on moneys on deposit in such subaccount exclusively for the payment of such Series of Bonds, notwithstanding any other provision hereof. To the extent a Series of Bonds is secured separately by a subaccount in the Reserve Account, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Account. Moneys in a separate subaccount in the Reserve Account shall be maintained at the Reserve Account Requirement applicable to such Series of Bonds secured by the subaccount; provided the Supplemental Resolution authorizing such Series of Bonds may establish the Reserve Account Requirement relating to such separate subaccount in the Reserve Account at such level as the Issuer deems appropriate. Moneys used to replenish the Reserve Account shall be deposited in the separate subaccounts in the

Reserve Account and in the Reserve Account on a pro-rata basis. All of the provisions of this Section 4.06(A)(2)(d) shall apply with respect to any such established subaccount except the final paragraph of this Section 4.06(A)(2)(d)."

ARTICLE VI MISCELLANEOUS

Section 6.1 Sale of the Series 2013 Bonds; Authorization of Execution of Purchase Contract; Expiration of Authority.

(A) A negotiated sale of the Series 2013A Bonds to the Purchaser is hereby authorized. The Chairman or the County Administrator is hereby authorized and directed to award the sale of the Series 2013A Bonds to the Purchaser in an aggregate principal amount which shall not exceed \$26,000,000 (the "Maximum 2013A Principal Amount"), at an aggregate purchase price (excluding any original issue discount or premium) of not less than 99.0% of the original principal amount of such Series 2013A Bonds (the "Minimum 2013A Purchase Price"), as approved by the Chairman or the County Administrator, provided that the following conditions and parameters (the "2013A Parameters") are met: the true interest cost of the Series 2013A Bonds shall not exceed 5.00%; the final maturity of the Series 2013A Bonds shall not be later than June 1, 2042; the aggregate net present value savings with respect to the refunding of the Refunded Series 1998 Bonds shall be no less than 3.00% of the aggregate principal amount of the Refunded Series 1998 Bonds.

A negotiated sale of the Series 2013B Bonds to the Purchaser is hereby authorized. The Chairman or the County Administrator is hereby authorized and directed to award the sale of the Series 2013B Bonds to the Purchaser in an aggregate initial principal amount which shall not exceed \$40,000,000 (the "Maximum 2013B Principal Amount"), at an aggregate purchase price (excluding any original issue discount or premium) of not less than 99.0% of the initial principal amount of such Series 2013B Bonds (the "Minimum 2013B Purchase Price"), as approved by the Chairman or the County Administrator, provided that the following conditions and parameters (the "2013B Parameters") are met: the final maturity of the Series 2013B Bonds shall not be later than June 1, 2034; the aggregate net present value savings with respect to the refunding of the Refunded Series 2004 Bonds shall be no less than 3.00% of the aggregate principal amount of the Refunded Series 2004 Bonds.

The Series 2013 Bonds shall be redeemed prior to their respective maturities from any moneys legally available therefor, upon notice as provided in the Original Instrument, upon the terms and provisions as determined by the Chairman or the County Administrator, upon the advice of the Financial Advisor; provided, however, with respect to optional redemption terms for the Series 2013 Bonds, if any, the first optional

redemption date shall be no later than June 1, 2023 and no call premium shall exceed 2.00% of the principal amount or Accreted Value of that portion of the Series 2013 Bonds to be refunded. The Chairman or the County Administrator, upon the advice of the Financial Advisor, may determine that all or a portion of the Series 2013 Bonds shall not be subject to optional redemption prior to maturity. Term Bonds may be established for the Series 2013 Bonds with such Amortization Installments as the Chairman or the County Administrator may determine, upon the advice of the Financial Advisor. The redemption provisions and Amortization Installments, if any, for the Series 2013 Bonds shall be set forth in the Purchase Contract.

Notwithstanding any provision herein or in the Original Instrument, the Series 2013A Bonds and the Series 2013B Bonds are not required to be sold and/or issued on the same dates or at the same times. Upon the advice of the Financial Advisor, the Series 2013A Bonds and the Series 2013B Bonds may be sold and/or issued on different dates or at different times. To the extent necessary or desirable, if the Series 2013A Bonds and the Series 2013B Bonds are sold and/or issued on different dates, the County Attorney, the Issuer's Bond Counsel, and the Issuer's other attorneys and consultants are authorized to prepare any new agreements, documents or instruments similar to those authorized herein in order to provide for such different sale or issuance dates without any subsequent approval of the Governing Body required. The officials and staff authorized herein to execute, deliver and determine certain terms and provisions of the agreements, documents or instruments authorized herein are authorized to similarly execute, deliver and determine certain terms and provisions of any such new agreements, documents or instruments under the same terms and conditions as provided herein, without any subsequent approval of the Governing Body required.

(B) The proposed form of the Purchase Contract attached hereto as Exhibit B, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the County Administrator prior to the execution and delivery thereof, is hereby approved; such necessity and/or desirability and approval by the Chairman or the County Administrator to be presumed by the Chairman's or the County Administrator's execution thereof; the Chairman or the County Administrator is hereby authorized to accept the offer of the Purchaser to purchase the Series 2013A Bonds and the Series 2013B Bonds in aggregate initial principal amounts not to exceed the Maximum 2013A Principal Amount and the Maximum 2013B Principal Amount, respectively, and, at purchase price of not less than the Minimum 2013A Purchase Price and the Minimum 2013B Purchase Price, respectively, upon the terms and conditions set forth in the Purchase Contract; and the Chairman or the County Administrator is hereby authorized to execute and deliver the Purchase Contract in the form approved by such person for and on behalf of the Issuer pursuant to the terms hereof, provided that the Chairman or the County Administrator shall first receive a report of the Financial Advisor stating that the aggregate purchase prices of the Series 2013A Bonds and the Series 2013B Bonds set forth in the Purchase Contract are not less than the Minimum

2013A Purchase Price and Minimum 2013B Purchase Price, respectively, and that the final terms and conditions of the sale of the Series 2013A Bonds and the Series 2013B Bonds meet and are within the 2013A Parameters and the 2013B Parameters, respectively.

The Series 2013 Bonds shall be dated such date, shall bear interest at such rates, 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 and the County Administrator as herein provided, with the Chairman's or the County Administrator's approval to be conclusively evidenced by the Chairman's or the County Administrator's execution of any documents including such terms.

Prior to the execution of the Purchase Contract by the Issuer, the Chairman or the County Administrator shall determine, upon the advice of the Financial Advisor, which specific maturities of the Series 2004 Bonds (or portions thereof) shall be refunded in connection with the issuance of the Series 2013B Bonds and only those maturities (and portions, if any) shall constitute Refunded Series 2004 Bonds hereunder.

Prior to the execution and delivery of the Purchase Contract by the Issuer, the Chairman or the County Administrator shall have determined, upon the advice of the Financial Advisor, whether any of the Series 2013 Bonds will be insured by the Policy.

Prior to the execution and delivery of the Purchase Contract by the Issuer, the Purchaser shall include in or attach to the Purchase Contract the disclosure statements required by Section 218.385, Florida Statutes, as amended. The Chairman, the County Administrator and the other officers, agents and employees of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Series 2013 Bonds, the financing of a portion of the Cost of the 2013A Project and the refunding of the Refunded Bonds in accordance with the provisions of the Original Instrument, this Resolution and the Purchase Contract.

Prior to the execution and delivery of the Purchase Contract by the Issuer, the Chairman or the County Administrator shall have received from the Purchaser a good faith deposit in an amount at least equal to 1.00% of the preliminary initial aggregate par amount of the Series 2013 Bonds set forth on the cover page of the Draft Preliminary Official Statement.

Prior to the execution and delivery of the Purchase Contract, the Financial Advisor shall confirm that the preceding conditions have been met and the costs of issuance for the Series 2013 Bonds are comparable or less than the current average issuance costs for bonds of similar tenor and amount. Prior to the issuance of the Series 2013 Bonds, the Financial Advisor will prepare a report with respect to such matters and deliver such report to the Issuer.

(C) Authority for the issuance of such aggregate principal amount of the Series 2013 Bonds herein authorized which shall not be hereafter delivered to the Purchaser pursuant to the provisions of the Purchase Contract is hereby cancelled and rescinded.

Notwithstanding the foregoing, in the event the Purchase Contract is not executed and delivered by the Issuer and the Purchaser on or before December 31, 2013, the Chairman's and the County Administrator's authority to award the sale of the Series 2013 Bonds to the Purchaser and to execute the Purchase Contract for and on behalf of the Issuer pursuant to the terms hereof shall be automatically terminated on December 31, 2013.

Section 6.2 Approval of Draft Preliminary Official Statement and Authorization of Preliminary Official Statement and Final 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 attached hereto as Exhibit A, 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 release thereof, is hereby approved and authorized to be delivered by the Issuer to the Purchaser for distribution at or prior to the execution and delivery of the Purchase Contract; and the Chairman or the County Administrator is hereby authorized to deem the preliminary official statement final as of its date on behalf of the Issuer for purposes of Rule 15c2-12 of the Securities and Exchange Commission (except for such omissions permitted by such Rule 15c2-12), and to execute a certificate to that effect to be delivered to the Purchaser. 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 or the County Administrator prior to the release thereof, is hereby authorized to be delivered by the Issuer to the Purchaser for distribution at or prior to the issuance and delivery of the Series 2013 Bonds. The Chairman or the County Administrator is hereby authorized to evidence the Issuer's approval of the final official statement by his or her endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations may be presumed from such endorsement upon any copy of such final official statement.

Section 6.3 Registration and Paying Agent; Authorization of Execution and Delivery of Registrar and Paying Agent Agreement. Regions Bank, Jacksonville, Florida, is hereby appointed Registrar and Paying Agent for the Series 2013 Bonds. The Registrar and Paying Agent Agreement substantially in the form attached hereto as Exhibit D, with such omissions, insertions and variations as may be approved on behalf of the Issuer by the Chairman or the County Administrator, such approval to be evidenced conclusively by the Chairman's or the County Administrator's execution thereof, is hereby approved and authorized. The Issuer hereby authorizes and directs the Chairman or the County Administrator to execute the Registrar and Paying Agent

Agreement and to deliver the same to the Registrar and Paying Agent for the Series 2013 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 2013 Bonds, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

Section 6.4 Escrow Agent; Authorization of Execution and Delivery of Escrow Agreement. Regions Bank, Jacksonville, Florida, is hereby appointed Escrow Agent with respect to the refunding of the Refunded Bonds. The Escrow Agreement substantially in the form attached hereto as Exhibit E, with such omissions, insertions and variations as may be approved on behalf of the Issuer by the Chairman or the County Administrator, such approval to be evidenced conclusively by the Chairman's or the County Administrator's execution thereof, is hereby approved and authorized. The Issuer hereby authorizes and directs the Chairman or the County Administrator to execute the Escrow Agreement and to deliver the same to the Escrow Agent. All of the provisions of the Escrow Agreement, when executed, dated and delivered by or on behalf of the Issuer as authorized herein and by or on behalf of the Escrow Agent, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

Section 6.5 Authorization of Execution and Delivery of Continuing Disclosure Certificate. The Continuing Disclosure Certificate substantially in the form attached hereto as Exhibit C, with such omissions, insertions and variations as may be approved on behalf of the Issuer by the Chairman or the County Administrator, such approval to be evidenced conclusively by the Chairman's or the County Administrator's execution thereof, is hereby approved and authorized. The Issuer hereby authorizes and directs the Chairman or the County Administrator 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 2013 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of this Resolution, failure of the Issuer to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Bondholder or Beneficial Owner (as hereinafter defined) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Section 6.5. For purposes of this Section 6.5, "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

2013 Bonds (including persons holding Series 2013 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2013 Bonds for federal income tax purposes.

Section 6.6 General Authority. The members of the Governing Body and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2013 Bonds and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be reasonably required by Bond Counsel or the Purchaser to effectuate the sale and delivery of the Series 2013 Bonds.

Section 6.7 Authorization of Execution of Certificates and Other Instruments. The Chairman and the County Administrator are each 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 2013 Bonds, and to execute and deliver such other instruments as shall be necessary or desirable to perform the Issuer's obligations under the Original Instrument, this Resolution and the Purchase Contract and to consummate the transactions contemplated hereby and thereby. The Chairman and the County Administrator are each authorized to execute such other agreements as may be required by the Insurer, Moody's Investors Service, Standard & Poor's Corporation or Fitch Ratings which are necessary to obtain the Policy or ratings required by the Purchase Contract.

Section 6.8 No Personal Liability. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Series 2013 Bonds, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Series 2013 Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Governing Body, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Series 2013 Bonds, or any certificate or other instrument to be executed in connection with the issuance of the Series 2013 Bonds, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof thereof.

Section 6.9 No Third Party Beneficiaries. Except such other Persons as may be expressly described herein or in the Series 2013 Bonds, nothing in this Resolution, or in the Series 2013 Bonds, expressed or implied, is intended or shall be construed to confer upon any Person other than the Issuer, the Insurer and the Holders any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Series 2013 Bonds, all provisions hereof and thereof being

intended to be and being for the sole and exclusive benefit of the Issuer, the Insurer and the Persons who shall from time to time be the Holders.

Section 6.10 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Series 2013 Bonds.

Section 6.11 Repeal of Inconsistent Resolutions. All other resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

Section 6.12 Original Instrument in Full Force and Effect. Except as hereby amended and supplemented, the Original Instrument shall remain in full force and effect.

Section 6.13 Table of Contents and Headings not Part Hereof. The Table of Contents preceding the body of this Resolution and the headings preceding the several articles and sections hereof shall be solely for convenience of reference and shall not constitute a part of this Resolution or affect its meaning, construction or effect.

[Remainder of this space intentionally left blank]

Section 6.15 Effective Date. This Resolution shall become effective immediately upon its passage.

PASSED, APPROVED AND ADOPTED this 15th day of January, 2013.

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

By: 
Its Chairman





Its Clerk

EXHIBIT A
FORM OF PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED _____, 20__

NEW ISSUE –BOOK ENTRY ONLY

RATINGS: (See “RATINGS” herein)

In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, interest on the Series 2013 Bonds is, under existing statutes, regulations, rulings and court decisions, (a) excludable from gross income of the owners thereof for federal income tax purposes except as otherwise described herein under the caption "TAX EXEMPTION" and (b) not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest, however, will be includable in the calculation of a corporation's alternative minimum taxable income and may be subject to other federal income tax consequences referred to herein under "TAX EXEMPTION." See "TAX EXEMPTION" herein for a discussion of Bond Counsel's opinion.

\$ _____*
ST. JOHNS COUNTY, FLORIDA
Water and Sewer Revenue and Refunding Bonds,
Series 2013A

\$ _____*
ST. JOHNS COUNTY, FLORIDA
Water and Sewer Revenue Refunding Bonds,
Series 2013B

Dated: Date of Delivery

Due: June 1, as shown on the inside front cover

SEE INSIDE FRONT COVER FOR DETAILED MATURITY SCHEDULE

The St. Johns County, Florida, Water and Sewer Revenue and Refunding Bonds, Series 2013A (the “Series 2013A Bonds”) and the St. Johns County, Florida, Water and Sewer Revenue Refunding Bonds, Series 2013B (the “Series 2013B Bonds”) and, together with the Series 2013A Bonds, the “Series 2013 Bonds”) are being issued by St. Johns County, Florida (the “County”) as fully registered bonds, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2013 Bonds. Individual purchases of Series 2013 Bonds which are current interest bonds (the “Series 2013 Current Interest Bonds”) may be made only in book-entry form in denominations of \$5,000 and any integral multiples thereof. Individual purchases of Series 2013B Bonds which are capital appreciation bonds (the “Series 2013B Capital Appreciation Bonds”), if any, may be made only in book-entry form in denominations of \$5,000 Maturity Amount and any integral multiples thereof. Purchasers of Series 2013 Bonds will not receive physical delivery of bond certificates representing their ownership interests in the Series 2013 Bonds purchased. As long as DTC or its nominee is the registered owner of the Series 2013 Bonds, principal and interest payments will be made to DTC. See “DESCRIPTION OF THE SERIES 2013 BONDS – Book-Entry Only System” herein. Interest on the Series 2013 Current Interest Bonds is payable on June 1 and December 1 of each year, commencing on June 1, 2013. Interest on the Series 2013B Capital Appreciation Bonds, if any, will be compounded on June 1 and December 1 of each year, commencing on June 1, 2013. _____ is Paying Agent and Registrar for the Series 2013 Bonds. See “DESCRIPTION OF THE SERIES 2013 BONDS” herein. Capitalized terms used but not defined in this Official Statement shall have the meaning ascribed thereto in the Resolution (as defined herein), unless the context would clearly indicate otherwise.

The Series 2013 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, County Ordinance No. 86-89 enacted by the Board of County Commissioners of the County (the “Board”), as amended and supplemented (the “Ordinance”), and other applicable provisions of law and Resolution No. 89-84 of the County duly adopted by the Board on April 25, 1989, as amended and supplemented (the “Original Resolution”), particularly as amended and supplemented by Resolution No. 2013-____ duly adopted by the Board on _____, 2013 (the “Supplemental Resolution, and, together with the Original Resolution, the “Resolution”). The Supplemental Resolution contains certain amendments to the Original Resolution which will become effective only after consents of Bondholders and certain other parties have been obtained, and by acceptance of the Series 2013 Bonds, owners of the Series 2013 Bonds will be deemed to have consented to such amendments. See “AMENDMENTS TO THE RESOLUTION” herein and “THE COMPOSITE RESOLUTION AND SUPPLEMENTAL RESOLUTION” attached hereto as APPENDIX E. The Series 2013 Bonds are being issued to provide funds to: (i) finance a portion of the cost of the

acquisition, construction and equipping of the 2013A Project (as defined herein), (ii) capitalize a portion of interest on the Series 2013A Bonds, (iii) refund certain outstanding indebtedness of the County, as further described herein, (iv) make a deposit to the debt service reserve account, and (v) pay certain costs of issuance related to the Series 2013 Bonds, all as further described herein.

The Series 2013 Bonds are subject to optional and mandatory redemption prior to their stated maturities as set forth herein. See "DESCRIPTION OF THE SERIES 2013 BONDS - Redemption" herein.

The principal of, redemption premium, if any, and interest on the Series 2013 Bonds are payable solely from and secured by a pledge of and prior lien upon the Pledged Funds (as defined herein), which include the Net Revenues derived from the operation of the main water and sewer system owned, operated and maintained by the County (as further described herein, the "System"), certain legally available connection charges and moneys on deposit in certain funds and accounts established under the Resolution. The Series 2013 Bonds are being issued on a parity with the County's outstanding Water and Sewer Revenue Bonds, Series 1991A, Water and Sewer Revenue Bonds, Series 2004 (which are not refunded by the Series 2013 Bonds), and Water and Sewer Revenue and Refunding Bonds, Series 2006. See "SECURITY FOR THE SERIES 2013 BONDS" herein.

THE SERIES 2013 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 IN ACCORDANCE WITH THE TERMS OF THE RESOLUTION. NO HOLDER OF ANY SERIES 2013 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON SUCH SERIES 2013 BOND OR SHALL BE ENTITLED TO PAYMENT OF SUCH SERIES 2013 BOND FROM ANY MONEYS OF THE COUNTY EXCEPT THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

This cover page and the inside cover page contain certain information for quick reference only. They are not, and are not intended to be, a summary of the transaction. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2013 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval as to legality by Nabors, Giblin & Nickerson P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed on for the County by Edwards Cohen, Jacksonville, Florida, Counsel for the County, and by Foley & Lardner LLP, 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 2013 Bonds will be delivered to the Underwriter through the facilities of DTC in New York, New York on or about _____, 2013.

[RBC Capital Markets LOGO]

Dated: _____, 2013

*Preliminary, subject to change

MATURITY SCHEDULE

\$ _____*
ST. JOHNS COUNTY, FLORIDA
Water and Sewer Revenue and Refunding Bonds,
Series 2013A

\$ _____ Current Interest Serial Bonds

| <u>Maturity</u> <u>(June 1)</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Price</u> | <u>Yield</u> | <u>Initial</u> <u>CUSIP</u> <u>Number**</u> |
|------------------------------------|---------------|----------------------|--------------|--------------|---|
| \$ | | % | | % | |

\$ _____ - _____ % Term Bond due June 1, 20__ Priced at _____ - Yield _____ % - CUSIP No** _____
\$ _____ - _____ % Term Bond due June 1, 20__ Priced at _____ - Yield _____ % - CUSIP No** _____

\$ _____*

ST. JOHNS COUNTY, FLORIDA
Water and Sewer Revenue Refunding Bonds,
Series 2013B

\$ _____ Current Interest Serial Bonds

| <u>Maturity</u> (June 1) | <u>Amount</u> | <u>Interest Rate</u> | <u>Price</u> | <u>Yield</u> | <u>Initial CUSIP Number**</u> |
|-----------------------------|---------------|----------------------|--------------|--------------|-------------------------------|
| | \$ | % | | % | |

\$ _____ - _____ % Term Bond due June 1, 20__ Priced at _____ - Yield _____ % - CUSIP No** _____

\$ _____ - _____ % Term Bond due June 1, 20__ Priced at _____ - Yield _____ % - CUSIP No** _____

\$ _____ Capital Appreciation Bonds***

| <u>Maturity</u> (June 1) | <u>Original Principal Amount</u> | <u>Value at Maturity</u> | <u>Original Principal Per \$5,000 Maturity Amount</u> | <u>Approximate Yield to Maturity</u> | <u>Initial CUSIP Number**</u> |
|-----------------------------|----------------------------------|--------------------------|---|--------------------------------------|-------------------------------|
| | \$ | \$ | \$ | % | |

* Preliminary, subject to change.

** The County is not responsible for the use of the CUSIP Numbers referenced herein nor is any representation made by the County as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Official Statement.

*** Table of Accreted Values is attached hereto as Appendix H.

RED HERRING LANGUAGE

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2013 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.

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

John H. Morris, Chair
William A. McClure, Vice-Chair
Ronald F. Sanchez
Cyndi Stevenson
Rachael L. Bennett

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
Vicky Oakes, Supervisor of Elections

UTILITY DEPARTMENT

William G. Young, Utilities Director
Ram "Neal" Shinkre, Engineering Manager
Gerald Solana, Operations Manager
Frank Kenton, Administrative Manager

COUNTY ADMINISTRATOR

Michael D. Wanchick

FINANCE DIRECTOR

Richard A. MacDonald, Jr.

COUNTY ATTORNEY

Patrick F. McCormack

COUNSEL FOR THE COUNTY

Edwards Cohen
Jacksonville, Florida

BOND COUNSEL

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

DISCLOSURE COUNSEL

Foley & Lardner LLP
Jacksonville, Florida

FINANCIAL ADVISOR

Public Financial Management, Inc.
Orlando, Florida

CONSULTING ENGINEER

Brown and Caldwell
Maitland, Florida

FEASIBILITY CONSULTANT

Raftelis Financial Consultants, 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 2013 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 2013 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 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 Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter listed on the cover page hereof has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does 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.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2013 BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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 2013 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 2013 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 2013 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.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "PROJECT," "ANTICIPATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS

EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COUNTY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

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OFFICIAL STATEMENT

relating to

\$ _____*
ST. JOHNS COUNTY, FLORIDA
Water and Sewer Revenue and Refunding Bonds,
Series 2013A

\$ _____*
ST. JOHNS COUNTY, FLORIDA
Water and Sewer Revenue Refunding Bonds,
Series 2013B

INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover and the appendices hereto, is to provide information concerning the issuance by St. Johns County, Florida (the "County") of \$ _____* aggregate principal amount of the County's Water and Sewer Revenue and Refunding Bonds, Series 2013A (the "Series 2013A Bonds") and of \$ _____* aggregate principal amount of the County's Water and Sewer Revenue Refunding Bonds, Series 2013B (the "Series 2013B Bonds" and, together with the Series 2013A Bonds, the "Series 2013 Bonds"). The Series 2013 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, County Ordinance No. 86-89 enacted by the Board of County Commissioners of the County (the "Board"), as amended and supplemented (the "Ordinance"), and other applicable provisions of law and Resolution No. 89-84 of the County duly adopted by the Board on April 25, 1989, as amended and supplemented (the "Original Resolution"), particularly as amended and supplemented by Resolution No. 2013-___ duly adopted by the Board on _____, 2013 (the "Supplemental Resolution, and, together with the Original Resolution, the "Resolution"). The Supplemental Resolution contains certain amendments to the Original Resolution which will become effective only after consents of Bondholders and certain other parties have been obtained, and by acceptance of the Series 2013 Bonds, holders of the Series 2013 Bonds will be deemed to have consented to such amendments. See "AMENDMENTS TO THE RESOLUTION" herein and "THE COMPOSITE RESOLUTION AND SUPPLEMENTAL RESOLUTION" attached hereto as APPENDIX E. Capitalized terms used herein and not otherwise defined have the definitions set forth in the Resolution. The Series 2013A Bonds, together with all, a portion or none of the Series 2013B Bonds, will be issued as current interest bonds (the "Series 2013 Current Interest Bonds"), and all, a portion or none of the Series 2013B Bonds will be issued as capital appreciation bonds (the "Series 2013B Capital Appreciation Bonds"), to be determined by the County in connection with the pricing of the Series 2013 Bonds. Additionally, certain Series 2013B Capital Appreciation Bonds, if any, may contain provisions that convert such Bonds to Current Interest Bonds prior to the Maturity Date thereof.

*Preliminary, subject to change

The Series 2013 Bonds are being issued on a parity with the Parity Obligations (as defined herein). See "DEBT SERVICE SCHEDULE" and "SECURITY FOR THE SERIES 2013 BONDS - Source of Payment" herein. The County may issue Additional Bonds payable from the Pledged Funds (as defined herein) on parity with the Parity Obligations and the Series 2013 Bonds, provided, however, that such Additional Bonds may be issued only if the County first has complied with certain requirements set out in the Resolution. The Series 2013 Bonds, the Parity Obligations and any Additional Bonds issued pursuant to the Resolution are collectively referred to herein as "Bonds." See "SECURITY FOR THE SERIES 2013 BONDS - Additional Bonds" herein.

The County has agreed to provide certain continuing disclosure information with respect to the Series 2013 Bonds pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission. See "CONTINUING DISCLOSURE" herein.

For a complete description of the terms and conditions of the Series 2013 Bonds, reference is made to the Resolution. See "THE COMPOSITE RESOLUTION AND SUPPLEMENTAL RESOLUTION" attached hereto as APPENDIX E. The description of the Series 2013 Bonds and of the documents authorizing and securing the same and the description of other debt of the County do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each. All information included herein has been provided by the County except where attributed to other sources. 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 DTC and its book-entry system. 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.

The assumptions, estimates, projections and matters of opinion contained in this Official Statement, whether or not so expressly stated, are set forth as such and not as matters of fact, and no representation is made that any of the assumptions or matters of opinion herein are valid or that any projections or estimates contained herein will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing, other than the Series 2013 Bonds and the Resolution, is to be construed as a contract between the Registered Owners of the Series 2013 Bonds and the County.

THE COUNTY

The County was established in 1821. The City of St. Augustine, the County seat, was founded over 400 years ago by Spanish explorers and is the nation's oldest continuously occupied city. The County encompasses approximately 608 square miles and is located in the northeastern region of the State of Florida (the "State") directly south of the City of Jacksonville and is bordered on the west by the St. Johns River, on the south by Flagler County, and on the east by the Atlantic Ocean. The 2011 population of the County was _____. For further information concerning the County, see "APPENDIX A - GENERAL INFORMATION CONCERNING THE COUNTY."

PURPOSE OF THE SERIES 2013 BONDS

The Series 2013A Bonds are being issued to provide funds to: (i) finance a portion of the cost of the acquisition, construction and equipping of the 2013A Project (as described herein under "PLAN OF FINANCE – The 2013A Project"), (ii) pay certain capitalized interest on the Series 2013A Bonds, (iii) refund the County's outstanding Water and Sewer Revenue Refunding Bonds, Series 1998 (the "Refunded Series 1998 Bonds"), (iv) make a deposit to the Reserve Account, and (v) pay certain costs of issuance related to the Series 2013A Bonds.

The Series 2013B Bonds are being issued to provide funds to: (i) advance refund a portion of the County's outstanding Water and Sewer Revenue Bonds, Series 2004 (the "Refunded Series 2004 Bonds") and (ii) pay certain costs of issuance related to the Series 2013B Bonds.

PLAN OF FINANCE

The 2013A Project

"The 2013A Project" consists of acquisition, construction and equipping of a new regional wastewater treatment facility to be located on an approximately 40.88 acre site located near proposed County Road 2209 just north of International Golf Parkway, as such 2013A Project is more particularly described in certain plans and specifications on file or to be on file with the County, with such changes, deletions, additions or modifications to the enumerated improvements, equipment and facilities or such other improvements, equipment and facilities for the System as shall be designated and approved by the County Administrator or his or her designee in accordance with applicable law. The County has obtained or expects to obtain all local, state and federal permits as needed for the acquisition and construction of the 2013A Project. It is currently anticipated that approximately \$20,000,000 of Series 2013A Bond proceeds will be expended for the 2013A Project. See "THE SYSTEM – Capital Improvement Program" herein and "APPENDIX C – CONSULTING ENGINEER'S REPORT" for more information regarding the 2013A Project.

Plan of Refunding

Concurrently with the delivery of the Series 2013 Bonds, a portion of the proceeds of the Series 2013A Bonds, together with other legally available moneys of the County, shall be deposited into an escrow account (the "1998 Escrow Account") pursuant to the terms and provisions of the Escrow Deposit Agreement between the County and _____, as Escrow Agent thereunder (the "Escrow Deposit Agreement") in order to defease the Refunded Series 1998 Bonds. Additionally, a portion of the proceeds of the Series 2013B Bonds, together with other legally available moneys of the County, shall be deposited into an escrow account (the "2004 Escrow Account") pursuant to the terms and provisions of the Escrow Deposit Agreement in order to defease the Refunded Series 2004 Bonds. The moneys deposited pursuant to the Escrow Deposit Agreement shall be applied to the purchase of certain United States Treasury obligations (the "Federal Securities") so as to produce sufficient funds to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds as the same become due and

payable. The Refunded Series 1998 Bonds will be called for redemption on _____, 2013. The Refunded Series 2004 Bonds maturing on June 1, 2015, or thereafter will be called for redemption on June 1, 2014. Upon the deposit of such moneys in the 1998 Escrow Account and the 2004 Escrow Account (collectively, the "Escrow Accounts"), in the opinion of Bond Counsel, rendered in reliance upon certain mathematical computations performed by Public Financial Management, Inc., as verified by [The Arbitrage Group Inc.] (the "Verification Agent") as described below, the Refunded Bonds shall be deemed to be paid and legally defeased and shall no longer be deemed to be outstanding for purposes of the Resolution. The holders of the Refunded Bonds shall be entitled to payment solely out of the moneys and Federal Securities deposited pursuant to the Escrow Deposit Agreement. The moneys and Federal Securities on deposit in the Escrow Accounts will not be available for payment of the Series 2013 Bonds.

Upon delivery of the Series 2013 Bonds, the Verification Agent will verify the accuracy of the arithmetical computations of the adequacy of the maturing principal amount of, and interest on the Federal Securities, together with any uninvested amounts, to be held in the Escrow Accounts to pay the principal and interest on the Refunded Bonds through the redemption date therefor and the yields on the Series 2013B Bonds and the Federal Securities on deposit in the 2004 Escrow Account. See "VERIFICATION OF ARITHMETICAL COMPUTATIONS" herein.

DESCRIPTION OF THE SERIES 2013 BONDS

General

The Series 2013 Current Interest Bonds are issuable only in fully registered form in denominations of \$5,000 and integral multiples thereof, shall be dated the date of delivery and shall bear interest from their dated date. Interest on the Series 2013 Current Interest Bonds shall be payable on June 1 and December 1 of each year, commencing on June 1, 2013 (each an "Interest Date").

The Series 2013B Capital Appreciation Bonds, if any, are issuable only in fully registered form in denominations of \$5,000 Maturity Amount and integral multiples thereof. The Maturity Amounts (which include the amount of principal and accreted interest) for the Series 2013B Capital Appreciation Bonds per \$5,000 maturity amount, as of the date of delivery thereof and as of each June 1 and December 1 thereof thereafter, are set forth in "TABLE OF ACCRETED VALUES" attached hereto as APPENDIX H. The difference between the Maturity Amounts of the Series 2013B Capital Appreciation Bonds and the price at which such Series 2013B Capital Appreciation Bonds are initially offered represents and investment return over the life of the Series 2013B Capital Appreciation Bonds at the semi-annual compounding rate (compounded each June 1 and December 1, commencing June 1, 2013) necessary to produce an approximate yield to maturity from the date of delivery of such Series 2013B Capital Appreciation Bonds as shown on the inside cover page of this Official Statement.

The Accreted Value for any Series 2013B Capital Appreciation Bond (per \$5,000 Maturity Amount of such Bonds) with respect to any date other than a date set forth in APPENDIX H hereto, and prior to the stated maturity of such Series 2013B Capital Appreciation Bonds, shall be determined by adding to the principal amount for such Series 2013B Capital Appreciation Bonds as of the date stated in such tables immediately preceding the date of computation or the date of computation if an Interest Date, such interest to accrue at a rate not exceeding the legal rate, compounded semiannually; with respect to matters related to the payment upon redemption or acceleration of the Series 2013B Capital Appreciation Bonds, if such date of computation shall not be an Interest Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Date and the Accreted Value as of the immediately succeeding Interest Date for such Series 2013B Capital Appreciation Bonds based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a 360 day year of twelve 30 day months. Additionally, certain Series 2013B Capital Appreciation Bonds, if any, may contain provisions that convert such Bonds to Current Interest Bonds prior to the Maturity Date thereof.

The principal of the Series 2013 Current Interest Bonds and the Accreted Value of the Series 2013B Capital Appreciation Bonds or Redemption Price, if applicable on the Series 2013 Bonds is payable only upon presentation and surrender of the Series 2013 Bonds at the office of the _____, as Paying Agent (the "Paying Agent"). Interest payable on any Series 2013 Current Interest Bond on any Interest Date to the Holder in whose name such Series 2013 Current Interest 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 to the account of such Holder.

Redemption

Optional Redemption. The Series 2013 [Current Interest] Bonds maturing prior to June 1, 20__ are not subject to redemption prior to maturity. The Series 2013 [Current Interest] Bonds maturing on June 1, 20__, or thereafter may be redeemed prior to maturity at the option of the County as a whole or in part, from such maturity or maturities as the County shall designate and by lot within a maturity, on June 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.

[The Series 2013B Capital Appreciation Bonds may be redeemed prior to their respective maturities, at the option of the County, from any moneys legally available therefor, in whole or in part, from such maturity or maturities selected by the County on June 1, 20__ or any date thereafter, at the following redemption prices (expressed as a percentage of the Accreted Value of the Series 2013B Capital Appreciation Bonds to be redeemed), plus accreted interest to the redemption date:]

| Redemption Period (Both Dates Inclusive) | Redemption Price |
|---|------------------|
| June 1, 20__ through May 31, 20__ | % |
| June 1, 20__ through May 31, 20__ | |

June 1, 20__ and thereafter

Mandatory Redemption. The Series 2013A Bonds maturing on June 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 June 1, 20__ and on each June 1 thereafter in the years and in the principal amounts corresponding to the Amortization Installments as follows:

| <u>Year</u> | <u>Amortization Installment</u> |
|-------------|-------------------------------------|
| <hr/> | |
| *Maturity | |

The Series 2013B Current Interest Bonds maturing on June 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 June 1, 20__ and on each June 1 thereafter in the years and in the principal amounts corresponding to the Amortization Installments as follows:

| <u>Year</u> | <u>Amortization Installment</u> |
|-------------|-------------------------------------|
| <hr/> | |
| *Maturity | |

Notice of Redemption. Unless waived by any Holder of the Series 2013 Bonds to be redeemed, notice of any redemption shall be given by the Registrar on behalf of the County by mailing a copy of an official redemption notice by registered or certified mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each Holder of the Series 2013 Bonds to be redeemed at the address of such Holder shown on the registration books maintained by the Registrar or at such 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 2013 Bonds to be redeemed nor failure to give such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of the Series 2013 Bonds to be redeemed. Additional notice shall be given as provided in the Resolution.

Notwithstanding the foregoing, so long as Cede & Co. is the registered owner of the Series 2013 Bonds pursuant to DTC's book-entry only system of registration (described below), notice of redemption required to be mailed to Holders of the Series 2013 Bonds shall only be sent to Cede & Co.

Payment of Redeemed Bonds. Official notice of redemption having been given substantially as provided in the Resolution, the Series 2013 Bonds or portions of the Series 2013 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 County shall default in the payment of the Redemption Price) such Series 2013 Bonds or portions of Series 2013 Bonds shall cease to bear interest. Upon surrender of such Series 2013 Bonds for redemption in accordance with said notice, such Series 2013 Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. Installments of interest due on or prior to the Redemption Date shall be payable as provided in the Resolution for payment of interest. All Series 2013 Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.

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.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2013 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2013 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2013 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2013 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2013 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2013 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2013 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2013 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2013 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE COUNTY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2013 Bonds. The Series 2013 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2013 Bond certificate will be issued for each maturity of each series of the Series 2013 Bonds as set forth in the inside cover of this Official Statement, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds

and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2013 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2013 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2013 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2013 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2013 Bonds, except in the event that use of the book-entry system for the Series 2013 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013 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 the Series 2013 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 2013 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2013 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2013 Bonds may wish to take certain steps to augment the transmission to them of notices of

significant events with respect to the Series 2013 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2013 Bonds may wish to ascertain that the nominee holding the Series 2013 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2013 Bonds within a series or maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2013 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2013 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal (or Accreted Value, as applicable), redemption premium, if any, and interest payments on the Series 2013 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the paying agent on the payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the County, or the paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal (or Accreted Value, as applicable), redemption premium, if any, and interest on the Series 2013 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County and/or the paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2013 Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, the Series 2013 Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2013 Bond certificates will be printed and delivered.

If the DTC system is discontinued the transfer, exchange and registration of the Series 2013 Bonds will be governed by the provisions of the Resolution. See APPENDIX D attached hereto.

SECURITY FOR THE SERIES 2013 BONDS

Source of Payment

The Series 2013 Bonds are special obligations of the County secured equally and ratably by a pledge of and prior lien upon the Pledged Funds. The Series 2013 Bonds are being issued on a parity with the Parity Obligations and any Additional Bonds issued after the date hereof as to the lien on and pledge of the Pledged Funds. "Pledged Funds" are defined in the Resolution to mean the Net Revenues, any Connection Charges on deposit in the Current Account and, until applied in accordance with the provisions of the Resolution, the proceeds of the Bonds and all moneys, including investments thereof, in the Revenue Fund and the Debt Service Fund. Pledged Funds do not include Net Revenues on deposit in the Rebate Fund or Connection Charges on deposit in the Stabilization Account. The County has covenanted that it will deposit all Gross Revenues it collects from the operation of or ownership of the System into the Revenue Fund, where they will be subject to the lien of the Bonds. Before money on deposit in the Revenue Fund may be used to pay debt service on the Bonds, however, an amount sufficient to pay the Operating Expenses of the System each month will be withdrawn and placed in the Operation and Maintenance Fund, which Fund is not subject to the lien of the Bonds.

System. Pursuant to the Resolution, System means the complete water facilities now owned, operated and maintained by the County, every Additional Project and any and all other water and sewer facilities hereafter acquired and operated by the County which shall be expressly declared by resolution of the Board to be part of the System, which System shall also include any and all improvements, extensions and additions to the foregoing which shall be hereafter constructed or acquired, whether the same shall be financed from the proceeds of Bonds or from any other funds or sources, together with all property, real or personal, tangible or intangible, now or hereafter owned or used in connection therewith. NOTWITHSTANDING THE FOREGOING, THE SYSTEM DOES NOT INCLUDE THE PONTE VEDRA UTILITY SYSTEM ACQUIRED BY THE COUNTY IN FEBRUARY 2006. See "THE SYSTEM - Other County-Owned Utilities" herein.

Net Revenues. Pursuant to the Resolution, Net Revenues include all income and moneys received by the County from the fees and charges made and collected by the County (excluding Connection Charges and non-ad valorem special assessments) for the use of the services or facilities of the System (such fees and charges, the "Rates"), together with all earnings and income derived from the investment of moneys under the provisions of the Resolution which are transferred to the Revenue Fund or the Interest Account as provided in the Resolution, less the County's expenses for operation, maintenance, repairs and replacements with respect to the System, as further provided in the Resolution.

Connection Charges. Pursuant to the Resolution, Connection Charges include all non refundable (except at the option of the County) "water unit connection fees," "sewer unit connection fees," impact fees, capital expansion fees, utility improvement fees or other similar fees and charges, whether payable in full prior to connection with the System or to initiation of any service afforded by System facilities or payable in installments over any period of time, separately imposed from time to time by the County upon new customers of the System as a nonuser capacity charge for a proportionate share of the cost of the acquisition or construction of

Expansion Facilities, which are imposed by the County for the purpose of allocating to each such customer a proportionate share of the cost of the additional System capacity made necessary by the inclusion or expected inclusion of System services to such new customers, but only to the extent that any such fee or charge has been lawfully levied and collected by the County and may under applicable law be used for the acquisition or construction of the Expansion Facilities or for debt service thereon as more particularly provided in the Resolution, and any income from the investment of moneys on deposit in the Connection Charges Fund or any other moneys transferred to the Connection Charges Fund pursuant to the provisions of the Resolution. Connection Charges do not include Assessments.

Assessments. Pursuant to the Resolution, Assessments are the proceeds to be derived by the County from any non-ad valorem special assessments which are levied by the County, on its own behalf or as the governing body of a municipal service benefit unit, against some or all of the parcels of real property to be specially benefited by the services and facilities of any Additional Project or by any portion thereof, and which are expressly declared by one or more resolutions of the Board to be Assessments, and which are expressly pledged by such resolutions, including interest on such non ad valorem special assessments and any penalties thereon and moneys received upon the foreclosure of the liens thereof and, by reason of such non ad valorem special assessments, upon the sale of tax certificates, to the payment of the principal of and premium, if any, and interest on the Bonds or one or more Series of Bonds. The County has the right to levy and collect non ad valorem special assessments upon some or all of the parcels of real property specifically benefited by any Additional Project or by any portion thereof without declaring that such assessments shall be Assessments, as defined in the Resolution, and to provide for the application of such assessments to any lawful public purpose, including provision for the application of such assessments to the payment of the principal of or Redemption Price, if applicable, and interest on any particular Series of Bonds or Subordinated Indebtedness or any other obligations of the County. No Assessments are currently pledged to the payment of the principal of or Redemption Price, if applicable, or interest on the Series 2013 Bonds or on any Parity Obligations.

The Series 2013 Bonds are being issued on a parity with the County's outstanding Water and Sewer Revenue Bonds, Series 1991A, which consist of Capital Appreciation Bonds with an Accreted Value of \$24,276,356.75, as of December 1, 2012, its Water and Sewer Revenue Bonds, Series 2004, which do not constitute Refunded Series 2004 Bonds, and consist of current interest Bonds which are outstanding in the aggregate principal amount of \$5,520,000, and Capital Appreciation Bonds with an Accreted Value of \$28,081,403.12 as of December 1, 2012, and Water and Sewer Revenue and Refunding Bonds, Series 2006, which are outstanding in the aggregate principal amount of \$39,945,000 as of December 1, 2012 (collectively, the "Parity Obligations") and any Additional Bonds issued after the date hereof. See "SECURITY FOR THE SERIES 2013 BONDS – Additional Bonds" below.

The County also currently has outstanding the following subordinated indebtedness (the "Subordinated Indebtedness"): (i) a loan in the principal amount of \$ _____ evidenced by a State Revolving Fund Loan Agreement dated June 27, 1994, as amended and restated on September 12, 1995, as further amended, between the County and the State of Florida Department of Environmental Protection (the "State Department"), and (ii) a loan in the principal amount of \$ _____ evidenced by a Clean Water State Revolving Fund Loan Agreement

dated May 17, 2011, as amended, between the County and the Florida Water Pollution Control Financing Corporation and approved and accepted by the Stated Department. The Subordinated Indebtedness is payable from and secured by a lien upon and pledge of the Pledged Funds which is junior and subordinate in all respects to the lien of and pledge thereon in favor of the Series 2013 Bonds and the Parity Obligations.

THE SERIES 2013 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 IN ACCORDANCE WITH THE TERMS OF THE RESOLUTION. NO HOLDER OF ANY SERIES 2013 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON SUCH SERIES 2013 BOND OR SHALL BE ENTITLED TO PAYMENT OF SUCH SERIES 2013 BOND FROM ANY MONEYS OF THE COUNTY EXCEPT THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

Funds and Accounts

Pursuant to the Resolution, the following funds and accounts have been established:

- (1) The Construction Fund, which includes the Series 2013A Construction Account;
- (2) The Revenue Fund;
- (3) The Connection Charges Fund, which shall consist of the Current Account and the Stabilization Account;
- (4) The Operation and Maintenance Fund;
- (5) The Debt Service Fund, which shall consist of the Interest Account, the Principal Account, the Bond Amortization Account and the Reserve Account;
- (6) The Renewal and Replacement Fund;
- (7) The Rebate Fund; and
- (8) The Assessment Fund.

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

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

Flow of Funds

(A) The County will deposit the Connection Charges into the Current Account, promptly upon the receipt thereof, until an amount equal to the Connection Charges Debt Service Components for the then current Bond Year shall have been deposited into the Current Account in such Bond Year. After an amount equal to such Connection Charges Debt Service Components shall have been deposited into the Current Account in such Bond Year, the County will deposit additional Connection Charges received in such Bond Year into the Stabilization Account.

On or before the last day of each month, all or any portion of the moneys in the Current Account may, at the option of the County, be deposited or credited to the Debt Service Fund in the manner described in subsection (B)(2) below, provided, however, that such moneys shall be deposited or credited to the Debt Service Fund in the manner described in subsection (B)(2) below in the event that moneys in the Revenue Fund are insufficient or unavailable to make all of the deposits into the Debt Service Fund required by the Resolution as described in subsection (B)(2) below. The balance of any moneys remaining in the Current Account after such deposits, if any, shall be transferred to the Stabilization Account.

Moneys in the Stabilization Account may, to the extent such moneys are lawfully available for such purpose, be applied only (i) to the Current Account in an amount which shall not exceed the Connection Charges Debt Service Components for the then current Bond Year, less amounts previously transferred from the Current Account to the Debt Service Fund during such Bond Year, (ii) to the purchase or redemption of Bonds or (iii) to the County, from time to time, for the acquisition and construction of Expansion Facilities.

Notwithstanding anything to the contrary contained in the Resolution, the aggregate amount of Connection Charges applied and allocated to the aggregate Debt Service Requirements for the Bonds shall never exceed the aggregate Connection Charges Debt Service Components for the Bonds.

(B) The County will deposit all Gross Revenues into the Revenue Fund, promptly upon the receipt thereof. On or before the last day of each month, the moneys in the Revenue Fund shall be deposited or credited in the following manner and in the following order of priority:

(1) Operation and Maintenance Fund. The County will deposit into or credit to the Operation and Maintenance Fund such sum as shall be necessary to cause the moneys in the Operation and Maintenance Fund to be sufficient to pay Operating Expenses for the next succeeding month according to the Annual Budget; provided, however, that subject always to the provisions of the Resolution, the County will transfer

moneys from the Revenue Fund to the Operation and Maintenance Fund at any time to pay Operating Expenses to the extent there shall be a deficiency in the moneys in the Operation and Maintenance Fund for such purpose. Moneys in the Operation and Maintenance Fund shall be paid out from time to time by the County to pay reasonable and necessary Operating Expenses as and when the same shall be incurred.

(2) Debt Service Fund. Next, the County will deposit into or credit to the Debt Service Fund, from moneys in the Revenue Fund and/or the Current Account, such sums which, together with the moneys deposited into or credited to the Debt Service Fund from the Assessment Fund pursuant to the provisions of part (7) below, will be sufficient to make all of the deposits, transfers and payments described in this part (2). The moneys on deposit in the Debt Service Fund shall be applied by the County in the manner provided in the Resolution solely for the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds, including Assessments Redemption Bonds, and for the purchase of, and reinstatement of the maximum limits of, any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit, and shall not be available for any other purpose. The moneys transferred to the Debt Service Fund from the Assessments Fund, the Revenue Fund and the Current Account shall be deposited or credited in the following manner and in the following order of priority:

(a) Interest Account. The County will deposit into or credit to the Interest Account the sum which, together with the surplus moneys in the Interest Account not theretofore allocated to supplement any previous monthly deposit to the credit of the Interest Account, will be sufficient to pay one-sixth (1/6) of all interest coming due on the Bonds on the next Interest Date, plus the full balance of any continuing deficiencies in prior deposits to the Interest Account. Moneys in the Interest Account shall be applied by the County to pay interest on the Bonds as and when the same become due, whether by redemption or otherwise, and for no other purpose. The County will 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 on the Bonds coming due on such Interest Date.

(b) Principal Account. Next, the County will deposit into or credit to the Principal Account the sum which, together with the surplus moneys in the Principal Account not theretofore allocated to supplement any previous monthly deposit to the credit of the Principal Account, will be sufficient to pay (i) the principal amount of all Outstanding Bonds other than Term Bonds due and unpaid and (ii) one-twelfth (1/12) of the principal amount of the Bonds other than Term Bonds which shall thereafter mature during the then current Bond Year. Serial Capital Appreciation Bonds (including their respective interest components) shall be payable entirely from moneys in the Principal Account on their respective maturity dates, and deposits or credits to the Principal Account to provide funds for such purpose shall commence in the month which is one year prior to each such maturity date. 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 mature, and for no other purpose.

(c) Bond Amortization Account. Payments to the Bond Amortization Account shall be on a parity with payments to the Principal Account. Commencing in the month which is one year prior to the due date of each Amortization Installment, the County will 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 and not theretofore allocated to supplement any previous monthly deposit, will be sufficient to pay (i) one-twelfth (1/12) of such Amortization Installments and (ii) the full balance of any continuing deficiencies in prior deposits to the Bond Amortization Account for such Amortization Installment and the principal amount of all such Outstanding Term Bonds due and unpaid. Term Capital Appreciation Bonds (including their respective interest components) shall be payable entirely from moneys in the Bond Amortization Account on the respective due dates of the Amortization Installments applicable thereto, and deposits or credits to the Bond Amortization Account to provide funds for such purpose shall commence in the month which is one year prior to each such Amortization Installment due date. Moneys in the Bond Amortization Account shall be applied by the County to purchase or redeem Term Bonds in the manner herein provided, and for no other purpose. All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the County from the Revenue Fund.

(d) Reserve Account. Next, the County will 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 Interest Date and each maturity or redemption date for the payment of any principal of the Bonds, moneys in the Reserve Account shall be applied by the County to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Bond Amortization Account shall be insufficient for such purpose. Whenever there shall be surplus moneys in the Reserve Account by reason of a decrease in the Reserve Account Requirement or as a result of a deposit therein of a Reserve Account Insurance Policy and/or a Reserve Account Letter of Credit, such surplus moneys shall be deposited by the 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.

(3) Subordinated Indebtedness. Next, the County will apply available moneys in the Revenue Fund to the payment of the debt service for any Subordinated Indebtedness.

(4) Renewal and Replacement Fund. Next, whenever the balance on deposit in the Renewal and Replacement Fund shall be less than the Renewal and Replacement

Fund Requirement, the County will deposit into or credit to the Renewal and Replacement Fund the balance of all moneys remaining in the Revenue Fund to the extent necessary to cause the moneys in the Renewal and Replacement Fund to equal the Renewal and Replacement Fund Requirement. If at anytime the balance on deposit in the Renewal and Replacement Fund shall exceed the Renewal and Replacement Fund Requirement, such excess shall be withdrawn by the County from the Renewal and Replacement Fund and deposited into the Revenue Fund. The moneys in the Renewal and Replacement Fund shall be applied by the County to the payment of the cost of extensions, improvements and additions to, or renewals and replacements of the capital assets of, the System, or extraordinary repairs of the System; provided, however, that whenever moneys in the Debt Service Fund shall be insufficient to pay all or any part of the principal of, Redemption Price or interest on any of the Bonds, moneys in the Renewal and Replacement Fund shall first be used to supplement the Debt Service Fund to the extent necessary to prevent a default on the Bonds.

(5) Rebate Fund. Next, the County may, at its option, deposit into or credit to the Rebate Fund the any amounts required to be rebated to the United States Treasury pursuant to the Resolution.

(6) Excess Revenues. Finally, the County may withdraw the balance of all moneys remaining on deposit to the credit of the Revenue Fund and apply the same to any lawful county purpose.

(7) Assessments. All Assessments shall be deposited by the County into the Assessments Fund promptly upon receipt thereof. Currently, no such Assessments are levied or pledged by the County for payment of the Bonds. As a first charge against moneys at any time on deposit to the credit of the Assessments Fund, the County will reimburse itself for all expenses incurred by the County in connection with its conduct of the proceedings necessary for the imposition, levy and collection of the Assessments in accordance with applicable law. On or before the last day of each month in every Bond Year, all moneys in the Assessments Fund shall be deposited or credited to the Debt Service Fund until the aggregate amount of all such deposits therein during such Bond Year shall equal all of the installments of the Assessments scheduled to be paid to the County during such Bond Year, and all such moneys thus deposited to the Debt Service Fund shall be applied by the County in the same manner as other moneys therein are applied pursuant to the provisions of part (2) of this subsection (B). All expenses in connection with the purchase, redemption or payment of Assessments Redemption Bonds shall be paid by the County from the Revenue Fund.

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

Rate Covenant

The County covenants in the Resolution to fix, establish, maintain and collect Rates, and revise the same effective at the beginning of each Fiscal Year, to the extent necessary, to provide if no Assessments are pledged to the Bonds:

(i) Net Revenues in such Fiscal Year, together with any Connection Charges actually on deposit in the Current Account at the beginning of such Fiscal Year, equal to at least one hundred twenty percent (120%) of the Debt Service Requirement for the Bond Year ending in such Fiscal Year and at least one hundred percent (100%) of any amounts required by the terms of the Resolution to be deposited in the Reserve Account or in the Renewal and Replacement Fund or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal Year, and

(ii) Net Revenues in such Fiscal Year, not taking into account Connection Charges, equal to at least one hundred ten percent (110%) of the Debt Service Requirement for the Bond Year ending in such Fiscal Year and at least one hundred percent (100%) of any amounts required by the terms of the Resolution to be deposited in the Reserve Account or in the Renewal and Replacement Fund or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal Year.

Under the Resolution, the County is prohibited from reducing Rates so that they will be insufficient to provide Net Revenues in each Fiscal Year which will be fully adequate for the purposes provided therefor by the Resolution, provided that the Resolution is not to be construed to obligate the County to impose or, once imposed, continue Connection Charges; but at any time and while Connection Charges shall be in effect and imposed by the County, the Connection Charges shall be pledged to the extent 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 is defined in the Resolution to mean, as of any date of calculation, an amount of money equal to the lesser of (i) the Maximum Debt Service Requirement for the Bonds (ii) 125% of average annual Debt Service Requirement for the Bonds, or (iii) 10% of the initial proceeds of the 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 the principal of or Redemption Price, if applicable, and interest 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.

Pursuant to the Resolution, upon delivery of the Series 2013 Bonds, the County shall deposit into the Reserve Account proceeds of the Series 2013 Bonds in an amount equal to

\$ _____, which, together with the face amount of the Reserve Account Insurance Policies (as further described below) on deposit therein will equal or exceed the Reserve Account Requirement for all Outstanding Bonds. All cash and investments in the Reserve Account shall be transferred to the Principal Account, the Interest Account and/or the Bond Amortization Account for payment to debt service then due on Bonds before any drawing may be made on any Reserve Account Insurance Policy.

Currently on deposit in the Reserve Account are the following reserve account insurance policies: (i) a reserve account insurance policy issued by National Public Finance Guarantee Corporation (formerly MBIA Insurance Corporation) in connection with the issuance of the Series 1991A Bonds, with a stated expiration on the earlier of payment in full of the Series 1991A Bonds or June 1, 2021, (ii) a reserve account insurance policy issued by Ambac Assurance Corporation in connection with the issuance of the Series 2004 Bonds, with a stated expiration on the earlier of payment in full of all Outstanding Bonds or June 1, 2034, and (iii) a reserve account insurance policy issued by Assured Guaranty Insurance Company (formerly Financial Security Assurance Inc.) in connection with the issuance of the Series 2006 Bonds, with a stated expiration on the earlier of the payment in full of the Series 2006 Bonds or June 1, 2036. Pursuant to the Resolution, if any Reserve Account Insurance Policy terminates prior to the stated expiration date thereof, the County is required to fund the Reserve Account during a period not to exceed twelve (12) months when it shall make consecutive equal monthly payments in order that the amount on deposit in such account at the end of such period is equal to the Reserve Account Requirement; provided, the County may at its sole option and discretion, with the prior written consent of the Insurers, if any, obtain a new Reserve Account Letter of Credit or a new Reserve Account Insurance Policy in lieu of making the required payments. In the event an Insurer is unable to make payment of principal and interest as such payments become due under the a Reserve Account Insurance Policy, the Series 2013 Bonds are payable solely from the moneys received pursuant to the Resolution. Neither the County nor the Underwriter has made independent investigation into the claims paying ability of the Insurers and no assurance or representation regarding the financial strength or projected financial strength of the Insurers is given.

When the County has received the written consent of all the Insurers then insuring Outstanding Bonds and the Holders of not less than a majority in aggregate principal amount of the Bonds outstanding, the amendments to the Resolution described in the Supplemental Resolution will take effect, at which time the County may (i) establish separate subaccounts in the Reserve Account with respect to securing separate Series of Bonds (amounts on deposit therein would only secure Bonds of the Series designated to be secured thereby) and (ii) establish, by supplemental resolution, the Reserve Account Requirement with respect to such separate Series of Bonds, at such level as the County deems appropriate (which may be \$0.00). See the form of Supplemental Resolution in "APPENDIX E – THE COMPOSITE RESOLUTION AND SUPPLEMENTAL RESOLUTION" for a description of amendments to the Resolution affecting the Reserve Account. By acceptance of the Series 2013 Bonds, the Holders of the Series 2013 Bonds will be deemed to have consented in writing to such amendments.

Other Covenants

The County has also covenanted in the Resolution to maintain or cause to be maintained the System and all portions thereof in good condition and to operate the System or cause to operate the same in an efficient and economical manner, making or causing to be made such expenditures for equipment and for renewals, repairs and replacements as may be proper for the economical operation and maintenance thereof. The County must obtain and renew, to the full extent required by applicable law, all permits for acquisition, construction and operation of the System. Pursuant to the Resolution, the County is required to prepare and adopt, prior to the beginning of each Fiscal Year, an Annual Budget in accordance with applicable law and not to incur expenditures for Operating Expenses in any Fiscal Year in excess of the amount provided in the Annual Budget without a written finding and recommendation by and Authorized Issuer Officer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures and until the Governing Body shall have approved such finding and recommendation by resolution. The County has agreed in the Resolution to keep books, records and accounts of the receipt of the Pledged Funds in accordance with generally accepted accounting principles, and any Credit Bank, Insurer, or Holder of any Bonds Outstanding or the duly authorized representatives thereof shall have the right at all reasonable times to inspect all books, records and accounts of the County related thereto. Within 180 days of the close of each Fiscal Year the County must cause to be prepared and filed with the Clerk and mailed to all Credit Banks, Insurers and Holders who have filed their names and addresses with the Clerk for such purpose a statement setting forth in respect of the preceding Fiscal Year the amount of the Pledged Funds received in the preceding Fiscal Year, the total amounts deposited to the credit of each fund and account created under the Resolution, the principal amount of all Bonds issued, paid, purchased or redeemed and the amounts on deposit at the end of such Fiscal Year to the credit of each such fund or account. An annual audit of the financial statements of the County by an independent firm of certified public accountants is required by the Resolution.

The County also irrevocably covenants and agrees in the Resolution not to sell, lease, encumber or in any manner dispose of any facilities of the System, except as provided in the Resolution, until all of the Bonds and all interest thereon shall have been paid in full or provision for payment shall have been made in accordance with the Resolution. Pursuant to the Resolution, the County is also required to carry, with a reputable insurance carrier or carriers, such insurance as is ordinarily carried by private or public corporations owning and operating water and sewer facilities similar to the System including public liability insurance, in such amounts as the County shall determine to be sufficient. The property loss or damage insurance is required at all times to be in an amount or amounts equal to the fair appraisal value of the buildings, furniture, fixtures and equipment of the System.

Additional Bonds

The County may issue Additional Bonds payable from the Pledged Funds on a parity with the Series 2013 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 into 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 has complied 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 Gross Revenues, the Connection Charges and the Assessments; (ii) stating for the immediately preceding Fiscal Year or any twelve (12) consecutive months selected by the County of the twenty four (24) months immediately preceding the issuance of such Additional Bonds the amount of the Net Revenues, the amount of the Connection Charges deposited into the Current Account and, as to each separate lot of Assessments which shall have been levied for a Project or a part of a Project, the dollar amount of the Assessments deposited into the Assessments Fund, and stating, for each separate lot of Assessments which shall have been levied for a Project or a part of a Project, the dollar amount of the portion of such lot of Assessments to become due and payable to the County during the first full Fiscal Year after the issuance of such Additional Bonds in which installments of such lot of Assessments shall be payable; (iii) if no Assessments shall be pledged to the Outstanding Bonds or such Additional Bonds then proposed to be issued, stating that (a) such Net Revenues and such Connection Charges, each adjusted as provided in the Resolution, equal at least one hundred twenty percent (120%) of the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued, and (b) such Net Revenues, adjusted as provided in the Resolution, not taking into account Connection Charges, equal at least one hundred ten percent (110%) of the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued; (iv) if Assessments shall be pledged to the Outstanding Bonds or such Additional Bonds then proposed to be issued, stating that (a) such Net Revenues, adjusted as provided in the Resolution, together with the dollar amount of the portion of each lot of Assessments to become due and payable during the first full Fiscal Year after the issuance of such Additional Bonds in which installments of such lot of Assessments shall be payable, but (except for the first Fiscal Year in which such lot of Assessments shall be billed) not exceeding the dollar amount of the portion of such lot of Assessments deposited in the Assessments Fund as stated pursuant to clause (ii) of this paragraph, and such Connection Charges, adjusted as provided in the Resolution, equal at least one hundred twenty percent (120%) of the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued, (b) such Net Revenues, adjusted as provided in the Resolution, and the amount of the Assessments allowed under clause (iv)(a) of this paragraph, without taking into account Connection Charges, equal at least one hundred ten percent (110%) of the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued, (c) such Net Revenues and Connection Charges, each adjusted as provided in the Resolution, without taking into account Assessments, equal at least one hundred twenty percent (120%) of the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued, excluding all Outstanding and proposed Assessments Redemption Bonds, and (d) such Net Revenues, adjusted as provided in the Resolution, not taking into account Assessments or Connection Charges, equal at least one hundred ten percent (110%) of the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued, excluding all Outstanding and proposed Assessments Redemption Bonds; and (v) 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.

AMENDMENTS TO THE RESOLUTION

The County desires to implement amendments which modify certain provisions of the Resolution relating to the Reserve Account. Specifically, the Supplemental Resolution contains the amendments described below which will only become effective upon receipt of the written consent of all the Insurers then insuring Outstanding Bonds and the Holders of not less than a majority in aggregate principal amount of Bonds Outstanding. The Holders of the Series 2013 Bonds, by acceptance of the Series 2013 Bonds, will be deemed to have expressly and irrevocably consented in writing to the amendments contained in the Supplemental Resolution. [As of the date hereof the County has obtained the written consent of _____, as bond insurer for the Series ____ Bonds.] Whether such amendments become effective while the Series 2013 Bonds remain Outstanding is dependent upon the amount of Bonds Outstanding or that may be issued by the County in the future, the timing of such issuances, and whether or not the County decides to seek consents to such amendments from those who have consent rights. The Holders of the Series 2013 Bonds will not be notified as to when such amendments will have become effective, and should assume that they will become effective while the Series 2013 Bonds remain Outstanding. Such amendments to the Resolution are generally described below.

1. The definition of "Reserve Account Requirement" will be amended to provide that the Issuer may establish by Supplemental Resolution a different Reserve Account Requirement with respect to any particular Series of Additional Bonds pursuant to the Resolution, which Reserve Account Requirement may be \$0.00.

2. The County will be able to establish a separate subaccount in the Reserve Account for any Series of Bonds and provide for a pledge of and lien on money _____ deposit in such subaccount exclusively for the payment of such Series of Bonds notwithstanding any other provision of the Resolution provided in the Resolution. To the extent a Series of Bonds is secured separately by a subaccount in the Reserve Account, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Account. Moneys used to replenish the Reserve Account shall be deposited in the separate subaccounts in the Reserve Account and in the Reserve Account on a pro-rata basis.

PROSPECTIVE PURCHASERS OF THE SERIES 2013 BONDS SHOULD REVIEW ALL OF THE AMENDMENTS CONTAINED IN THE SUPPLEMENTAL RESOLUTION IN "APPENDIX E – THE COMPOSITE RESOLUTION AND SUPPLEMENTAL RESOLUTION" ATTACHED HERETO FOR THE COMPLETE TEXT OF THE ABOVE-REFERENCED AMENDMENTS.

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 2013 Bonds:

| SOURCES | Series 2013A Bonds | Series 2013B Bonds | Total |
|---|-----------------------|-----------------------|-------|
| Principal Amount of Series 2013 Bonds | | | |
| [Net Bond Premium/Original Issue Discount] | | | |
| Other Legally Available Moneys ⁽¹⁾ | | | |
| TOTAL SOURCES | | | |
| USES: | | | |
| Deposit to Escrow Fund | | | |
| Deposit to Construction Account | | | |
| Deposit to Interest Account ⁽²⁾ | | | |
| Deposit to Reserve Account | | | |
| Costs of Issuance ⁽³⁾ | | | |
| TOTAL USES | | | |

(1) Represents funds on deposit in the Debt Service Fund allocable to the Refunded Bonds.

(2) Represents capitalized interest on the Series 2013A Bonds through _____.

(2) Includes Underwriter's discount, financial advisory and legal fees and expenses, and other costs of issuance related to the Series 2013 Bonds.

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DEBT SERVICE SCHEDULE

The following table sets forth the debt service schedule for the Series 2013 Bonds and the Parity Obligations.

| Bond Year Ending | 2013A Bonds | | | 2013B Bonds | | | Parity Bonds Debt Service | Aggregate Debt Service |
|---------------------|-------------|----------|-----------------------|-------------|----------|-----------------------|------------------------------|---------------------------|
| | Principal | Interest | Total Debt Service | Principal | Interest | Total Debt Service | | |
| June 1, 2013 | | | | | | | | |
| 2014 | | | | | | | | |
| 2015 | | | | | | | | |
| 2016 | | | | | | | | |
| 2017 | | | | | | | | |
| 2018 | | | | | | | | |
| 2019 | | | | | | | | |
| 2020 | | | | | | | | |
| 2021 | | | | | | | | |
| 2022 | | | | | | | | |
| 2023 | | | | | | | | |
| 2024 | | | | | | | | |
| 2025 | | | | | | | | |
| 2026 | | | | | | | | |
| 2027 | | | | | | | | |
| 2028 | | | | | | | | |
| 2029 | | | | | | | | |
| 2030 | | | | | | | | |
| 2031 | | | | | | | | |
| 2032 | | | | | | | | |
| 2033 | | | | | | | | |
| 2034 | | | | | | | | |
| 2035 | | | | | | | | |
| 2036 | | | | | | | | |
| 2037 | | | | | | | | |
| Totals | | | | | | | | |

THE SYSTEM

The following information concerning the System has been furnished to a large extent by Brown and Caldwell (the "Consulting Engineer") and the System's finances has been furnished to a large extent by Raftelis Financial Consultants, Inc. (the "Feasibility Consultant") for use in this Official Statement.

PROSPECTIVE INVESTORS MUST CLOSELY REVIEW, IN ITS ENTIRETY, THE REPORTS OF THE CONSULTING ENGINEER AND THE FEASIBILITY CONSULTANT ATTACHED AS APPENDIX C AND APPENDIX D HERETO, RESPECTIVELY, PRIOR TO MAKING AN INVESTMENT DECISION WITH RESPECT TO THE SERIES 2013 BONDS.

System Overview

Pursuant to the Resolution, the System includes the complete main water, wastewater and reuse facilities now owned, operated and maintained by the County and all other water, wastewater and reuse facilities hereafter acquired and operated by the County which are expressly declared by a resolution of the Governing Body of the County to be part of the System. In addition to water, wastewater and reuse services provided by the County, the City of St. Augustine and JEA, formerly known as the Jacksonville Electric Authority, under an agreement with the County, provide water and sewer services in portions of the unincorporated area of the County. Certain areas of the County are also served by other private utilities.

Other County-Owned Utilities

In February 2006, the County acquired the Ponte Vedra Utility System (the "Ponte Vedra System") from a private investor owned utility company. The Ponte Vedra System's service area encompasses approximately 4,450 acres in the northeast portion of the County and is largely developed with only small developmental growth anticipated in the future. **The Ponte Vedra System is operated as a separate enterprise of the County and is not included as part of the System for purposes of the Resolution.** The County's outstanding debt with respect to the Ponte Vedra System is also a separate obligation of the County, payable solely from revenues of the Ponte Vedra System and is not secured in any manner by the Net Revenues of the System or other Pledged Funds.

The County currently continues to investigate and analyze the feasibility of acquiring other private utility facilities within the County. It is not possible at this time to determine whether the County will actually pursue any such acquisitions or the terms upon which such an acquisition may take place. At the current time, it is likely that the County would include any such acquired utility systems as part of the System. The County would also likely issue Additional Bonds under the Resolution to finance any such acquisitions.

Utility Department

The System is operated as a separate water, wastewater and reuse enterprise of the utilities department of the County (the "Utility Department"). The Utility Department is operated under the direction of the Utility Director, who is directly responsible to the Assistant County Administrator for Operations. The Utility Department consists of eight divisions that report directly to the Utility Director: the Utilities Administration Division, the Water Treatment Division, the Wastewater Treatment Division, the Water and Wastewater Transmission and Distribution Division, Lift Stations Division, County Laboratory Division, Supervisory Control and Data Acquisition (SCADA) Division and Pretreatment Division.

Utility Administration

The Utility Administration Division has an existing staff of approximately 43 personnel, including the Utility Director and managers who have experience in utility management, engineering, financing and operations. The personnel strategically involved in the management of the System include the following:

Mr. William G. Young was first hired in 1985 as a Water Treatment Plant Operator. In 1995 he was promoted to Assistant Utility Director and in 1999 he was named Utility Director. He has a Masters Degree in Public Administration and is a member of the Florida Water Environment Association, Florida Water Pollution Control Operators Association and a Board member of the American Water Works Association – Florida Section, St. Augustine Rotary, Association of Retarded Citizens and the St. Augustine YMCA. Mr. Young is a native of St. Johns County.

Mr. Ram "Neal" Shinkre joined the Utility Department in 2000 as Engineering Manager. He has a Masters Degree in Civil Engineering and Business Administration and is a Professional Engineer in the States of Florida and Georgia. He has several years of experience with private engineering consulting firms where he primarily performed treatment plant, lift station and system design. Mr. Shinkre is a member of the American Water Works Association and the Florida Engineering Society.

Mr. Gerald Solana has worked for the Utility Department for 28 years and was promoted to Operations Manager in 2001. He holds a State of Florida "A" certification in Wastewater Treatment Operations and a "C" certification in Water Treatment Operations as well as a "C" certification in Reuse, Collection, Distribution and Stormwater Management. He also has an Associate of Science Degree in Industrial Technology in Reverse Osmosis Treatment. Mr. Solana has 10 years of experience with other municipally owned utilities and is a native of St. Johns County. He is a retired Florida National Guard member with 20 years as an Environmental Non Commissioned Officer. He is also a member of the American Water Works Association and the Florida Water Pollution Control Operators Association.

Mr. Frank Kenton has been with the Utility Department since 1999 when he was hired as the Administrative Manager. He has a Bachelors Degree in Finance and a Masters Degree in Public Administration. He has several years of experience with other municipal and privately owned utility companies. Mr. Kenton is a native of St. Johns County and a member of the

American Water Works Association and the Florida Water Pollution Control Operators Association.

Mr. Larry Miller is the Chief Engineer for Capital Projects. Mr. Miller started his career with the Utility Department in 2005. He holds a Bachelor's Degree in Environmental Engineering, and is a Licensed Professional Engineer in the State of Florida. Mr. Miller has worked in the public and private sector for over 11 years providing engineering solutions and design related to water and wastewater issues. He is a member of the Water Environment Federation, and a steering committee member for the American Water Works Association Florida Region 2.

Mrs. Charme Blackley joined the Utility Department in August 2009 as the department's Customer Service Manager. She previously worked in the St. Johns County Purchasing Department as a Contract Coordinator for three years. She holds a Bachelor's Degree in Business Administration. Mrs. Blackley has an extensive customer service background in the private sector. During her college years, she worked for the Department of Environmental Regulation and the Department of Health and Rehabilitative Services

Water System

General. The County's main water system is comprised of water supply wells, raw water mains, treatment facilities, transmission mains, remote storage, high service pumping, localized distribution pipelines and customer metering. The locations of the major existing water facilities providing service to the approximately 42 square mile service area are illustrated in Figure 3 at the end of the Consulting Engineer's Report attached hereto as APPENDIX C. The County's water system collectively consists of fifteen raw water supply wells, three water treatment plants ("WTP"s) with a combined permitted capacity of approximately 11.66 million gallons per day ("MGD"), five remote storage and pumping stations, and two elevated steel water storage tanks. Additionally, there are approximately 5.95 miles of raw water supply mains ranging in size from 6 to 36 inches in diameter and approximately 415 miles of water transmission and localized distribution pipelines ranging in size from 1 to 24-inches in diameter currently in service. As stated above, the City of St. Augustine and JEA provide water service in parts of the County pursuant to separate interlocal agreements. The County's water system is regulated by the Florida Department of Environmental Protection ("FDEP") as well as the St. Johns River Water Management District ("SJRWMD").

Raw Water Supply Facilities. The primary sources of water supply to the water system are the surficial and Floridan aquifers. The wellfields which draw from these aquifers consist of fifteen active Floridan wells located throughout the County, one permitted well site with no installed facilities and land for five additional wells. The County Road 214 Water Treatment Plant (the "CR 214 WTP") is served by eight Floridan aquifer wells having a total installed pumping capacity of approximately 15 MGD. The remaining Floridan wells serve the Northwest Water Treatment Plant ("NW WTP") and have a total installed pumping capacity of approximately 6 MGD. The Fruit Cove WTP is served by two small capacity wells.

The raw water supply for the water system is regulated by the SJRWMD, a governmental agency created by the Florida Legislature, which has the responsibility of managing the water resources within its boundaries (i.e. northeast central Florida). The SJRWMD authorizes the use of groundwater by the System from the surficial and Floridan aquifers pursuant to Consumptive Use Permits ("CUP"). The current CUP for the System allows annual ground water withdrawal of 5,884.04 million gallons collectively from the aquifers. The CUP expires on October 12, 2024.

Raw Water Transmission Facilities. Raw water is transmitted from each of the County's raw water supply field wells via dedicated raw water transmission mains to the associated treatment facilities. The transmission system consists of approximately 5.95 miles of pipelines ranging in size from 6 to 36-inches in diameter. The pipelines are constructed of either ductile iron ("DI") or polyvinyl chloride ("PVC") and are approximately seventeen years old with an anticipated remaining life expectancy of 35 years.

Water Treatment Facilities. The County's CR 214 WTP and NW WTP provide service to unincorporated areas within the County and have permitted maximum daily demand capacities of 8.0 MGD and 6.0 MGD, respectively. Additionally, the County is responsible for the Fruit Cove WTP which is a minor facility with a permitted capacity of 0.075 MGD.

County Road 214 WTP. The CR 214 WTP is located approximately one mile northwest of the intersection of Interstate 95 (I-95) and County Road 214, at 2150 Water Plant Road, St. Augustine, Florida. This facility uses a low pressure reverse osmosis process that was placed into service in 2009. The facility has a permitted maximum daily demand capacity of 8.0 MGD. Current blending of the surficial and Floridan aquifer supply sources allows production of high quality water. After the treatment process, finished water is stored on-site in a 1.5 MG prestressed concrete ground storage reservoir ("GSR") and subsequently pumped to the water distribution system. Finished water production at this facility is currently limited from a supply standpoint. The plant is equipped with a diesel fuel emergency power generator to maintain system operation in the event of a power outage. The CR 214 WTP produced an average of 4.583 MGD for the 12-month period ended December, 2011, with a maximum day demand of 6.924 MGD during such 12-month period.

Northwest WTP. The NW WTP is located just south of the World Golf Village along International Golf Parkway at 3390 International Golf Parkway, St. Augustine, Florida. The CUP for this facility was acquired during construction by World Golf Village who subsequently transferred ownership to the County prior to the end of construction. The facility was placed into operation in 1996. The facility has a permitted capacity of 1.44 MGD. The treatment process at this facility includes cascade tray aeration and disinfection. The plant has been improved to include 36-inch raw water site piping, new raw water and finished water flow meters, a new 1.5 MG ground storage tank with tray generators for a 6,400 gpm (9.2.MGD) to strip oxidize hydrogen sulfide. Two new 200 HP 3,000 gpm high service pumps, two 4,400 gallon hypochlorite storage tanks, two chemical feed pumps for a sodium hypochlorination system capable of 0.8 -8gpm; two chemical feed pumps for the proprietary anti-scalant capable of 0.5gph, one new 1,000 KW auxiliary generator and associated appurtenances. The permitted maximum capacity of the NW WTP is 9.0 MGD; however, the plant is limited to 6.0 MGD until more source water is available. The NW WTP treated an average of 1.218 MGD for the 12-

month period ended December, 2011, with a maximum day demand of 2.5824 MGD during such 12-month period.

Harmony Village WTP. The Harmony Village WTP is located in the far northwest portion of the County, along the St. Johns River at 788 Harmony Village Drive, St. Augustine, Florida. This facility served approximately 45 connections and was acquired by the County in 1989. The facility has a permitted capacity of 0.024 MGD. The treatment process at the Harmony Village WTP consists of disinfection. The facility also includes an on-site 1,000 gallon steel hydropneumatic storage tank and high service pumping. The Harmony Village WTP produced an average of 0.005 MGD for the 12-month period ended December, 2011, with a maximum day demand of 0.0295 MGD during such 12-month period. This plant is currently not being utilized by the System.

Northeast Water Treatment Plant. The Northeast WTP is located in the far northeast portion of the County, along US 1 North. The street address of this plant is 326 Van Gogh, St. Augustine, Florida, 32095. This facility serves approximately 2054 connections and was acquired by the County in approximately 2001. Source water is purchased from JEA and re-pumped to the customer base. The facility has a maximum pumping capacity of 2.25 MGD in accordance with the source water agreement between SJC and JEA. The treatment process at the Northeast WTP consists of aeration and disinfection with chloramines. The facility also includes an on-site 4,000 gallon steel hydropneumatic storage tank, a 1 MG ground storage tank and high service pumping. The plant produced an average of approximately 0.668 MGD for the 12-month period ended December 2011, with a maximum day demand of approximately 1.212 MGD during the same time period.

Fruit Cove Water Treatment Plant. The Fruit Cove WTP is located in the far northwest portion of the County, along the St. Johns River, located on the west side of CR13. The street address of this plant is 1282 Fruit Cove Dr. S., Jacksonville, Florida, 32259. This facility serves approximately 189 connections and was acquired by the County in 2008. The facility has a permitted capacity of 0.075 MGD. The treatment process at the Fruit Cove WTP consists of aeration and disinfection. The facility also includes an on-site 5,000 gallon steel hydropneumatic storage tank, two 12,000 ground storage tanks and high service pumping. The plant produced an average of approximately 0.0419 MGD for the 12-month period ended December 2011. The County is currently responsible for this facility but anticipates decommissioning and/or transferring the operation in the future.

Water Transmission and Localized Distribution Facilities. The water transmission and localized distribution facilities are comprised of approximately 415 miles of water pipelines and range in size from 1 to 24-inches in diameter. The mains are constructed of DI, PVC, high density polyethylene (“HDPE”), cast iron pipe or asbestos cement (“AC”) and were installed up to 29 years ago coincident with the growth and development of the System. These facilities are generally in good repair with approximately 55% of the lines having been constructed during, or after, 1990. Based on current operating records and studies performed by the Utility Department, these facilities have a line loss of less than 10% which is within industry standards.

The water transmission system is looped with small diameter (8-inches and less) localized distribution facilities within the serviced development units. The large diameter

transmission mains are used along the major roadways to serve existing customers and provide for future service to platted areas adjacent to these mains which presently do not have service available. The pressure in the localized distribution system is maintained above the 40 pounds per square inch (psi) County Land Development Code requirement, which also meets the fire flow requirements of the County. The distribution system is equipped with isolation valves that allow for repairs and maintenance without the need for shutting down a significant portion of the water flow at once. The localized distribution system also includes approximately 2,321 fire hydrants to provide fire protection to the County's service area.

Remote Storage and Booster Pumping Facilities. In addition to the storage and high service pumping facilities at each WTP, the County operates five remote storage and booster pumping facilities. Additionally, the County operates two steel elevated storage tanks. The combination of these facilities are used to pressurize the water transmission system. The remote storage facilities and elevated storage tanks have a total combined storage capacity of 3.8 MG, which with the additional storage provided at each WTP equates to a total water system storage capacity of 9.7 MG. Each storage and booster pumping station generally is equipped with rechlorination facilities, standby power equipment and remote monitoring and control via telemetry.

Bulk Water Service. The County's water system receives a portion of its water supply from the City of St. Augustine and JEA pursuant to interlocal agreements. The interlocal agreement with St. Augustine provides for up to 1.0 MGD of water to be delivered by St. Augustine on an average daily basis. Water from St. Augustine has been discontinued except for the Eagle Creek subdivision in the County. The existing interconnects with St. Augustine's system will remain as an emergency supply source. In 1999 the County entered into a 12-year bulk purchase agreement with JEA to provide up to 1.5 MGD of water on an average basis to serve growth in the County's US 1 North Corridor, and in 2001 the County and JEA extended the terms of this agreement to 30 years. The agreement requires JEA to provide 1.5 MGD of water on an average basis to serve growth in the County's US 1 North Corridor. The terms of this agreement were mutually extended to 2030 for 2.25 MGD ADF.

Condition of the Water Facilities. The Consulting Engineer has concluded in its Report that the County's water supply and treatment facilities are in good condition and, assuming the County continues to perform rehabilitation, replacement and appropriate capital improvements, it can be reasonably expected that such facilities will meet the capacity requirements for the forecast period described in the Consulting Engineer's Report. See "APPENDIX C – CONSULTING ENGINEER'S REPORT" and "REPORT OF CONSULTING ENGINEER" herein.

Wastewater System

General. The County's main wastewater system is comprised of localized collection, transmission, treatment, and effluent disposal facilities. The location of the major existing wastewater facilities providing service to the service area are illustrated in Figure 4 of the Consulting Engineer's Report attached hereto as APPENDIX C. The County's wastewater system collectively consists of five wastewater treatment plants ("WWTPs"), approximately 304 miles of gravity sewers (813,971 linear feet) and force mains (792,577 linear feet) and

approximately 246 wastewater lift stations. A portion of the collected wastewater is transferred to the City of St. Augustine and JEA for treatment and effluent disposal per interlocal agreement. The County's wastewater system is governed by the FDEP.

Collection and Transmission Facilities. Wastewater collection and transmission facilities consist of approximately 304 miles of gravity sewers and force mains ranging in size from 1 to 27-inches in diameter located throughout the service area. The materials of construction of the localized facilities consist of PVC, vitrified clay pipe ("VCP"), cast iron ("CI"), DI and HDPE. The collection system also includes approximately 2,732 manholes for maintenance and operation access as well as approximately 246 wastewater lift stations, each of which is typically a duplex station ranging in size from 2 to 10 horsepower. Of the total number of wastewater lift stations, 11 are considered master lift stations which receive flow from smaller stations for repumping to the treatment facilities. The overall service areas are subdivided such that smaller lift stations boost flows to the larger master lift stations which then boost flow on to the WWTPs. Master pumping stations are equipped with standby power generators or diesel driven pumps. In general the localized collection facilities include all gravity sewers, manholes, lift stations, and force mains 6-inches and smaller in diameter.

The collection and transmission facilities are in good repair with approximately 65% of all of such facilities having been constructed during, or after, 1990. Based upon current operating records and studies performed by the Utility Department, these facilities have minimal infiltration flow but do exhibit a tendency to develop inflow coincident with large rain flow events. While not a regulatory requirement, collection personnel are trained pursuant to the Voluntary Collection Operation Certification Program Criteria.

Wastewater Treatment Facilities. The wastewater treatment facilities owned and operated by the County consist of the Anastasia Island ("Anastasia Island"), State Road 207 ("SR 207") and State Road 16 ("SR 16") WWTPs. In addition to these major facilities, the County is currently responsible for the Harmony Village WWTP and Moultrie WWTP. Both of these facilities are considered minor; the Harmony Village WWTP was decommissioned and the Moultrie WWTP is anticipated to be decommissioned when a costs effective opportunity arises in the near future. All of these facilities have a total combined permitted capacity of approximately 6.7414 MGD. Of this total permitted capacity, approximately 2.37 MGD is permitted as reclaimed (reuse) water and is supplied to golf courses or wetlands. Effluent disposal for these facilities include surface water discharge, rapid rate land application, and/or non-restricted public access reuse. The County regularly applies for renewal permits and anticipates no problems with the continued issuance of permits for all facilities.

Anastasia Island WWTP. The Anastasia Island WWTP is located on Anastasia Island west of US Highway A1A at 860 W. 16th Street, St. Augustine, Florida. This facility is a complete mixed activated sludge wastewater treatment facility, originally placed into service in 1985 and expanded in 1991. This facility has a current permitted annual average daily capacity of 4.95 MGD and serves approximately 17 square miles of the County, with the ability to receive flows from the SR 207 WWTP service area located on the mainland. The plant currently consists of two mechanical screens, an aerated grit chamber, aeration basins, secondary clarifiers, chlorine contact chamber and residual management facilities. Reuse water is treated in a shallow bed filters and rechlorinated before being discharged to the golf course storage ponds. The

facility currently includes an emergency power generator which can supply power to the facility in the event of an electrical power outage. This facility acts as a central handling facility for the residual biosolids transferred from the other WWTPs in the County. A recent site inspection and review found that the facilities are in good physical and operating condition. The Anastasia Island WWTP produced an average of 3.46 MGD for the 12-month period ended December, 2011.

State Road 207 WWTP. The SR 207 WWTP is located southwest of the intersection of I-95 and SR 207, at 4428 Golfridge Drive, Elkton, Florida. This facility provides extended aeration treatment and was placed into service in 1989. This facility has a permitted annual average daily capacity of 0.25 MGD and serves an approximately 3 square mile area along the SR 207 corridor. The plant includes a manually cleaned bar rack, aeration basin, secondary clarifier, chlorine contact chamber, filters and a 1.0 MG open top concrete storage tank which is divided into a 0.75 MG area designated to reclaimed water and 0.25 MG area for the storage of substandard effluent. Biosolid residuals produced at this facility are transported to the Anastasia Island WWTP for dewatering and disposal. The facility currently includes an emergency power generator which can supply power to the facility in the event of an electrical power outage. As such, the facilities are in very good physical and operating condition. The SR 207 WWTP produced an average of 0.110 MGD for the 12-month period ended December 2005.

State Road 16 WWTP. The SR 16 WWTP is located southeast of the intersection of I-95 and SR 16, at 3000 Industry Center Drive, St. Augustine, Florida. This facility was expanded in 1996 to a permitted capacity of 1.5 MGD allowing the treatment process to be either extended aeration or conventional activated sludge depending on the flow. The facility consists of influent screen, grit removal equipment, aeration basins, secondary clarifiers, chemical feed equipment, sand filtration basins, chlorine contact chambers, a reclaimed water pump station, and a substantial water holding pond. The facility currently includes an emergency power generator which can supply power to the facility in the event of an electrical power outage. Biosolid residuals produced at this facility are transported to the Anastasia Island WWTP for dewatering and disposal. The plant produced an average of 1.01 MGD for the 12-period ended December 2011.

Harmony Village WWTP. The Harmony Village WWTP is located at 788 Harmony Village Drive, Jacksonville, Florida. This facility provides extended aeration treatment for the domestic wastewater from approximately 45 households in the Harmony Village subdivision. The facility was taken over by the County in 1989 and has a permitted annual average daily capacity of 0.0075 MGD. Biosolid residuals generated at his facility are transported to the Anastasia Island WWTP for treatment and disposal. The County recently decommissioned this facility, which has now been converted to a lift station which sends its collected water to the Fruit Cove for treatment. The plant produced an average of 0.005 MGD for the 12-month period ended December 2011.

Moultrie WWTP. The Moultrie WWTP is located at Brinkoff Road, St. Augustine, Florida. This facility provides an extended aeration treatment for the domestic wastewater from connections to an apartment complex and a County park in the nearby area. The facility was constructed in 1984 with an operational capacity of 0.024 MGD, and for staffing purposes is currently permitted for an annual average daily capacity of 0.009 MGD.

The plant is a prefabricated package plant and consists of aeration basins, secondary clarifier, chlorine contact chamber and an aerobic digester. Biosolid residuals generated at this facility are transported to the Anastasia Island WWTP for further treatment and disposal. The County intends to decommission this facility in the near future when timing of private development construction allows this to be cost effective. The plant produced an average of 0.0013 MGD for the 12-month period ended December 2011. The County intends to decommission this facility in the near future when timing of private development construction allows this to be cost effective.

Fruit Cove Wastewater Treatment Plant. The Fruit Cove WWTP is an extended aeration activated sludge WWTP with a rated capacity of 0.0225 MGD. It consists of influent screening, four (4) aeration tanks with a combined volume of 15,150 gallons, a 64-square foot surface area secondary clarifier (6,661 gallons), a 587 gallon chlorine contact chamber, and a 5,050 gallon sludge holding tank. The treated effluent flows to one (1) of two (2) 0.069 acre Rapid Infiltration Basins (RIB) totaling 0.138 acres. The wastewater residuals are hauled off-site to Anastasia Island WWTF FL 0038831. An inspection of the facility found it to be in good working order. An interconnect with JEA is being planned and designed which will convert the Fruit Cove WWTP into a lift station to pump to JEA.

Bartram Oaks Wastewater Treatment Plant. The Bartram Oaks WWTP is located on Majestic Oak Parkway at the northern part of the Bartram Oaks Community in Northwest St. Johns County. The service area for this facility covers the entire Bartram Oaks community, which consists of approximately 92 residential units. This facility utilizes an extended aeration process, and is currently permitted to treat 0.0099 MGD AADF based on current conditions. However, the designed rated capacity of the plant is 0.02 MGD AADF, which allows for possible expansion or further development of the service area. The primary components include influent pump station, a coarse bar screen, four aeration basins (totaling 20,800 gallons), one secondary clarifier (6,200 gallons), chemical feed equipment, one chlorine contact chamber (670 gallons), and one aerobic digester (5,200 gallons). Effluent from the facility is discharged into two rapid infiltration basins located on site, and biosolid residuals produced at this facility are transported to the Anastasia Island WWTP for dewatering and disposal. An emergency power generator is located at a nearby water plant within the community to supply electrical power to both facilities in the event of a primary power outage. The Bartram Oaks Community utility system was abandoned by the previous owner in March of 2011. The County was ordered to take ownership of the wastewater facility in May 2011. An inspection of the facility noted the facility to be in good working order with air blower and safety equipment improvements apparent.

Bulk Wastewater Service. Similar to the potable water bulk purchase arrangements, the County has entered into agreements with JEA and St. Augustine to treat and dispose of wastewater from areas the County is currently unable to collect and treat. The agreement with the St. Augustine is for the treatment of wastewater primarily from the Eagle Creek subdivision. This agreement includes treatment of wastewater from the subdivision for an indefinite time period at the County's request.

The County entered into a 30-year bulk service agreement with JEA to provide 2.35 MGD wastewater service on an average basis for the County's U.S. Highway 1 North Corridor. Wastewater flow from the north corridor is pumped north, from the northeast master lift station,

along U.S. Highway 1 into Duval County where it is treated and disposed of by JEA. JEA is currently treating approximately 0.167 MGD of wastewater from the County and services an area of approximately 7.05 square miles within the County.

Condition of the Wastewater Facilities. The Consulting Engineer has concluded in its Report that the County's wastewater collection, transmission, treatment and effluent facilities are in good condition and, assuming the County continues to perform rehabilitation, replacement and appropriate capital improvements, it can be reasonably expected that such facilities will meet the capacity requirements for the forecast period described in the Consulting Engineer's Report. See "APPENDIX C – CONSULTING ENGINEER'S REPORT" and "REPORT OF CONSULTING ENGINEER" herein.

Regulation

The United States Environmental Protection Agency ("EPA") and FDEP promulgate various regulations governing operation of the System. The regulations deal primarily with the quality of effluent discharged from the wastewater treatment facilities, the disposal of sludge generated by the wastewater treatment plants, the discharge of pollutants into the groundwater and the nature of waste material discharged into the collection facilities. Various monitoring and reporting requirements are associated with the regulations. The County currently is in substantial compliance with all applicable regulations relating to its wastewater treatment and disposal facilities. See "APPENDIX C – CONSULTING ENGINEER'S REPORT" for more information.

The County currently operates the WWTP's pursuant to permits issued by FDEP. For current permits, see "APPENDIX C – CONSULTING ENGINEER'S REPORT."

In addition to regulation of the wastewater treatment facilities, EPA and FDEP regulate the quality of the System's water. The County presently is in substantial compliance with all applicable regulations relating to water quality.

The consumptive use of water is administered by SJRWMD through a permitting system, pursuant to which water resources are divided among the permitted consumers. The County's consumptive use permit for the water drawn by its wells allows the County to draw up to 5,884.04 million gallons collectively from the aquifers and expires in October 2024.

Capital Improvement Program

The County maintains an ongoing Capital Improvement Program ("CIP") to address the expansion, upgrading and refurbishment needs of the System for continued high quality services to existing and future customers. The County's current CIP consists of the certain ongoing projects from fiscal year ended September 30, 2012 together with projects scheduled for fiscal years ended September 30, 2013 through 2017. The anticipated CIP projects for fiscal year ended September 30, 2013 are anticipated to equal approximately \$52,299,500, approximately \$20,000,000 of which will be funded from proceeds of the Series 2013A Bonds. A description of the portions of the CIP to be funded from proceeds of the Series 2013 Bonds are set forth in the section entitled "PLAN OF FINANCE – The 2013A Project" herein and in the CONSULTING ENGINEER'S REPORT attached hereto as APPENDIX C. The remainder is to be funded from

unrestricted and restricted operating revenues of the System, Unit Connection Fee (“UCF”) funds, Subordinated Indebtedness and grant moneys, as set forth in the following table.

Funding for the five-year CIP will be provided from a combination of: (i) existing and future operating reserves; (ii) existing and future UCF; (iii) proceeds from an approved State Revolving Fund (SRF) loan; and (iv) proceeds from the issuance of the Series 2013 Bonds, as further described above. Funding sources from the SRF loan and the UCFs have certain restrictions that limit the expenditure of such funds to either specific projects or specific classifications of projects. The SRF proceeds are designated to be used to fund certain wastewater projects and by County Ordinance UCF expenditures are limited to capacity expansion related projects independently by water and wastewater from each respective fund.

The anticipated sources and uses of the Utility Department’s CIP is set forth in the table below, which shows by fiscal year the anticipated amounts by source and anticipated uses by category of use. See “APPENDIX C – CONSULTING ENGINEER’S REPORT” and “APPENDIX D – FINANCIAL FEASIBILITY REPORT” hereto for more information.

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SUMMARY OF ANTICIPATED CIP SOURCES AND USES

| | Total | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|-----------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|
| Sources: | | | | | | |
| Beginning Balance | | \$0 | \$0 | \$0 | \$0 | \$0 |
| Unrestricted Reserves | \$36,649,700 | 12,612,700 | 13,732,700 | 5,357,100 | 1,974,800 | 2,972,400 |
| Water UCF | 3,500,000 | 2,000,000 | 500,000 | - | 500,000 | 500,000 |
| Wastewater UCF | 10,000,000 | 8,000,000 | 1,000,000 | - | 500,000 | 500,000 |
| R&R Fund | 5,413,300 | 950,000 | 980,000 | 1,082,000 | 1,164,000 | 1,237,300 |
| Series 2013 Bond | 20,000,000 | 20,000,000 | - | - | - | - |
| SRF Loan | 8,736,800 | 8,736,800 | - | - | - | - |
| Total Sources | \$84,299,800 | \$52,299,500 | \$16,212,700 | \$6,439,100 | \$4,138,800 | \$5,209,700 |
| Uses: | | | | | | |
| Water | | | | | | |
| Expansion Upgrade | \$12,434,500 | \$2,347,200 | \$4,440,000 | \$1,908,200 | \$811,300 | \$2,927,800 |
| R&R | 6,145,700 | 1,976,500 | 981,800 | 736,400 | 970,000 | 1,481,000 |
| Other | 2,974,100 | 1,496,800 | 20,000 | 686,400 | 320,000 | 450,900 |
| Subtotal | 2,662,500 | 2,075,000 | 262,500 | 212,500 | 112,500 | - |
| Subtotal | \$24,216,800 | \$7,895,500 | \$5,704,300 | \$3,543,500 | \$2,213,800 | \$4,859,700 |
| Wastewater | | | | | | |
| Expansion Upgrade | \$48,309,100 | \$38,125,500 | \$7,283,000 | \$1,858,100 | \$742,500 | \$300,000 |
| R&R | 5,476,900 | 2,934,000 | 1,992,900 | 50,000 | 450,000 | 50,000 |
| Other | 4,772,600 | 2,407,600 | 970,000 | 775,000 | 620,000 | - |
| Subtotal | 1,524,400 | 936,900 | 262,500 | 212,500 | 112,500 | - |
| Subtotal | \$60,083,000 | \$44,404,000 | \$10,508,400 | \$2,895,600 | \$1,925,000 | \$350,000 |
| Total | \$84,299,800 | \$52,299,500 | \$16,212,700 | \$6,439,100 | \$4,138,800 | \$5,209,700 |

Rates and Fees

The Utility Department, through the County, has established a schedule of user rates, charges and fees, miscellaneous service charges, and unit connection fees (“UCFs”). The UCFs are identified as “Connection Charges” in the Resolution. These rates, charges and fees, established by County Ordinance No. 2006-73 enacted on June 27, 2006 and effective on July 1, 2006, as amended and supplemented (the “Rate Ordinance”), were adjusted on October 1, 2012 pursuant to an indexing provision for inflation within the Rate Ordinance. The user rates, fees and charges are designed and structured to: (i) recover the cost incurred by the Utility for water, wastewater and reuse services; (ii) amortize a portion of the debt; and (iii) pay for other budgeted

revenue requirements of the Utility including addressing the necessary minimum reserve fund levels.

Existing Water, Wastewater and Reuse Rate Structure and Monthly Rates. The existing water rate structure has two main components consisting of a minimum monthly charge per ERU regardless of the level of usage; and inclining usage blocks (conservation) gallonage rates per 1,000 gallons based on monthly metering activities. A single family residential connection, the most common connection type is considered as one ERU, with the number of ERUs for multi-family customers derived from the number of dwelling units served. ERU determination for all non-residential customers is predicated on meter size. The current gallonage rates utilize a conservation block rate structure where each block gallonage rate increases in accordance with consumption block increments. The wastewater rate structure also incorporates a minimum monthly charge based on the number of ERUs; however, the gallonage rate assessed per thousand gallons is uniform per customer class with single and multi-family residential classes limited to a maximum monthly billing threshold of 10,000 and 8,000 gallons per month per ERU respectively. Existing reuse rates consist of a single component, a uniform gallonage rate, charge per 1,000 gallons of metered flow for all customers. The Rate Ordinance provides for annual indexing of all user rates pursuant to the Consumer Price Index. The County's existing user rates and charges are summarized below:

Existing Water, Wastewater and Reclaimed Water Rates
(As of October 1, 2012)

| | | | |
|---|---------|-----------|---------|
| Water | | | |
| Minimum Monthly Charge | \$12.08 | Per ERU | |
| Gallonage Rates | | | |
| Block 1 (0-5,000 gallons per ERU) | \$3.07 | Per 1,000 | gallons |
| Block 2 (5,001 – 10,000 gallons per ERU) | 3.83 | Per 1,000 | gallons |
| Block 3 (10,001 – 20,000 gallons per ERU) | 6.46 | Per 1,000 | gallons |
| Block 4 (Above 20,000 gallons per ERU) | 9.37 | Per 1,000 | gallons |
| Wastewater | | | |
| Minimum Monthly Charge | \$11.59 | Per ERU | |
| Gallonage Rates | | | |
| Single Family ⁽¹⁾ | \$3.66 | Per 1,000 | gallons |
| Multi-Family ⁽²⁾ | 3.66 | Per 1,000 | gallons |
| Commercial | 4.37 | Per 1,000 | gallons |
| Industrial | 4.37 | Per 1,000 | gallons |
| Government | 3.67 | Per 1,000 | gallons |
| Combination | 4.37 | Per 1,000 | gallons |
| Reclaimed Water | | | |
| Gallonage Rates All Users | \$0.19 | Per 1,000 | gallons |

⁽¹⁾ Single Family customers capped at 10,000 gallons per month per ERU.

⁽²⁾ Multi-Family customers capped at 8,000 gallons per month per ERU.

Existing Water and Wastewater Unit Connection Fees. In addition to the monthly water, wastewater, and reuse rates that serve as the primary source of revenue, the County also imposes UCFs on all new customers. UCFs were established to provide for cost recovery of water and wastewater treatment and water and wastewater major transmission facilities. Each new connection or property redevelopment where an increase in existing capacity is needed, are required to pay the UCF to obtain service from the County. UCFs are calculated on a capacity basis per Equivalent Residential Connection (ERC) basis where 1 ERC is equal to one single family dwelling unit or 350 gallons per day. Funds generated from UCFs are restricted in their use and generally limited for expansion related costs and/or debt service. The County's existing UCFs for water and wastewater are \$1,904.88 per ERC and \$2,411.69 per ERC respectively.

Miscellaneous Service Charges. In addition to the user rates, fees and charges the Rate Ordinance provides for miscellaneous charges and penalties to recover costs of certain services specifically requested by customers and in order to address violations. This secondary source of operating revenues assists with maintaining just cost recovery by reducing the level of expenditures funded from monthly user rates, fees and charges. Such miscellaneous service charges are set forth in Schedule 4 of the Financial Feasibility Report. See "APPENDIX D – FINANCIAL FEASIBILITY REPORT" hereto.

User Rates, Fees and Service Charge Comparison. The following table presents a comparison of the County's monthly rates, fees and charges with those of neighboring utilities based on service to a single family dwelling unit using 5,000 gallons of potable water. The rates used to calculate the monthly bills of neighboring utilities were current as of October 1, 2012. However, such figures do not include any local taxes, franchise fees or other rate adjustments.

**Typical Monthly Bill Comparison
Single Family At 5,000 Gallons Per Month**

| | Water | Wastewater | Combined |
|--|--------------|-------------------|-----------------|
| St. Johns County Main System | \$27.43 | \$29.89 | \$57.32 |
| St. Johns County Ponte Vedra System | \$20.05 | \$27.93 | \$47.98 |
| Other Utilities | | | |
| Atlantic Beach (Inside City) | \$16.91 | \$36.66 | \$53.57 |
| Clay County Utility Authority | \$15.80 | \$37.08 | \$52.88 |
| Flagler Beach (Inside City) | \$40.60 | \$34.47 | \$75.07 |
| Flagler Beach (Outside City) | \$60.89 | \$51.68 | \$112.57 |
| Green Cove Springs (Inside City) | \$15.36 | \$23.39 | \$38.75 |
| Green Cove Springs (Outside City) | \$19.18 | \$29.20 | \$48.38 |
| Hastings (Inside City) | \$60.84 | \$60.84 | \$121.68 |
| Hastings (Outside City) | \$76.05 | \$76.05 | \$152.10 |
| Jacksonville Beach | \$24.04 | \$35.74 | \$59.78 |
| JEA | \$19.10 | \$40.65 | \$59.75 |
| Palatka (Inside City) | \$19.33 | \$26.33 | \$45.66 |
| Palatka (Outside City) | \$24.12 | \$32.91 | \$57.03 |
| Palm Coast | \$32.84 | \$27.90 | \$60.74 |
| St. Augustine (Inside City) | \$26.18 | \$34.73 | \$60.91 |
| St. Augustine (Outside City) | \$32.69 | \$43.36 | \$76.05 |
| Other Utilities Average (Inside City only) | \$27.10 | \$35.78 | \$62.88 |

For a comparison of the Utility's water and wastewater UCFs to impact fees of neighboring communities for a single family dwelling unit, see Table 10 in "APPENDIX D – FINANCIAL FEASIBILITY REPORT" attached hereto.

Billing and Collection. The Utility Department is responsible for customer billings and collections. Meters are read and billed on a monthly basis. Automated meter reading devices are currently operational for the entire meter inventory. The delinquency collection procedure begins on the first day after the due date and allows ten extra days for payment. If the payment is not received at this time, the meter is pulled, with the account being closed 30 days thereafter and within another 30 days referred for collection.

Customers and Usage

General. The County, as with other coastal locations in Florida, experienced exceptional growth in the early to mid 2000s; however, recent years have seen reductions in new connections reflective of national economic conditions. Although the current new connection activity is reduced, the prospect of future growth necessitates that the Utility Department plan and provide facilities to meet both growth driven service demands for water and wastewater and increasing regulatory requirements. Identification of the Utility Department's customer base pursuant to class, demand and usage (customer characteristics) provides an accurate and uniform basis to forecast services, fiscal requirements and revenues. The County provides water and wastewater service to both residential and non-residential customers located throughout the service area. Residential customers, consisting of single and multi-family connections, characteristically include dwellings such as single-family homes, apartment complexes and condominiums. Non-residential customers include all other customers that for billing purposes are further identified pursuant to the following categories: (i) commercial; (ii) government; (iii) industrial; (iv) hydrants; and (v) combination. Additionally, reuse service customers are classified as either general service or bulk users. The bulk user customer class is further categorized as either pressurized or non-pressurized customers. The County further identifies the customers through the ERU criterion that relates each customer demand characteristic to that of a residential single family dwelling unit. The reuse system currently provides effluent for non-potable purposes to three customers and at this time does not materially impact the customer, revenue or expense dynamics of the County.

See Table 3 of the Financial Feasibility Report for information relating to the historical ERUs and billable flow growth for water and wastewater services of the System. See "APPENDIX D – FINANCIAL FEASIBILITY REPORT" hereto.

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Ten Largest Customers. For the Fiscal Year ended September 30, 2012, the ten largest customers of the System represented approximately 5.28% of the total revenue contributed to the System through user rates, fees and charges. Additionally, the majority of the revenues, 4.29% or over 81.14% of the 5.28% total, are provided by established residential dwelling unit complexes that are historically stable and generally are not affected by conditions that reduce or discontinue usage over time.

Ten Largest Customers

| Rank | Customer | Class | Annual Water Usage (gallons) | Revenue | Percent of Total ¹ |
|-------|--|--------------|---------------------------------|----------------|-------------------------------|
| 1 | Ocean Gallery | Multi-Family | 18,704,440 | \$221,686.24 | 0.943% |
| 2 | World Golf Resort Hotel | Commercial | 9,934,080 | 115,201.36 | 0.490% |
| 3 | Florida Apartment Club | Multi-Family | 9,856,370 | 124,459.60 | 0.529% |
| 4 | Bluegreen Vacations Unlimited | Mixed | 9,679,230 | 119,387.04 | 0.508% |
| 5 | Glenmoor | Multi-Family | 9,639,210 | 118,804.87 | 0.505% |
| 6 | Davis Property Management, Inc. | Multi-Family | 9,100,740 | 114,052.27 | 0.485% |
| 7 | Avial at Palencia Master Association, Inc. | Multi-Family | 8,351,820 | 109,353.96 | 0.465% |
| 8 | St. Aug Ocean & Racquet Club | Multi-Family | 8,329,280 | 117,712.92 | 0.500% |
| 9 | McRae & Stolz St. Aug LLC | Multi-Family | 8,044,330 | 93,055.19 | 0.396% |
| 10 | Summerset Village, LLC | Multi-Family | 8,032,180 | 109,865.17 | 0.467% |
| Total | | | 99,671,680 | \$1,243,578.62 | 5.287% |

¹ Based on unaudited annual revenue of \$23,520,453.92

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Historical Financial Results

The following tables show historical revenues, expenses and debt service coverage for the System for the Fiscal Years ended September 30, 2008 through 2012. The information is derived from financial records of the County and demonstrates compliance with the rate covenant requirements of the Resolution.

| Summary of Historic Revenues and Expenses, and Rate Coverage Compliance | | | | | |
|--|----------------|----------------|----------------|----------------|----------------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12⁶ |
| Charges for Services | \$19,459,548 | \$20,615,785 | \$21,750,787 | \$23,146,894 | \$23,520,454 |
| Other Revenues ¹ | 6,385,195 | 5,747,217 | 3,452,307 | 2,414,399 | 2,281,826 |
| Gross Revenue | \$25,844,743 | \$26,363,002 | \$25,203,094 | \$25,561,293 | \$25,802,280 |
| Operating Expenses ² | 14,891,600 | 15,852,561 | 14,777,565 | 14,730,505 | 14,552,000 |
| Net Revenue Available in Current Acct ³ | \$10,953,143 | \$10,510,441 | \$10,425,529 | \$10,830,788 | \$11,250,280 |
| Net Rev & Current Acct | \$14,624,896 | \$14,331,290 | \$14,445,524 | \$14,850,783 | \$13,608,451 |
| Senior Debt Service Requirement and Coverage | | | | | |
| Debt Service Requirement ⁴ | \$6,800,899 | \$7,097,741 | \$7,479,551 | \$7,567,839 | \$7,561,814 |
| Net Revenue & Current Account | | | | | |
| Achieved | 2.15 | 2.02 | 1.93 | 1.96 | 1.80 |
| Required | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 |
| Net Revenue | | | | | |
| Achieved | 1.61 | 1.48 | 1.39 | 1.43 | 1.49 |
| Required | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 |
| SRF Requirement and Debt Service Coverage | | | | | |
| Revenue Net of Bonds ⁵ | \$3,472,154 | \$2,702,926 | \$2,198,023 | \$2,506,165 | \$2,932,284 |
| Debt Service | \$123,118 | \$123,118 | \$123,118 | \$123,118 | \$123,119 |
| Achieved | 28.20 | 21.95 | 17.85 | 20.36 | 23.82 |
| Required | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 |

1. Includes miscellaneous service charges and interest earnings.

2. Excludes depreciation, amortization and interest expense.

3. UCFs on deposit in Current Account.

4. Series 1991A, 1998, 2004 and 2006 Bonds.

5. Net Revenue less Debt Service Requirement including minimum coverage

6. Unaudited financial results.

Projected Financial Results

The following tables show projected revenues, expenses and debt service coverage for the System for the Fiscal Years ending 2013 through 2017. The table is intended to demonstrate the expected coverage for purposes of the rate covenant requirements of the Resolution and is based on the assumptions set forth in the Financial Feasibility Report.

| Projected Debt Service Coverage Summary | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| Operating Revenues | \$26,394,300 | \$27,903,300 | \$28,919,400 | \$30,120,100 | \$31,284,400 |
| Operating Expenses | 15,788,100 | 16,510,000 | 17,227,500 | 17,954,200 | 18,710,700 |
| Net Revenue | \$10,606,200 | \$11,393,300 | \$11,691,900 | \$12,165,900 | \$12,573,700 |
| UCFs (Current Account) | 4,023,100 | 4,506,500 | 5,089,900 | 5,086,900 | 5,083,900 |
| Net Revenue & Current Acct | \$14,629,300 | \$15,899,800 | \$16,781,800 | \$17,252,800 | \$17,657,600 |
| SRF Debt | \$2,466,750 | \$2,651,160 | \$2,323,750 | \$2,810,290 | \$3,220,510 |
| Adjusted Revenue | | | | | |
| Annual Debt Service | | | | | |
| Senior | \$7,399,500 | \$7,947,400 | \$8,516,500 | \$8,505,100 | \$8,502,900 |
| Subordinate (SRF) | \$121,800 | \$123,000 | \$792,200 | \$792,200 | \$669,200 |
| Debt Service Coverage | | | | | |
| Net Revenue & Current Account | | | | | |
| Projected | 1.98 | 2.00 | 1.97 | 2.03 | 2.08 |
| Required | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 |
| Net Revenue | | | | | |
| Projected | 1.43 | 1.43 | 1.37 | 1.43 | 1.48 |
| Required | 1.10 | 1.10 | 1.10 | 1.10 | 1.10 |
| SRF Coverage¹ | | | | | |
| Projected | 20.25 | 21.55 | 2.93 | 3.55 | 4.81 |
| Required | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 |

1. Does not include Current Account. [(Net Revenues - Coverage Requirement) / SRF Debt Service]

REPORT OF FEASIBILITY CONSULTANT

The Report of the Feasibility Consultant with respect to the System is attached as APPENDIX D hereto. Such Report was prepared by the Feasibility Consultant, Raftelis Financial Consultants, Inc. Among other things, the Report sets forth certain discussion of the System's customer base, historic financials and projections of operating results primarily based on forecasts of operating revenue and expenses pursuant to the County's approved rate ordinance, fiscal requirements and capital budgets. The Feasibility Consultant has formed certain opinions and reached certain conclusions with respect to projected growth in customers, usage and revenues of the System, projected operating expenses of the System, capacity of the System

with projected improvements to meet anticipated System demand, and sufficiency of adopted rates to meet debt service requirements on the Bonds. THE REPORT OF THE FEASIBILITY CONSULTANT MUST BE READ IN ITS ENTIRETY, INCLUDING THE CONSIDERATIONS AND ASSUMPTIONS UPON WHICH IT IS BASED, PRIOR TO A PROSPECTIVE PURCHASER OF THE SERIES 2013 BONDS MAKING AN INVESTMENT DECISION WITH RESPECT THERETO. To the extent that actual conditions differ from those assumed in preparing such forecasted amounts, the actual amounts will vary from those shown therein.

REPORT OF CONSULTING ENGINEER

The Report of the Consulting Engineer with respect to the System is attached as APPENDIX C hereto. Such Report was prepared by the Consulting Engineer, Brown and Caldwell. Among other things, the Report sets forth certain discussion of the System's management, facilities, certain capital improvements, service areas and the 2013A Project. THE REPORT OF THE CONSULTING ENGINEER MUST BE READ IN ITS ENTIRETY, INCLUDING THE CONSIDERATIONS AND ASSUMPTIONS UPON WHICH IT IS BASED, PRIOR TO A PROSPECTIVE PURCHASER OF THE SERIES 2013 BONDS MAKING AN INVESTMENT DECISION WITH RESPECT THERETO. To the extent that actual conditions differ from those assumed in preparing such forecasted activities and events, the actual activities and events will vary from those shown therein.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Series 2013 Bonds are subject to an approving legal opinion of Nabors, Giblin & Nickerson P.A., Tampa, Florida, Bond Counsel, whose approving opinion (a form of which is attached hereto as "APPENDIX G - FORM OF BOND COUNSEL OPINION") will be available at the time of delivery of the Series 2013 Bonds. Certain legal matters will be passed on for the County by Edwards Cohen, Jacksonville, Florida, Counsel for the County, and Foley & Lardner LLP, 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 2013 Bonds; provided, however, that Bond Counsel will render an opinion to the Underwriter of the Series 2013 Bonds and the County (upon which opinion only the Underwriter and the County may rely) relating to the fairness of the presentation of certain statements contained herein under the heading "TAX EXEMPTION" and certain statements which summarize provisions of the Resolution and the Series 2013 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 2013 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 2013 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.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Bond Counsel, the form of which is included as "APPENDIX G -- FORM OF BOND COUNSEL OPINION" attached hereto, the interest on the Series 2013 Bonds is excludable from gross income and is not a specific item of tax preference for federal income tax purposes under existing statutes, regulations, rulings and court decisions. However, interest on the Series 2013 Bonds is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on corporations pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Failure by the County to comply subsequently to the issuance of the Series 2013 Bonds with certain requirements of the Code, regarding the use, expenditure and investment of Series 2013 Bonds proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Series 2013 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance. The County has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Series 2013 Bonds for purposes of federal income taxation. In rendering its opinion, Bond Counsel has assumed continuing compliance with such covenants.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Series 2013 Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the Series 2013 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2013 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Series 2013 Bonds being included in gross income for federal income tax purposes retroactive to their date of issuance.

Collateral Tax Consequences

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2013 Bonds. Prospective purchasers of Series 2013 Bonds should be aware that the ownership of Series 2013 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2013 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Series 2013 Bonds, (2) the branch profits tax, and (3) the inclusion of

interest on the Series 2013 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2013 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2013 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE SERIES 2013 BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Series 2013 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2013 Bonds should consult their own tax advisors as to the income tax status of interest on the Series 2013 Bonds in their particular state or local jurisdictions.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2013 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Series 2013 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2013 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2013 Bonds.

Tax Treatment of Original Issue Discount

Bond Counsel is further of the opinion that the difference between the principal amount of the Series 2013A Bonds maturing on June 1, 20__ and the Series 2013B Bonds maturing on June 1, 20__ (collectively, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excludable from gross income for federal income tax purposes to the same extent as interest on the Series 2013 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Tax Treatment of Bond Premium

The difference between the principal amount of the Series 2013A Bonds maturing on June 1, 20__ and the Series 2013B Bonds maturing on June 1, 20__ (collectively, the "Premium Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond or, in the case of a Premium Bond that is callable prior to maturity, the amortization period and yield must be determined on the basis of the earliest call date that results in the lowest yield on such Bond. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

RATINGS

Standard & Poor's Ratings Services ("S&P") and Moody's Investors Service, Inc. ("Moody's") are expected to assign their municipal bond ratings of "___" and "___", respectively, to the Series 2013 Bonds. 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 2013 Bonds. An explanation of the significance of the ratings is available from the rating agencies, at the following addresses: Standard & Poor's Ratings Services, 55 Water Street, 38th Floor, New York, New York 10041 and Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007.

UNDERWRITING

The Series 2013A Bonds are being purchased by RBC Capital Markets, LLC (the "Underwriter") at an aggregate purchase price of \$_____ (representing the principal amount of \$_____ [plus net original issue premium/less original issue discount] of \$_____ and less an Underwriter's discount of \$_____). The Series 2013B Bonds are being purchased by the Underwriter at an aggregate purchase price of \$_____ (representing the principal amount of \$_____ [plus net original issue premium/less original issue discount] of \$_____ and less an

Underwriter's discount of \$_____). The Underwriter's obligations are subject to certain conditions precedent contained in a contract of purchase entered into with the County, and the Underwriter will be obligated to purchase all of the Series 2013 Bonds if any Series 2013 Bonds are purchased under such contract. The Series 2013 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2013 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 Underwriter.

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 2013 Bonds (the "Financial Advisor"). 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 2013 Bonds.

DISCLOSURE REQUIRED BY SECTION 517.051, FLORIDA STATUTES

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 Office of Financial Regulation within the Florida Financial Services Commission (the "FFSC"). Pursuant to administrative rulemaking, the FFSC 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 that would be considered material by a reasonable investor.

The County has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The County does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Series 2013 Bonds because the County would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the County would have been pledged or used to pay such securities or the interest thereon.

CONTINUING DISCLOSURE

The County has covenanted for the benefit of the Series 2013 Bondholders to provide certain financial information and operating data relating to the County and the Series 2013 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 entity authorized and

approved by the SEC to act as a repository (each a "Repository") for purposes of complying with Rule 15c2-12 adopted by the SEC (the "Rule"). Currently, the sole Repository is the Municipal Securities Rulemaking Board ("MSRB"). The County has agreed to file notices of certain enumerated material events, when and if they occur, with each Repository.

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 F - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. The Continuing Disclosure Certificate shall be executed by the County prior to the issuance of the Series 2013 Bonds. These covenants have been made in order to assist the Underwriter in complying with the continuing disclosure requirements of the Rule.

With respect to the Series 2013 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. In the last five years, the County has never failed to comply with the any prior agreements to provide continuing disclosure information. However, upon a recent review of the County's information on file with the MSRB, it was discovered that the County's 2009 and 2010 audited financial statements could not be located on the MSRB's EMMA website with respect to certain County CUSIP numbers so the County has again filed those financial statements with the MSRB and confirmed that such financial statements are now posted to the EMMA website with respect to all CUSIP numbers of the County.

ENFORCEABILITY OF REMEDIES

The remedies available to the Holders of the Series 2013 Bonds upon an event of default under the Resolution, as applicable, 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 Title 11 of the United States Code, the remedies specified by the federal bankruptcy code, the Resolution, as applicable, and the Series 2013 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2013 Bonds (including Bond Counsel's approving opinion) are qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

VERIFICATION OF ARITHMETICAL COMPUTATIONS

The accuracy of the arithmetical computation of (i) the adequacy of the maturing principal amounts of, and interest on, the Federal Securities together with any uninvested amounts, to be held in the Escrow Accounts to pay the principal and interest on the Refunded Bonds, and (ii) the "yields" on the Federal Securities on deposit in the 2004 Escrow Account and the Series 2013B Bonds to be used by Bond Counsel to support the opinion that the interest on the Series 2013B Bonds is excluded from gross income for federal income tax purposes, will be verified for the County by the Verification Agent. Such verification will be based on certain information supplied to the Verification Agent by Public Financial Management, Inc.

AUDITED FINANCIAL STATEMENTS

Excerpted pages from the General Purpose Financial Statements of the County for the Fiscal Year Ended September 30, 2011 and report thereon of Carr Riggs & Ingram, LLC (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, 2011." Such statements speak only as of September 30, 2011. Such portion of the General Purpose Financial Statements from the Comprehensive Annual Financial Report of the County has been included in this Official Statement as a public document and consent of the Independent Certified Public Accountant was not requested.

The Series 2013 Bonds are payable solely from the Pledged Funds as described in the Resolution and herein and the Series 2013 Bonds are not otherwise secured by, or payable from, the general revenues of the County. See "SECURITY FOR THE BONDS" herein. The excerpted pages from the General Purpose Financial Statements are presented for general information purposes only.

MISCELLANEOUS

This Official Statement includes descriptions of the terms of the Series 2013 Bonds and summaries of certain provisions of the Resolution. Such descriptions do not purport to be complete and all such descriptions and references thereto are qualified in their entirety by references to each such document. The appendices appended to this Official Statement are integral parts thereof and should be read together with all other parts of this Official Statement.

Any statements made in this Official Statement involving matters of opinion or of estimates or forecasts, 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 or forecasts will be realized.

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 2013 Bonds, the security for the payment of the Series 2013 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument. Copies of such documents may be obtained from either the office of the Clerk of the Circuit Court, 4010 Lewis Speedway, St. Augustine, Florida 32084, attention: Finance Department, telephone (904) 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 2013 Bonds.

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

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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 2013 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 DTC, the book-entry only system of registration and the information contained under the caption "TAX EXEMPTION" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2013 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 of its Board of County
Commissioners

APPENDIX A

GENERAL INFORMATION CONCERNING THE COUNTY

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

Location

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

There are three incorporated municipalities located in the County: St. Augustine, Hastings and St. Augustine Beach. St. Augustine, which was founded in 1565, is the oldest permanent European settlement in the United States and is the county seat. A small portion of the municipality of Marineland (primarily located in Flagler County) on which no improvements are located, is also a part of the County. Unincorporated communities include Ponte Vedra, Switzerland, Flagler Estates, Elkton, Palencia, Nocatee, Crescent Beach, Tocol, 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 was employee noncontributory through June 30, 2011 and is totally administered by the State of Florida. Presently, the employee contribution rate is three percent. Benefits vary under the plan and vest based on the employee's initial employment date. 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 four percent and 14 percent of gross salaries for fiscal year 2011. For fiscal years ended September 30, 2011, 2010 and 2009, the County contributed 100 percent of the required contributions. These contributions aggregated \$12,382,759, \$13,586,852 and \$13,322,357, respectively.

A copy of the FRS System's June 30, 2011 annual report can be obtained by writing to the Florida Retirement System, P.O. Box 9000, Tallahassee, Florida 32399-9000 or by phoning (850) 488-5706.

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 of the fiscal year ended September 30, 2012, the County is in compliance 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). 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.

In fiscal year 2008, by County Resolution 2008-151, St. Johns County established the St. Johns County Post Employment Welfare Benefits Trust Fund ("SJCPEWB") which provides partial premium payments of eligible county retirees and their dependents for health care benefits, including health, prescription drugs, dental, vision and life insurance. Benefits are provided through a single employer defined benefit plan for post-employment benefits other than pension benefits for retirees and the eligible dependents of the Clerk of Courts, Sheriff, Tax Collector, Supervisor of Elections, Property Appraiser and County. The Board of County Commissioners can amend the benefits and retiree contributions associated with the plan.

Additionally, in accordance with Florida Statutes 112.0801, the health insurance subsidy is provided to employees who retire and immediately begin receiving benefits from FRS System after at least 6 years of creditable service. The County will maintain current subsidy levels for all current retirees. However, as of January 1, 2009, future retirees will be expected to share in

the increasing costs of the program through increased rate adjustments. Retirees with more than 20 years of creditable service will receive an additional monthly subsidy. The amount of the monthly subsidy is based on the number of years of service with the County or Constitutional Officer, and is equal to one dollar and fifty cents for each year of total service until they are eligible for Medicare.

Finally, on January 8, 2008, the County adopted Ordinance 2008-1 which established the permitted investments for SJCPEWB, which is a qualifying trust, and began funding its annual required contribution obligation through a direct contribution from unrestricted cash balances. A separate stand-alone financial statement for the Trust is not prepared.

Population

St. Johns County has experienced steady population growth over the last several decades, as shown below:

| <u>Year</u> | <u>Population</u> |
|-------------|-------------------|
| 1980 | 51,303 |
| 1990 | 83,829 |
| 2000 | 123,135 |
| 2005 | 157,278 |
| 2010 | 190,039 |

Sources: U.S. Census; St. Johns County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2011.

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. In addition, agribusiness remains a key sector of the state and the northeast region's economy.

Employment

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

| Calendar <u>Year</u> | <u>Employment</u> | <u>Unemployment</u> | <u>Unemployment Rate</u> | State <u>Unemployment Rate</u> |
|-------------------------|-------------------|---------------------|------------------------------|---------------------------------------|
| 2001 | 66,186 | 2,524 | 3.7% | 4.7% |
| 2002 | 67,00 | 3,057 | 4.4 | 5.7 |
| 2003 | 69,539 | 2,936 | 4.1 | 5.3 |
| 2004 | 74,099 | 2,667 | 3.5 | 4.7 |
| 2005 | 79,848 | 2,543 | 3.1 | 3.8 |
| 2006 | 84,408 | 2,433 | 2.8 | 3.3 |
| 2007 | 88,864 | 2,949 | 3.2 | 4.0 |
| 2008 | 88,891 | 4,730 | 5.1 | 6.3 |
| 2009 | 87,243 | 8,137 | 8.5 | 10.4 |
| 2010 | 88,159 | 9,291 | 9.5 | 11.3 |
| 2011 | 108,959 | 16,332 | 13 | 10.5 |

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

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Major Employers

The following table shows some of the major employers in the County and their approximate level of employment in 2011.

| <u>Establishment</u> | <u>Product</u> | <u>Approximate Employment</u> |
|---------------------------------------|-------------------------------------|-------------------------------|
| St. Johns County School Board | Education | 3,440 |
| St. Johns County | County Government | 1,940 |
| Flagler Hospital | Health Care | 1,600 |
| Northrup Grumman | Aircraft Overhaul and Modification | 1,000 |
| PGA Tour/ Tournament Players Club | Professional Golf Events Management | 940 |
| Community Hospice of N.E. Florida | Health Care | 700 |
| Florida School for the Deaf and Blind | Educational Institution | 670 |
| Ring Power Corporation | Heavy Equipment Dealer | 500 |
| U.S. Army National Guard | Army | 400 |
| Tree of Life | Natural Foods Retailer | 390 |

Source: St. Johns County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2011.

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.

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 335 beds. There are over 240 physicians in the area, including specialists in most fields. There 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 17 elementary schools (plus one currently under construction), 7 middle schools, 1 school for kindergarten through eighth grade, 7 high schools, two alternative centers (including 1 juvenile justice center), 3 charter schools (including a vocational and technical center), and three 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 State College - Jacksonville, St. Johns River State College and Daytona State College. The State operates the Florida School for the Deaf and Blind in St. Augustine, with primary school through senior high school levels.

Property Taxes

**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> |
|--------------------|------------------------------------|--|---|---------------------------------|
| 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 | 16,654,175,245 | 752,696,406 | 22,453,364 | 17,429,224,015 |
| 2006/07 | 21,233,616,012 | 831,854,254 | 23,410,747 | 22,088,881,625 |
| 2007/08 | 23,671,729,278 | 869,659,215 | 26,540,132 | 24,567,928,625 |
| 2008/09 | 22,478,870,762 | 793,061,691 | 26,282,262 | 23,308,214,715 |
| 2009/10 | 19,617,725,592 | 794,162,750 | 27,277,134 | 20,439,165,476 |
| 2010/11 | 17,565,264,709 | 762,436,149 | 24,253,580 | 18,351,954,438 |

Source: St. Johns County Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2011.

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

| <u>Fiscal Year</u> | <u>Property Taxes Levied</u> | <u>Current Tax Collections⁽¹⁾</u> | <u>Delinquent Tax Collections</u> | <u>Total Tax Collection</u> | <u>% of Levy Collected</u> |
|--------------------|------------------------------|--|-----------------------------------|-----------------------------|----------------------------|
| 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 | 96.76 |
| 2005/06 | 121,318,507 | 116,767,023 | 35,023 | 116,802,046 | 96.28 |
| 2006/07 | 153,766,695 | 148,588,456 | 68,026 | 148,655,482 | 96.68 |
| 2007/08 | 148,017,827 | 140,957,073 | 809,001 | 141,766,074 | 95.78 |
| 2008/09 | 140,648,140 | 134,053,243 | 2,740,377 | 136,793,620 | 97.26 |
| 2009/10 | 136,359,880 | 131,462,350 | 1,308,771 | 132,771,127 | 97.37 |
| 2010/11 | 122,477,111 | 117,834,977 | 194,277 | 118,029,254 | 96.36 |

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

Source: St. Johns County Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2011.

**St. Johns County, Florida
Principal Taxpayers 2011**

| <u>Taxpayer</u> | <u>Real Estate Assessed Valuation</u> | <u>Percentage of Total County Taxable Assessed Value</u> |
|--------------------------------------|---------------------------------------|--|
| Florida Power & Light | 144,107,500 | 0.70% |
| Ponte Vedra Corp | 66,496,605 | 0.33% |
| BellSouth Telecommunications | 48,578,872 | 0.24% |
| Bluegreen Vacations Unlimited | 39,669,549 | 0.19% |
| RQB Resort LP | 38,974,053 | 0.19% |
| Ring Power Corporation | 26,424,449 | 0.13% |
| Florida East Coast Railway LLC | 24,587,599 | 0.12% |
| LVP St. Augustine Outlets LLC | 23,508,126 | 0.11% |
| CPG Partners LP | 21,617,385 | 0.11% |
| Cobblestone Village at St. Augustine | 19,136,189 | 0.09% |

Source: St. Johns County, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2011.

**St. Johns County, Florida
Debt Statement
as of September 30, 2011**

| <u>General Description</u> | <u>Outstanding Principal Balance</u> |
|---|--|
| Water and Sewer Revenue Bonds, Series 1991A (including Credit Appreciation Bonds) | \$ 25,862,137 |
| Water and Sewer Revenue Refunding Bonds, Series 1998 | 1,265,000 |
| Water and Sewer Revenue Bonds, Series 2004 (including Credit Appreciation Bonds) | 32,414,676 |
| Water and Sewer Revenue and Refunding Bonds, Series 2006 | 41,015,000 |
| Ponte Vedra Utility System Revenue Bonds, Series 2013 | 28,510,000 |
| Ponte Vedra Utility System Revenue Bonds, Series 2007 | 30,620,000 |
| City of Gulf Breeze, Florida Local Government Loan Program, Series 2004 | 12,300,000 |
| Obligations under State Revolving Loan Program | 4,703,585 |
| Sales Tax Revenue Bonds, Series 2004A and Series 2004B | 40,295,000 |
| Sales Tax Revenue Bonds, Series 2013 | 43,465,000 |
| Sales Tax Revenue and Refunding Bond, Series 2009 | 21,560,000 |
| Sales Tax Revenue Refunding Bonds, Series 2009A | 10,675,000 |
| Capital Improvement Revenue and Refunding Bonds, Series 2005 | 19,040,000 |
| Transportation Improvement Revenue Bonds, Series 2003 | 26,980,000 |
| Transportation Improvement Revenue Bonds, Series 2013 | 27,455,000 |
| Commercial Paper Loan Program | 1,540,000 |
| Community Redevelopment Agency Revenue and Refunding Note, Series 2007 | 4,890,000 |
| Total Debt | <u>\$372,590,398</u> |

Source: St. Johns County, Florida.

Police and Fire Protection

St. Johns County is served by the Sheriffs Office, which currently has 701 full- and part-time employees including deputies, the detective division, communications, jail and administrative personnel. There are 16 fire stations operating within the County, served by a force of 303 professional firefighters/paramedics and a support staff. The County operates Emergency Medical Services transport units staffed by trained paramedics.

APPENDIX B

**EXCERPTED PAGES FROM THE GENERAL PURPOSE FINANCIAL STATEMENTS
OF THE COUNTY FOR FISCAL YEAR
ENDED SEPTEMBER 30, 2011**

APPENDIX C
CONSULTING ENGINEER'S REPORT

APPENDIX D
FINANCIAL FEASIBILITY REPORT

APPENDIX E
THE COMPOSITE RESOLUTION

APPENDIX F
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX G
FORM OF BOND COUNSEL OPINION

APPENDIX G

**FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A.,
WITH RESPECT TO THE SERIES 2013 BONDS**

Upon delivery of the Series 2013 Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to such Series 2013 Bonds in substantially the following form:

(Date of Delivery)

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$_____ St. Johns County, Florida, Water and Sewer Revenue and Refunding Bonds, Series 2013A (the "Series 2013A Bonds") and \$_____ St. Johns County, Florida, Water and Sewer Revenue Refunding Bonds, Series 2013B (the "Series 2013B Bonds" and, together with the Series 2013A Bonds, the "Series 2013 Bonds").

The Series 2013 Bonds are issued under and pursuant to the Laws of the State of Florida, including Chapter 125, Part I, Florida Statutes, Ordinance No. 86-89, enacted by St. Johns County, Florida (the "County") on December 9, 1986, as amended, the Constitution of the State of Florida and all other applicable provisions of law, and Resolution No. 89-84 adopted by the County on April 25, 1989, as amended and supplemented (the "Resolution").

The current interest paying Series 2013A Bonds maturing on June 1, ____ through and including June 1, ____, ____ and ____, and the current interest paying Series 2013B Bonds maturing on June 1, ____ through and including June 1, ____ (collectively, the "Current Interest Bonds") are dated and shall bear interest from their date of delivery, except as otherwise provided in the Resolution. The capital appreciation Series 2013B Bonds maturing on June 1, ____ through and including June 1, ____ (the "Capital Appreciation Bonds") are dated and shall bear interest from their date of delivery, except as otherwise provided in the Resolution. The Series 2013 Bonds will mature on the dates and in the principal amounts and accreted values, and will bear interest at the respective

rates per annum, as provided in the Resolution and set forth in the Bond Purchase Agreement for the Series 2013 Bonds (the "Purchase Contract"). Interest on the Current Interest Bonds shall be payable on each June 1 and December 1, commencing on June 1, 2013. Interest on the Capital Appreciation Bonds shall be compounded semiannually on each June 1 and December 1, commencing on June 1, 2013, and shall be payable at the maturity of such Capital Appreciation Bonds. The Current Interest Bonds are being issued in the form of fully registered bonds in denominations of \$5,000 principal amount and any integral multiple thereof. The Capital Appreciation Bonds are being issued in the form of fully registered bonds in denominations of \$5,000 maturity amount and integral multiples thereof. The Series 2013 Bonds are subject to redemption prior to maturity in accordance with the terms of the Resolution and as set forth in the Purchase Contract.

The Series 2013A Bonds are issued for the principal purpose of providing moneys to make certain capital improvements to the System (as defined in the Resolution) and to current refund all of the County's outstanding Water and Sewer Revenue Bonds, Series 1998 (the "Refunded 1998 Bonds"). The Series 2013B Bonds are issued for the principal purpose of providing moneys to advance refund a portion of the County's outstanding Water and Sewer Revenue Bonds, Series 2004 (the "Refunded 2004 Bonds" and, collectively with the Refunded 1998 Bonds, the "Refunded Bonds"). Certain proceeds of the Series 2013 Bonds, together with other legally available moneys of the County, shall be deposited into an escrow deposit trust fund (the "Escrow Fund") established pursuant to the Escrow Deposit Agreement, dated as of the date hereof, between the County and Regions Bank, as escrow agent, and invested in direct obligations of the United States of America (the "Escrow Securities"), such that the maturing principal of and interest on said obligations shall be sufficient to pay the principal of, premium, if any, and interest on the Refunded Bonds as the same become due or are redeemed prior to maturity.

As to questions of fact material to our opinion, we have relied upon the representations of the County contained in the Resolution and in the certified proceedings relating thereto and to the issuance of the Series 2013 Bonds and other certifications of public officials furnished to us in connection therewith without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that:

1. The County is a duly created and validly existing political subdivision of the State of Florida.

2. The County has the right and power under the Constitution and Laws of the State of Florida to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the County, is in full force and effect in accordance with its terms and is valid and binding upon the County and enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Pledged Funds (as defined in the Resolution), subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

3. The County is duly authorized and entitled to issue the Series 2013 Bonds, and the Series 2013 Bonds have been duly and validly authorized and issued by the County in accordance with the Constitution and Laws of the State of Florida and the Resolution. The Series 2013 Bonds constitute valid and binding obligations of the County as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolution and the laws pursuant to which they are issued. The Series 2013 Bonds are issued on parity under the Resolution with the County's outstanding Water and Sewer Revenue Bonds, Series 1991A, Water and Sewer Revenue Bonds, Series 2006, and that portion of the Water and Sewer Revenue Bonds, Series 2004 which are not refunded in connection with the issuance of the Series 2013B Bonds. The Series 2013 Bonds do not constitute a general indebtedness of the County or the State of Florida or any agency, department or political subdivision thereof, or a pledge of the faith and credit of such entities, but are payable solely from the Pledged Funds in the manner and to the extent provided in the Resolution. No holder of the Series 2013 Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the County or the State of Florida or any political subdivision, agency or department thereof to pay the Series 2013 Bonds.

4. Under existing statutes, regulations, rulings and court decisions, the interest on the Series 2013 Bonds (a) is excluded from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to certain corporations, such interest is taken into account in determining

adjusted current earnings for the purpose of computing the alternative minimum tax. Such opinions are subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2013 Bonds in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2013 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2013 Bonds. The County has covenanted in the Resolution to comply with all such requirements. Ownership of the Series 2013 Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Series 2013 Bonds.

In rendering the opinions set forth above, we are relying upon (a) the arithmetical accuracy of certain computations included in schedules provided by Public Financial Management, Inc. relating to the computations of projected receipts of principal and interest on the Escrow Securities and other amounts deposited in the Escrow Fund, of the adequacy of such projected receipts and other amounts to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds, and of the yield on the Series 2013B Bonds and the yield on the Escrow Securities, and (b) the verifications of arithmetical accuracy of such computations by _____.

It should be noted that except as may expressly be set forth in an opinion delivered by us to the underwriter for the Series 2013 Bonds and the County (on which opinion only they may rely) for the Series 2013 Bonds on the date hereof, we have not been engaged or undertaken to review (1) the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2013 Bonds and we express no opinion relating thereto, and (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2013 Bonds and we express no opinion relating thereto.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that the enforceability of the Resolution and the Series 2013 Bonds may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

Board of County Commissioners
of St. Johns County, Florida
Page 5

(Date of Delivery)

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have examined the form of the Series 2013 Bonds and, in our opinion, the form of the Series 2013 Bonds is regular and proper.

Respectfully submitted,

APPENDIX H
TABLE OF ACCRETED VALUES

EXHIBIT B
FORM OF BOND PURCHASE AGREEMENT

BOND PURCHASE AGREEMENT

\$ _____
ST. JOHNS COUNTY, FLORIDA
Water and Sewer Revenue and Refunding
Bonds,
Series 2013A

\$ _____
ST. JOHNS COUNTY, FLORIDA
Water and Sewer Revenue Refunding Bonds,
Series 2013B

_____, 2013

Board of County Commissioners of
St. Johns County, Florida
County Administration Building
500 San Sebastian View
St. Augustine, Florida 32084

Ladies and Gentlemen:

RBC Capital Markets, LLC (the "Underwriter") 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 the Underwriter. This offer is made subject to your acceptance on or before 11:59 p.m., local time, on the date hereof and if not so accepted, will be subject to withdrawal by the 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).

Inasmuch as this purchase and sale represents a negotiated transaction, the County acknowledges and agrees that: (i) the transaction contemplated by this Purchase Contract is an arm's length, commercial transaction between the County and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the County; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the County with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the County on other matters); (iii) the Underwriter is acting solely in its capacity as underwriter for its own account, (iv) the

only obligations the Underwriter has to the County with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; and (v) the County has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate. The Underwriter has been duly authorized to execute this Purchase Contract and to act hereunder.

SECTION 1. PURCHASE AND SALE. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the County for offering to the public, and the County hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of \$_____ aggregate principal amount of St. Johns County, Florida, Water and Sewer Revenue and Refunding Bonds, Series 2013A (the "Series 2013A Bonds") and \$_____ aggregate principal amount of St. Johns County, Florida, Water and Sewer Revenue Refunding Bonds, Series 2013B (the "Series 2013B Bonds" and, together with the Series 2013A Bonds, the "Series 2013 Bonds"). The Series 2013 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 Series 2013 Bonds which are current interest bonds (the "Series 2013 Current Interest Bonds") is payable on June 1 and December 1 of each year, commencing on June 1, 2013. Interest on Series 2013B Bonds which are capital appreciation bonds (the "Series 2013B Capital Appreciation Bonds") will be compounded on June 1 and December 1 of each year, commencing on June 1, 2013. The aggregate purchase price of the Series 2013A Bonds is \$_____ (representing the principal amount of \$_____ less an underwriter's discount of \$_____ plus/ less net bond premium/ original issue discount of _____). The aggregate purchase price of the Series 2013B Bonds is \$_____ (representing the principal amount of \$_____ less an underwriter's discount of \$_____ plus/ less net bond premium/ original issue discount of _____). The Series 2013 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 2013 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, County Ordinance No. 86-89 enacted by the Board of County Commissioners of the County (the "Board"), as amended and supplemented (the "Ordinance"), and other applicable provisions of law and Resolution No. 89-84 of the County duly adopted by the Board on April 25, 1989, as amended and supplemented (the "Original Resolution"), particularly as amended and supplemented by Resolution No. 2013-___ duly adopted by the Board on _____, 2013 (the "Supplemental Resolution, and, together with the Original Resolution, the

"Resolution"). The Supplemental Resolution contains certain amendments to the Original Resolution which will become effective only after consents of Bondholders and certain other parties have been obtained, and by acceptance of the Series 2013 Bonds, owners of the Series 2013 Bonds will be deemed to have consented to such amendments.

The County is proposing to issue the Series 2013 Bonds to provide funds to: (i) finance a portion of the cost of the acquisition, construction and equipping of the 2013A Project (as defined in the Supplemental Resolution), (ii) capitalize a portion of interest on the Series 2013A Bonds, (iii) refund all of the County's outstanding Water and Sewer Revenue Refunding Bonds, Series 1998 (the "Refunded Series 1998 Bonds") and a portion of the County's outstanding Water and Sewer Revenue Bonds, Series 2004 (the "Refunded Series 2004 Bonds" and, together, with the "Refunded Series 1998 Bonds," the "Refunded Bonds"), (iv) make a deposit to the Reserve Account, and (v) pay certain costs of issuance related to the Series 2013 Bonds. The principal of, redemption premium, if any, and interest on the Series 2013 Bonds are payable solely from and secured by a pledge of and prior lien upon the Pledged Funds, which include the Net Revenues derived from the operation of the main water and sewer system owned, operated and maintained by the County (as further described in the Resolution, the "System"), certain legally available connection charges and moneys on deposit in certain funds and accounts established under the Resolution, all in the manner and to the extent described in the Resolution. The Series 2013 Bonds are being issued on a parity with the County's outstanding Water and Sewer Revenue Bonds, Series 1991A, Water and Sewer Revenue Bonds, Series 2004 (which are not refunded by the Series 2013 Bonds) and Water and Sewer Revenue and Refunding Bonds, Series 2006 (collectively, the "Parity Obligations").

Concurrently with the execution and delivery of the Series 2013 Bonds, there are to be executed and delivered, among other things, (a) the Continuing Disclosure Certificate of the County dated the Closing Date (as hereinafter defined) (the "Continuing Disclosure Certificate"), (b) the Registrar and Paying Agent Agreement dated the Closing Date (the "Registrar and Paying Agent Agreement"), between the County and _____, its successors and assigns, as registrar and paying agent for the Series 2013 Bonds (the "Registrar and Paying Agent"), (c) the Escrow Deposit Agreement dated as of the Closing Date (the "Escrow Deposit Agreement"), between the County and _____, its successors and assigns, as escrow agent for the Refunded Bonds (the "Escrow Agent"), and (e) any other documents related to the transactions contemplated in the Official Statement in connection with the public offering, sale and distribution of the Series 2013 Bonds.

SECTION 2. UNDERWRITER'S LIABILITY. Delivered to you herewith, as a good faith deposit, is a federal funds wire transfer from the Underwriter deposited to the account of the County previously designated by the County, in the amount of \$_____ as security for the performance by the Underwriter of its obligation to accept and pay for the Series 2013 Bonds at Closing (as hereinafter defined) 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 2013 Bonds at the Closing. In the event you do not accept this offer, such wired funds shall be immediately returned to the Underwriter. If the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Series 2013 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 Underwriter to accept and pay for the Series 2013 Bonds at Closing and for any and all defaults hereunder on the part of the Underwriter, 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 Underwriter, it being understood by both the County and the Underwriter that actual damages in such circumstances may be difficult or impossible to compute.

In the event that the County fails to deliver the Series 2013 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 Underwriter contained in this Purchase Contract, or if the obligations of the Underwriter 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 Underwriter and such return shall constitute a full release and discharge of all claims by the County and the Underwriter arising out of the transaction contemplated herein except for the respective obligations of the County and the Underwriter set forth in Section 8 below.

SECTION 3. OFFERING. The Underwriter agrees 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 Underwriter reserves the right to make concessions to dealers and to change such initial offering prices as the Underwriter shall deem necessary in connection with the marketing of the Series 2013 Bonds.

It shall be a condition of your obligation to sell the Series 2013 Bonds to the Underwriter and to deliver the Series 2013 Bonds to the Underwriter as provided in Section 6 hereof, and the obligation of the Underwriter to purchase and accept delivery of the Series 2013 Bonds, that the entire initial aggregate principal amount of the Series

2013 Bonds shall be sold and delivered by you and accepted and paid for by the Underwriter at the Closing.

Neither the Underwriter nor any "persons" of any "affiliate" thereof has been on the "convicted vendor list" during the past 36 months, as all such terms are defined in Section 287.133, Florida Statutes.

SECTION 4. PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT. The County hereby confirms that it has made available to the Underwriter a Preliminary Official Statement of the County relating to the Series 2013 Bonds dated _____, 2013 (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 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 Underwriter shall reasonably request which shall be sufficient in number to permit the Underwriter 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 Underwriter to use the Official Statement and all documents described therein in connection with the public offering and the sale of the Series 2013 Bonds. The County agrees to make no amendments to the Official Statement without providing prior written notification to the 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 Underwriter hereby discloses the required information as provided in Exhibit B attached hereto. In accordance with 218.385(2) and (3), Florida Statutes, the Underwriter has 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 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 2013 Bonds, which pledge either the full faith and credit of the County or the Pledged Funds, without giving prior written notice thereof to the Underwriter.

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

(d) The County has full legal right, power and authority to: (i) enter into this Purchase Contract, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate and the Escrow Deposit Agreement, (ii) adopt the Resolution, (iii) sell, issue and deliver the Series 2013 Bonds to the Underwriter under the Act as provided herein, (iv) refund the Refunded Bonds, (v) execute the Official Statement and (vi) carry out and consummate the transactions contemplated by this Purchase Contract, the Resolution, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate, the Escrow Deposit 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 2013 Bonds contained in the Resolution, the Series 2013 Bonds, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate, the Escrow Deposit 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 2013 Bonds, this Purchase Contract, the Resolution, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate, the Escrow Deposit Agreement and all other obligations on its part in connection with the issuance of the Series 2013 Bonds and the consummation by it of all other transactions contemplated by this Purchase Contract, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate, the Official Statement and the Escrow Deposit Agreement in connection with the issuance of the Series 2013 Bonds; and upon delivery of the Series 2013 Bonds at the Closing, the Resolution, this Purchase Contract, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate and the Escrow Deposit 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 Underwriter and paid for by the Underwriter at the Closing in accordance with the provisions of this Purchase Contract, the Series 2013 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 installation of the 2013A Project, the refunding of the Refunded Bonds, the adoption of the Resolution and the authorization, execution and delivery of this Purchase Contract, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate, the Escrow Deposit Agreement and the Series 2013 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 2013 Bonds, on a parity with the Parity Obligations.

(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 installation of the 2013A Project, the refunding of the Refunded Bonds or the sale, issuance or delivery of the Series 2013 Bonds 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 2013 Bonds, the Resolution, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate, the Escrow Deposit Agreement or this Purchase Contract, or contesting the tax-exempt status of interest on the Series 2013 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 2013 Bonds, the adoption of the Resolution or the execution and delivery by the County of the Series 2013 Bonds, this Purchase Contract, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate or the Escrow Deposit Agreement.

(l) The County will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order to (i) qualify the Series 2013 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 Underwriter may designate, and (ii) determine the eligibility of the Series 2013 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 2013 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 2013 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 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 Underwriter a sufficient number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the 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 Underwriter shall be deemed a representation and warranty by the County to the Underwriter as to the truth of the statements therein contained.

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

(s) The financial statements of, and other financial information regarding the County, in the Official Statement fairly present the financial position and results of the

County as of the dates and for the periods therein set forth. Prior to the Closing, there is not expected to be any adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the County. The County is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the County, would have a materially adverse effect on the financial condition of the County.

SECTION 6. CLOSING. At noon, local time, on _____, 2013 (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 Underwriter in care of DTC or its agent, the Series 2013 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 Underwriter; and the Underwriter will pay the purchase price of the Series 2013 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 Underwriter has 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 Underwriter 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 2013 Bonds and the County receiving the items described in conditions (f)(ii), (f)(iv), (f)(vi) through (f)(ix) and (f)(xi) through (xxiii) of this Section 7:

(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 Contract 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 Underwriter.

(d) At the time of the Closing, all official action of the County relating to this Purchase Contract, the Resolution, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate, the Escrow Deposit Agreement, the Official Statement and the Series 2013 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 Underwriter.

(e) The Underwriter shall have the right to cancel its obligation to purchase the Series 2013 Bonds if, between the date of this Purchase Contract and the Closing, the market price or marketability of the Series 2013 Bonds shall be materially adversely affected, in the reasonable judgment of the Underwriter, by the occurrence of any of the following:

(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 2013 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 2013 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 Underwriter, affects adversely the market for the Series

2013 Bonds, or the market price generally of obligations of the general character of the Series 2013 Bonds; or

(ii) (A) in the Underwriter's reasonable judgment, the market price of the Series 2013 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 2013 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 in the affairs or financial condition of the County, except for any changes which the Official Statement discloses are expected to occur, or any other event which in the Underwriter's reasonable opinion and concurrence by appropriate representatives of the County, materially adversely affects the marketability of the Series 2013 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 2013 Bonds or in any way contesting or affecting any authority for or the validity of the Series 2013 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 2013 Bonds or the existence or powers of the County; or

(iii) in the Underwriter's reasonable judgment, and concurrence by the appropriate representatives of the County, the purchase price of the Series 2013 Bonds set forth in Section 1 herein is adversely affected because (A) 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 Underwriter's physical or technical ability to market the Series 2013 Bonds; or

(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 2013 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 2013 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 2013 Bonds or any securities of the County, any obligations of the general character of the Series 2013 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; or

(vii) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits 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; or

(viii) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement not made by the County to the reasonable satisfaction of the Underwriter; or

(ix) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to the Series 2013 Bonds or any of the County's obligations on a parity with the Series 2013 Bonds.

(f) At or prior to the Closing Date, the 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 Underwriter.

(ii) A final approving opinion of Nabors, Giblin & Nickerson 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 G.

(iii) A letter of Bond Counsel addressed to the Underwriter, 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 Underwriter to the same extent as if such opinion were addressed to the Underwriter.

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

(A) The Supplemental Resolution has been duly adopted by the County and the Series 2013 Bonds, this Purchase Contract, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate and the Escrow Deposit Agreement have been duly authorized, executed and delivered by the County, and the Resolution, the Continuing Disclosure Certificate, the Series 2013 Bonds when duly authenticated, and the Purchase Contract, the Registrar and Paying Agent Agreement and the Escrow Deposit Agreement, when duly executed by the other parties thereto, constitute valid, legal and binding agreements of the County enforceable against the County; provided, however, the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally;

(B) the County is a political subdivision duly existing under the Constitution and laws of the State of Florida and has good right and lawful authority to issue the Series 2013 Bonds, to secure the Series 2013 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 2013 Bonds, the Purchase Contract, the Continuing Disclosure Certificate, the Escrow Deposit Agreement and the Registrar and Paying Agent Agreement;

(C) no consent, waiver or any other action by any person, board or body, public or private, other than the approval of the County which

has been duly and validly obtained, is required as of the date thereof for the County to issue the Series 2013 Bonds or adopt the Resolution, or to execute and deliver the Purchase Contract, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate or the Escrow Deposit Agreement, or to perform its obligations under any of the foregoing;

(D) to the best of their knowledge, the adoption of the Resolution and the execution and delivery of this Purchase Contract, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate, the Escrow Deposit Agreement and the Series 2013 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 party 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 or threatened, or challenging the creation, organization or existence of the County, the acquisition, construction and installation of the 2013A Project, the refunding of the Refunded Bonds, the collection of the Pledged Funds by the County or the validity of the Series 2013 Bonds, the Purchase Contract, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate or the Escrow Deposit 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 2013 Bonds or to pledge the Pledged Funds for repayment of the Series 2013 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 thereof 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 DTC or its book-entry only system and the information provided in Appendices A, B, C, D, F, G and H thereof, as to which no views need be expressed);

(G) the use of the Preliminary Official Statement by the Underwriter for the purpose of offering the Series 2013 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 Underwriter; 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 2013 Bonds.

(J) for purposes of the opinion, they have assumed that the interest on the Series 2013 Bonds is excluded from gross income for federal income tax purposes and that neither the Series 2013 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 Underwriter, and in form and substance satisfactory to the 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 DTC and its book-entry only system and the information contained therein under the caption "TAX EXEMPTION");

(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 2013 Bonds, or (II) questioning or affecting the validity of this Purchase Contract, the Series 2013 Bonds, the Resolution, the Registrar and Paying Agent Agreement, the Continuing Disclosure Certificate, the Escrow Deposit 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 2013 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 installation of the 2013A Project, (3) the refunding of the Refunded Bonds, (4) the power or authority of the County to collect the Pledged Funds or (5) 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.

(vi) An opinion of Nabors, Giblin & Nickerson P.A., as Bond Counsel, addressed to the County and the Underwriter, 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 relating to continuing disclosure), "PLAN OF FINANCE," "DESCRIPTION OF THE SERIES 2013 BONDS" (other than the information under the subheading "Book-Entry Only System"), "SECURITY FOR THE SERIES 2013 BONDS," "AMENDMENTS TO THE RESOLUTION" and "TAX EXEMPTION" and "APPENDIX E - The Composite Resolution and the Supplemental Resolution" (except for the financial and statistical data contained in any such headings, as to which no view need be expressed) insofar as such information purports to be descriptions or summaries, as applicable of the Resolution, the Series 2013 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 2013 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 Foley & Lardner LLP, as Disclosure Counsel, addressed to the County and the Underwriter, and dated the Closing Date, substantially to the effect that (1) the Series 2013 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 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 this 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 2013 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 "Bank"), as the Registrar, Paying Agent, and Escrow Agent, to the effect that:

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

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

(D) each of the Registrar and Paying Agent Agreement and the Escrow Deposit Agreement constitutes a valid and binding obligation of the Bank 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 Bank 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 Bank to

perform its obligations under the Resolution, the Registrar and Paying Agent Agreement and the Escrow Deposit Agreement.

(ix) Letters of Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P," and together with Moody's, the "Rating Agencies") to the effect that the Series 2013 Bonds have been assigned a rating no less favorable than "___" and "___", respectively, which ratings shall be in effect as of the Closing Date.

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

(xi) An executed copy of the Consulting Engineer's Report of Brown and Caldwell (the "Consulting Engineer"), in the form included as Appendix C to the Official Statement.

(xii) A certificate of the Consulting Engineer, dated the date of Closing, to the effect that (a) the Consulting Engineer has been retained by the County to prepare the Consulting Engineer's Report, dated _____, included in the Official Statement as Appendix C and concurrence is given to the inclusion of such Report as an Appendix to the Official Statement; (b) such Report was prepared in accordance with generally accepted consulting engineers' practices; (c) in connection with the preparation of such Report, personnel of the Consulting Engineer have participated in meetings with representatives of the County, its counsel, the Underwriter, the County's Financial Advisor, the Feasibility Consultant (as hereinafter defined), Bond Counsel and the County's Disclosure Counsel in regard to the System, and nothing has come to the attention of the Consulting Engineer in connection with the preparation of such Report which would cause it to believe that such Report, as of its date, or any of the statements in the Official Statement specifically attributed to the Consulting Engineer or relating to the information set forth in the Report, as of the date of the Official Statement, were inaccurate in any material respect, and (d) they have reviewed the Official Statement and, in their opinion, the information presented therein which was furnished by them or attributed to them or which relates to the information set forth in the Report is accurately presented.

(xiii) An executed copy of the Financial Feasibility Report of Raftelis Financial Consultants, Inc. (the "Feasibility Consultant"), in the form included as Appendix D to the Official Statement.

(xiv) A certificate of the Feasibility Consultant, dated the date of Closing, to the effect that (a) the Feasibility Consultant has been retained by the County to prepare the Financial Feasibility Report, dated _____, included in the Official Statement as Appendix D and concurrence is given to the inclusion of such Report as an Appendix to the Official Statement; (b) such Report was prepared in accordance with generally accepted financial feasibility consulting practices; (c) in connection with the preparation of such Report, personnel of the Feasibility Consultant have participated in meetings with representatives of the County, its counsel, the Consulting Engineer, the Underwriter, the County's Financial Advisor, Bond Counsel and the County's Disclosure Counsel in regard to the System, and nothing has come to the attention of the Feasibility Consultant in connection with the preparation of such Report which would cause it to believe that such Report, as of its date, or any of the statements in the Official Statement specifically attributed to the Feasibility Consultant or relating to the information set forth in the Report, as of the date of the Official Statement, were inaccurate in any material respect, and (d) they have reviewed the Official Statement and, in their opinion, the information presented therein which was furnished by them or attributed to them or which relates to the information set forth in the Report is accurately presented.

(xv) A certificate, dated the date of the Closing, signed by the Utilities Director of the County to the effect that he has reviewed the information in the Official Statement under the headings "PLAN OF FINANCE - The 2013A Project" and "THE SYSTEM" and such information is accurate and complete, and that the information under such headings does not contain any untrue statement of a material fact or omit 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.

(xvi) A blanket letter of representations of the County to DTC.

(xvii) Internal Revenue Service Form 8038-G.

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

(xix) A certificate from the County's financial advisor that parameters of the Bonds set forth in the 2013 Resolution have been satisfied.

(xx) A copy of the verification report issued by The Arbitrage Group Inc., as verification agent (the "Verification Agent").

(xxi) An opinion of Bond Counsel addressed to the County, and dated the Closing Date, to the effect that the Refunded Bonds have been legally defeased and are no longer outstanding for purposes of the Resolution.

(xxii) A certificate from an independent certified public accountant as required by Section 5.02(B) of Resolution for the issuance of Additional Bonds.

(xxiii) Written consent from the Florida Department of Environmental Protection ("DEP") to the effect that the lien on the Net Revenues for the benefit of the holders of the Series 2013 Bonds will be superior to the lien thereon in favor of DEP relating to the 1994 State Loan (as defined in the Supplemental Resolution).

(xix) such additional legal opinions, certificates, instruments and other documents as the 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 Underwriter to accept delivery of the Series 2013 Bonds and the Underwriter to purchase and to pay for the Series 2013 Bonds contained in this Purchase Contract and the 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 Underwriter to accept delivery of the Series 2013 Bonds and the Underwriter to purchase and to pay for the Series 2013 Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate, the good faith deposit described in Section 2 hereof shall be returned to the Underwriter and neither the Underwriter nor the County shall be under any further obligation hereunder, except that the respective obligations of the County and the Underwriter set forth in Section 8 hereof shall continue in full force and effect.

SECTION 8. EXPENSES. The Underwriter 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 2013 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 2013 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 Escrow Agent; and (i) the costs of preparing, printing and delivering the Preliminary Official Statement and the Official Statement and any supplements or amendments thereto. The Underwriter 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 2013 Bonds, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs. 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.

The County acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Series 2013 Bonds.

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 Underwriter may be mailed to RBC Capital Markets, LLC, 1650 Prudential Drive, Suite 101, Jacksonville, Florida 32207, Attention: Mitchell N. Owens.

SECTION 10. PARTIES IN INTEREST. This Purchase Contract is made solely for the benefit of the County and the Underwriter 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 2013 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 Underwriter may be waived by the Underwriter, and the approval of the Underwriter 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 2013 Bonds; provided, however, the 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 Underwriter with any liability, or held liable to the Underwriter 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 Underwriter with respect to the purchase and sale of the Series 2013 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 Underwriter or by Disclosure Counsel, or (ii) delivery of and any payment for the Series 2013 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.

[Remainder of page intentionally left blank.]

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 CAPITAL MARKETS, LLC, as the Underwriter

By: _____
Mitchell N. Owens, Managing Director

Accepted at 10:00 A.M. EDT
this ____ day of _____, 2013
by the Board of County Commissioners of
St. Johns County, Florida

By: _____
John H. Morris, Chair

EXHIBIT A

MATURITY SCHEDULE

\$ _____ *
ST. JOHNS COUNTY, FLORIDA
Water and Sewer Revenue and Refunding Bonds,
Series 2013A

\$ _____ Current Interest Serial Bonds

| <u>Maturity</u> <u>(June 1)</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Price</u> | <u>Yield</u> |
|------------------------------------|---------------|----------------------|--------------|--------------|
| \$ | | % | | % |

\$ _____ - ____% Term Bond due June 1, 20__ Priced at _____ - Yield ____%
\$ _____ - ____% Term Bond due June 1, 20__ Priced at _____ - Yield ____%

\$ _____ *

ST. JOHNS COUNTY, FLORIDA
Water and Sewer Revenue Refunding Bonds,
Series 2013B

\$ _____ **Current Interest Serial Bonds**

| <u>Maturity</u> <u>(June 1)</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Price</u> | <u>Yield</u> |
|------------------------------------|---------------|----------------------|--------------|--------------|
| | \$ | % | | % |

\$ _____ - ____% Term Bond due June 1, 20__ Priced at _____ - Yield ____%

\$ _____ - ____% Term Bond due June 1, 20__ Priced at _____ - Yield ____%

\$ _____ **Capital Appreciation Bonds***

| <u>Maturity</u> <u>(June 1)</u> | <u>Original</u> <u>Principal</u> <u>Amount</u> | <u>Value at</u> <u>Maturity</u> | Original Principal Per \$5,000 Maturity <u>Amount</u> | Approximate Yield to <u>Maturity</u> |
|------------------------------------|--|------------------------------------|---|--|
| | \$ | \$ | \$ | % |

* The Table of Accreted Values is attached hereto as Schedule 1.

Optional Redemption of the Series 2013 Bonds

The Series 2013 Current Interest Bonds maturing prior to June 1, 20__ are not subject to redemption prior to maturity. The Series 2013 Current Interest Bonds maturing on June 1, 20__, or thereafter may be redeemed prior to maturity at the option of the County as a whole or in part, from such maturity or maturities as the County shall designate and by lot within a maturity, on June 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 2013 Bonds

The Series 2013A Bonds maturing on June 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 June 1, 20__ and on each June 1 thereafter in the years and in the principal amounts corresponding to the Amortization Installments as follows:

| <u>Year</u> | <u>Amortization Installment</u> |
|-------------|---------------------------------|
|-------------|---------------------------------|

* Final maturity

The Series 2013B Bonds maturing on June 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 June 1, 20__ and on each June 1 thereafter in the years and in the principal amounts corresponding to the Amortization Installments as follows:

| <u>Year</u> | <u>Amortization Installment</u> |
|-------------|---------------------------------|
|-------------|---------------------------------|

* Final maturity

Schedule I to Exhibit A

Table of Accreted Values

EXHIBIT B

DISCLOSURE STATEMENT

Board of County Commissioners of
St. Johns County, Florida
County Administration Building
500 San Sebastian View
St. Augustine, Florida 32084

Re: \$_____ St. Johns County, Florida, Water and Sewer Revenue and Refunding Bonds, Series 2013A and \$_____ St. Johns County, Florida, Water and Sewer Revenue Refunding Bonds, Series 2013B

Ladies and Gentlemen:

In connection with the proposed issuance by St. Johns County, Florida of the above-referenced Bonds (collectively, the "Series 2013 Bonds"), RBC Capital Markets, LLC (the "Underwriter") is underwriting a public offering of the Series 2013 Bonds. The purpose of this letter is to furnish, 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 2013 Bonds as follows:

(a) The nature and estimated amount of expenses to be incurred by the Underwriter in connection with the purchase and reoffering of the Series 2013 Bonds are set forth in Schedule I attached hereto.

(b) No person has entered into an understanding with the Underwriter, or to the knowledge of the Underwriter, 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 Underwriter or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Series 2013 Bonds.

(c) The underwriting spread, the difference between the price at which the Series 2013 Bonds will be initially offered to the public by the Underwriter and the price to be paid to the County for the Series 2013 Bonds will be approximately \$___ per \$1,000 (\$_____) of Series 2013 Bonds issued.

(d) As part of the estimated underwriting spread set forth in Paragraph (c) above, the Underwriter will charge a management fee of \$0.00 per \$1,000 of Series 2013 Bonds issued.

No other fee, bonus or other compensation is estimated to be paid by the Underwriter in connection with the issuance of the Series 2013 Bonds to any person not regularly employed or retained by the Underwriter (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Underwriter, as set forth in Paragraph (a) above.

(e) The name and address of the Underwriter is set forth below:

RBC Capital Markets, LLC
1650 Prudential Drive, Suite 101
Jacksonville, Florida 32207

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

RBC CAPITAL MARKETS, LLC, as the
Underwriter

By: _____
Mitchell N. Owens, Managing Director

SCHEDULE I

UNDERWRITERS' ESTIMATED EXPENSES

| | <u>(per \$1,000)</u> | <u>Amount</u> |
|---------------|----------------------|---------------|
| Dalcomp | | |
| Day Loan | | |
| CUSIP | | |
| DTC | | |
| Miscellaneous | | |
| TOTAL | | |

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.

The County proposes to issue the Series 2013 Bonds for the principal purposes of providing funds, together with other legally available moneys of the County, to: (i) finance a portion of the cost of the acquisition, construction and equipping of the 2013A Project, (ii) capitalize a portion of interest on the Series 2013A Bonds, (iii) refund the Refunded Bonds, (iv) make a deposit to the Reserve Account, and (v) pay certain costs of issuance related to the Series 2013 Bonds. The Series 2013 Bonds are expected to be repaid over a period of approximately ____ years. At the interest rates set forth in Exhibit A of said Bond Purchase Agreement, total interest paid over the life of the Series 2013 Bonds will be approximately \$_____.

The principal of, redemption premium, if any, and interest on the Series 2013 Bonds are payable solely from and secured by a pledge of and prior lien upon the Pledged Funds, which include the Net Revenues derived from the operation of the main water and sewer system owned, operated and maintained by the County (the "System"), certain legally available connection charges and moneys on deposit in certain funds and accounts established under the Resolution. Capitalized terms not defined herein shall have the meanings ascribed to them in the foregoing Bond Purchase Agreement. The Series 2013 Bonds are being issued on a parity with the Parity Obligations. Authorizing the Series 2013 Bonds will result in an average of approximately \$_____ of the Pledged Funds not being available to finance other projects of the County each year for approximately ____ years.

EXHIBIT C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by St. Johns County, Florida (the "Issuer") in connection with the issuance of its \$_____ St. Johns County, Florida, Water and Sewer Revenue and Refunding Bonds, Series 2013A (the "Series 2013A Bonds") and its \$_____ St. Johns County, Florida, Water and Sewer Revenue Refunding Bonds, Series 2013B (the "Series 2013B Bonds" and, together with the Series 2013A Bonds, the "Series 2013 Bonds"). The Series 2013 Bonds are being issued pursuant to Resolution No. 89-84 of the County duly adopted by the Board on April 25, 1989, as amended and supplemented, particularly as amended and supplemented by Resolution No. 2013-____ duly adopted by the Board on _____, 2013 (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 2013 Bondholders and in order to assist the original underwriters of the Series 2013 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 5 hereof (the "NRMSIRs") on or before June 30 of each year, commencing June 30, 2013, 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 2013 Bonds (as amended, the "Official Statement"), as set forth below:

1. Updates of the information set forth under the heading "THE SYSTEM" in the Official Statement relating to the tables entitled "Historical Water, Wastewater and Reclaimed Water Rates," "Typical Monthly Bill Comparison – Single Family at 5,000

Gallons Per Month” and “Summary of Historic Revenues and Expenses, and Rate Coverage Compliance”; and

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 notice of any of the following events. Such notice shall be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 15 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Series 2013 Bonds, or other material events affecting the tax status of the Series 2013 Bonds;
7. modifications to rights of the holders of the Series 2013 Bonds, if material;
8. Series 2013 Bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Series 2013 Bonds, if material;
11. ratings changes;

12. an event of bankruptcy or similar event of an Obligated Person (as defined in the Rule);

13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of a trustee, if material; and

15. notice of any failure on the part of the Issuer to meet the requirements of Section 2 hereof.

(b) The notice required to be given in paragraph 5(a) above shall be filed with the NRMSIRs, in electronic format as prescribed by the NRMSIRs.

SECTION 4. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted in pursuant to this Disclosure Certificate to the NRMSIRs must be accompanied by identifying information as prescribed by the NRMSIRs. Such information may include, but not be limited to:

- (a) the category of information being provided;
- (b) the period covered by any annual financial information, financial statement or other financial information or operation data;
- (c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any Obligated Person other than the Issuer;
- (e) the name and date of the document being submitted; and
- (f) contact information for the submitter.

SECTION 5. NRMSIRs. The NRMSIRs to which the Issuer shall provide the information described in Sections 2 and 3 above, to the extent required, shall be the NRMSIRs then existing on the date such information is provided in accordance with the terms of this Disclosure Certificate.

(A) A list of the names and addresses of all designated NRMSIRs as of any date may currently be obtained by calling the SEC's Fax on Demand Service at 202/942-8088 and requesting document number 0206 or by visiting the SEC's website at www.sec.gov/info/municipal/nrmsir.htm.

(B) As of the date hereof, the NRMSIR recognized by the Securities and Exchange Commission for such purpose is the Municipal Securities Rulemaking Board, which currently accepts continuing disclosure submissions through its Electronic Municipal Market Access ("EMMA") web portal at <http://emma.msrb.org>.

SECTION 6. 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 2013 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 2013 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 2013 Bonds (including persons holding Series 2013 Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Series 2013 Bond for federal income tax purposes.

SECTION 7. 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 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 8. 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 9. 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 2013 Bonds, or (B) the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

SECTION 10. 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 11. 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 12. OBLIGATED PERSONS. If any person, other than the Issuer, becomes an Obligated Person relating to the Series 2013 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.

Dated: _____, 2013

ST. JOHNS COUNTY, FLORIDA

By:

Chair of its Board of County Commissioners

EXHIBIT D

FORM OF REGISTRAR AND PAYING AGENT AGREEMENT

REGISTRAR AND PAYING AGENT AGREEMENT

between

ST. JOHNS COUNTY, FLORIDA

and

REGIONS BANK

pertaining to the

\$ _____

ST. JOHNS COUNTY, FLORIDA,
WATER AND SEWER REVENUE
AND REFUNDING BONDS, SERIES 2013A

and

\$ _____

ST. JOHNS COUNTY, FLORIDA,
WATER AND SEWER REVENUE
REFUNDING BONDS, SERIES 2013B

Dated _____

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ANNEX A Fees For Registrar and Paying Agent Services

REGISTRAR AND PAYING AGENT AGREEMENT

This REGISTRAR AND PAYING AGENT AGREEMENT (the "Agreement") by and between St. Johns County, Florida (the "Issuer"), and Regions Bank (the "Bank"), a state chartered banking corporation organized and existing under the laws of Alabama and qualified to exercise trust powers under the laws of the State of Florida, having its designated corporate trust office in Jacksonville, Florida.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Water and Sewer Revenue and Refunding Bonds, Series 2013A and Water and Sewer Revenue Refunding Bonds, Series 2013B (the "Bonds"), in an original aggregate principal amount of \$ _____ 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 banking corporation organized under the laws of Alabama and qualified to exercise trust powers under the laws of the State of Florida, 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 Paying Agent and Registrar 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 valorem

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 Regions Bank, or its permitted successors and assigns.

“Bank Office” means the corporate trust office 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 Water and Sewer Revenue and Refunding Bonds, Series 2013A and Water and Sewer Revenue Refunding Bonds, Series 2013B, dated _____, 2013.

[“Bond Insurance Policy” means the municipal bond insurance policy issued by the Bond Insurer, insuring the payment of the principal of and interest on the Bonds.]

[“Bond Insurer” means Assured Guaranty Municipal Corp.]

“Bond Resolution” means Resolution No. 89-84 adopted by the Issuer on April 25, 1989, as amended and supplemented, particularly as amended and supplemented by Resolution No. 2013-___ adopted by the Issuer on _____, 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 Bonds, the Issuer shall notify the Bank if funds available to pay the principal of or interest due on the Bonds on the immediately succeeding principal or interest payment date, as applicable, will be insufficient to pay the principal of or interest due on the 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 or an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program, 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, 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 which are 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 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(d) 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:

- (a) Issuer: St. Johns County
4010 Lewis Speedway
St. Augustine, Florida 32084
Attn: Finance Director

- (b) Bank: Regions Bank
10245 Centurion Parkway, 2nd Floor
Jacksonville, FL 32256
Attn: Corporate Trust Services

- [(c) Bond Insurer: Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, New York 10019
Attn: Managing Director - Public Finance Surveillance
Re: Policy No. _____]

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 _____.

(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 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. If the Issuer appoints a successor within such 60 day period, then the Bank shall timely deliver all records and any unclaimed funds to such designated successor. 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. Sole jurisdiction and venue for 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.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the _____ day of _____, 2013.

ST. JOHNS COUNTY, FLORIDA

By: _____
Chair of its Board of County
Commissioners

Attest:

By: _____
Clerk of its Board of County
Commissioners

REGIONS BANK

By: _____
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 \$____, 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 and any annual or ongoing fees of the Bank or persons contracted by the Bank to provide information to the Issuer or the Issuer's auditors regarding the status of the Bonds, including, but not limited to, annual audit confirmations and requests. The Issuer may be billed for non-recurring expenses as stated in Section 1.02 of this Agreement.

EXHIBIT E
FORM OF ESCROW AGREEMENT

ESCROW DEPOSIT AGREEMENT

ESCROW DEPOSIT AGREEMENT, dated as of _____, 2013, by and between **ST. JOHNS COUNTY**, a political subdivision of the State of Florida (the "County"), and **REGIONS BANK** (the "Escrow Agent"), a banking corporation organized and existing under the laws of Alabama and qualified to exercise trust powers under the laws of the State of Florida, having its designated corporate trust office in Jacksonville, Florida, as escrow agent hereunder.

WHEREAS, the County has heretofore issued its St. Johns County, Florida, Water and Sewer Revenue Refunding Bonds, Series 1998 (the "Series 1998 Bonds") and Water and Sewer Revenue Bonds, Series 2004 (the "Series 2004 Bonds") pursuant to Resolution No. 89-84 adopted by the County on April 25, 1989, as amended and supplemented, particularly as amended and supplemented by Resolution No. _____ adopted by the County on January ____, 2013 (collectively, the "Resolution"); and

WHEREAS, the County has determined to exercise its option under the Resolution to currently refund all of the Series 1998 Bonds (the "Refunded 1998 Bonds") and advance refund a portion of the Series 2004 Bonds (the "Refunded 2004 Bonds" and, together with the Refunded 1998 Bonds, the "Refunded Bonds"), as described on Schedule A attached hereto; and

WHEREAS, the County has determined to issue its \$_____ aggregate principal amount of St. Johns County, Florida, Water and Sewer Revenue and Refunding Bonds, Series 2013A (the "Series 2013A Bonds") pursuant to the Resolution, a portion of the proceeds of which Series 2013A Bonds will be used to purchase certain United States Treasury obligations in order to provide payment for the Refunded 1998 Bonds and to discharge and satisfy the pledges, liens and other obligations of the County under the Resolution in regard to the Refunded 1998 Bonds; and

WHEREAS, the County has determined to issue its \$_____ aggregate principal amount of St. Johns County, Florida, Water and Sewer Revenue Refunding Bonds, Series 2013B (the "Series 2013B Bonds" and, together with the Series 2013A Bonds, the "Series 2013 Bonds") pursuant to the Resolution, a portion of the proceeds of which Series 2013B Bonds will be used to purchase certain United States Treasury obligations in order to provide payment for the Refunded 2004 Bonds and to discharge and satisfy the pledges, liens and other obligations of the County under the Resolution in regard to the Refunded 2004 Bonds; and

WHEREAS, the issuance of the Series 2013 Bonds, the purchase by the Escrow Agent of the hereinafter defined Escrow Securities, the deposit of such Escrow Securities into an escrow deposit trust fund to be held by the Escrow Agent and the discharge and

satisfaction of the pledges, liens and other obligations of the County under the Resolution in regard to the Refunded Bonds shall occur as a simultaneous transaction; and

WHEREAS, this Agreement is intended to effectuate such simultaneous transaction;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

SECTION 1. PREAMBLES. The recitals stated above are true and correct and incorporated herein.

SECTION 2. RECEIPT OF RESOLUTION AND VERIFICATION REPORT. Receipt of a true and correct copy of the above-mentioned Resolution and this Agreement is hereby acknowledged by the Escrow Agent. The applicable and necessary provisions of the Resolution, including but not limited to Sections 3.03 and 8.01 of the Resolution, are incorporated herein by reference. The Escrow Agent also acknowledges receipt of the verification report of _____, dated _____, 2013 (the "Verification Report"). Reference herein to or citation herein of any provisions of the Resolution or the Verification Report shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

SECTION 3. DISCHARGE OF PLEDGE OF HOLDERS OF REFUNDED BONDS. The County by this writing exercises its option to cause the pledge of the Pledged Funds (as defined in the Resolution) and any additional security pledged under the Resolution, and all covenants, agreements and other obligations of the Issuer to the holders of the Refunded Bonds to cease, terminate and become void and be discharged and satisfied.

SECTION 4. ESTABLISHMENT OF ESCROW FUND. There is hereby created and established with the Escrow Agent a special, segregated and irrevocable escrow fund designated the "St. Johns County, Florida, Water and Sewer Revenue Bonds, Series 1998/2004, Escrow Deposit Trust Fund" (the "Escrow Fund"). Within such Fund, the Escrow Agent shall establish two accounts, the "Series 1998 Account" and the Series 2004 Account." The Escrow Fund shall be held in the custody of the Escrow Agent as a trust fund for the benefit of the holders of the Refunded Bonds separate and apart from other funds and accounts of the County and the Escrow Agent. The Escrow Agent hereby accepts the Escrow Fund. The Escrow Agent hereby acknowledges the receipt of and deposit to the credit of the Series 1998 Account of the Escrow Fund the sum of \$ _____ received from the County from proceeds of the Series 2013A Bonds ("2013A Bond Proceeds") and \$ _____ received from the County from certain moneys on deposit in the debt service fund established under the Resolution and allocated to the Refunded 1998 Bonds ("1998 County Moneys"). The

Escrow Agent hereby acknowledges the receipt of and deposit to the credit of the Series 2004 Account of the Escrow Fund the sum of \$ _____ received from the County from proceeds of the Series 2013B Bonds ("2013B Bond Proceeds") and \$ _____ received from the County from certain moneys on deposit in the debt service fund established under the Resolution and allocated to the Refunded 2004 Bonds ("2004 County Moneys").

SECTION 5. DEPOSIT OF MONEYS AND SECURITIES IN ESCROW FUND. The County hereby directs and the Escrow Agent represents and acknowledges that, concurrently with the deposit of the 2013A Bond Proceeds and 1998 County Moneys under Section 4 above, it has used all of the 2013A Bond Proceeds and \$ _____ of the 1998 County Moneys to purchase on behalf of and for the account of the County certain United States Treasury obligations - State and Local Government Series (collectively, together with any other securities which may be on deposit, from time to time, in the Escrow Fund, the "1998 Escrow Securities"), which are described in Schedule B hereto, and the Escrow Agent will deposit such 1998 Escrow Securities and \$ _____ in cash (the "1998 Cash Deposit") in the Series 1998 Account of the Escrow Fund.

The County hereby directs and the Escrow Agent represents and acknowledges that, concurrently with the deposit of the 2013B Bond Proceeds and 2004 County Moneys under Section 4 above, it has used all of the 2013B Bond Proceeds and \$ _____ of the 2004 County Moneys to purchase on behalf of and for the account of the County certain United States Treasury obligations - State and Local Government Series (collectively, together with any other securities which may be on deposit, from time to time, in the Escrow Fund, the "2004 Escrow Securities"), which are described in Schedule B hereto, and the Escrow Agent will deposit such 2004 Escrow Securities and \$ _____ in cash (the "2004 Cash Deposit") in the Series 2004 Account of the Escrow Fund.

All 1998 Escrow Securities and 2004 Escrow Securities (collectively, the "Escrow Securities") shall be noncallable, direct obligations of the United States of America. The 1998 Cash Deposit and the 2004 Cash Deposit shall be referred to collectively herein as the "Cash Deposit."

In the event any of the Escrow Securities described in Schedule B hereto are not available for delivery on _____, 2013, the Escrow Agent may, at the written direction of the County and with the approval of the County's bond counsel ("Bond Counsel"), substitute other United States Treasury obligations and shall credit such other obligations to the appropriate Account of the Escrow Fund and hold such obligations until the aforementioned Escrow Securities have been delivered. Bond Counsel shall, as a condition precedent to giving its approval, require the County to provide it with a revised Verification Report in regard to the adequacy of the Escrow Securities, taking into account the substituted obligations to pay the Refunded Bonds in accordance with

the terms hereof. The Escrow Agent shall in no manner be responsible or liable for failure or delay of Bond Counsel or the County to promptly approve the substitutions of other United States Treasury obligations for the Escrow Fund.

SECTION 6. SUFFICIENCY OF ESCROW SECURITIES AND THE CASH DEPOSIT. In reliance upon the Verification Report, the County represents that the Cash Deposit and the interest on and the principal amounts successively maturing on the Escrow Securities in accordance with their terms (without consideration of any reinvestment of such maturing principal and interest) are sufficient such that moneys will be available to the Escrow Agent in amounts sufficient and at the times required to pay the amounts of principal of, premium, if any, and interest due and to become due on the Refunded Bonds as described in Schedule C attached hereto. If the Escrow Securities and the Cash Deposit shall be insufficient to make such payments, the County shall timely deposit to the Escrow Fund, solely from legally available funds of the County, such additional amounts as may be required to pay the Refunded Bonds as described in Schedule C hereto. Notice of any insufficiency shall be given by the Escrow Agent to the County as promptly as possible, but the Escrow Agent shall in no manner be responsible for the County's failure to make such deposits.

SECTION 7. ESCROW SECURITIES AND THE CASH DEPOSIT IN TRUST FOR HOLDERS OF REFUNDED BONDS. The deposit of the Escrow Securities and the Cash Deposit in the Escrow Fund shall constitute an irrevocable deposit of Federal Securities (as defined in the Resolution) and cash in trust solely for the payment of the principal of, premium, if any, and interest on the Refunded Bonds at such times and in such amounts as set forth in Schedule C hereto, and the principal of and interest earnings on such Escrow Securities and the Cash Deposit shall be used solely for such purpose.

SECTION 8. ESCROW AGENT TO PAY REFUNDED BONDS FROM ESCROW FUND. The County hereby directs, and the Escrow Agent hereby agrees, that it will take all actions required to be taken by it under the provisions of the Resolution referenced in this Agreement, including the timely transfer of money to the paying agent for the Refunded Bonds (The Bank of New York Mellon Trust Company, N.A.) as provided in the Resolution, in order to effectuate this Agreement and to pay the Refunded Bonds in the amounts and at the times provided in Schedule C hereto. The Escrow Securities and the Cash Deposit shall be used to pay debt service on the Refunded Bonds as they mature or are redeemed prior to maturity. The Refunded 1998 Bonds shall be redeemed prior to their respective maturities on _____, 2013, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the redemption date. The Refunded 2004 Bonds that constitute current interest bonds shall be redeemed prior to their respective maturities on June 1, 2014 at a redemption price equal to 100% of the principal amount of each Refunded 2004 Bond, plus interest accrued to the redemption date. The Refunded 2004 Bonds that constitute capital

appreciation bonds shall be redeemed prior to their respective maturities on June 1, 2014 at a redemption price equal to 102% of the accreted value of each Refunded Bond.

If any payment date shall be a day on which either the paying agent for the Refunded Bonds or the Escrow Agent is not open for the acceptance or delivery of funds, then the Escrow Agent may make payment on the next business day. The liability of the Escrow Agent for the payment of the principal of, premium, if any, and interest on the Refunded Bonds pursuant to this Agreement shall be limited to the application of the Escrow Securities and the Cash Deposit and the interest earnings thereon available for such purposes in the Escrow Fund.

SECTION 9. REINVESTMENT OF MONEYS AND SECURITIES IN ESCROW FUND. Moneys deposited in the Escrow Fund shall be invested, other than the Cash Deposit, only in the Escrow Securities listed in Schedule B hereto and, except as provided in Section 5 hereof and this Section 9, neither the County nor the Escrow Agent shall otherwise invest or reinvest any moneys in the Escrow Fund.

Except as provided in Section 5 hereof and in this Section 9, the Escrow Agent may not sell or otherwise dispose of any or all of the Escrow Securities or the Cash Deposit in the Escrow Fund and reinvest the proceeds thereof in other securities nor may it substitute securities for any of the Escrow Securities, except upon written direction of the County and where, prior to any such reinvestment or substitution, the Escrow Agent has received from the County the following:

- (a) a written verification report by a firm of independent certified public accountants, of recognized standing, appointed by the County and acceptable to the Escrow Agent, to the effect that after such reinvestment or substitution the principal amount of Escrow Securities, together with the interest therein and any uninvested cash, will be sufficient to pay the Refunded Bonds as described in Schedule C hereto; and
- (b) a written opinion of nationally recognized Bond Counsel to the effect that
 - (i) such investment will not cause the Series 2013 Bonds or the Refunded Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the regulations promulgated thereunder or otherwise cause the interest on the Refunded Bonds or the Series 2013 Bonds to be included as gross income for purposes of federal income taxation, and
 - (ii) such investment does not violate any provision of Florida law or of the Resolution.

The above-described verification report need not be provided in the event the County purchases Escrow Securities with the proceeds of maturing Escrow Securities and such purchased Escrow Securities mature on or before the next interest payment date for the

Refunded Bonds and have a face amount which is at least equal to the cash amount invested in such Escrow Securities.

In the event the above-referenced verification concludes that there are surplus moneys in the Escrow Fund, such surplus moneys shall be released to the County upon its written direction. The Escrow Fund shall continue in effect until the date upon which the Escrow Agent makes the final payment to the paying agent for the Refunded Bonds in an amount sufficient to pay the Refunded Bonds as described in Schedule C hereto, whereupon the Escrow Agent shall sell or redeem any Escrow Securities remaining in the Escrow Fund, and shall remit to the County the proceeds thereof, together with all other money, if any, then remaining in the Escrow Fund.

SECTION 10. REDEMPTION OF CERTAIN OF THE REFUNDED BONDS. The County hereby irrevocably instructs the Escrow Agent to give or cause the registrar for the Refunded Bonds (The Bank of New York Mellon Trust Company, N.A.) to give, on behalf of the County, at the appropriate times the notice or notices, if any, required by the Resolution in connection with the redemption of the Refunded Bonds. The Refunded 1998 Bonds shall be redeemed prior to their respective maturities on _____, 2013, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the redemption rate. The Refunded 2004 Bonds that constitute current interest bonds shall be redeemed on June 1, 2014 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date. The Refunded 2004 Bonds that constitute capital appreciation bonds shall be redeemed on June 1, 2014 at a redemption price equal to 102% of the accreted value thereof.

SECTION 11. DEFEASANCE NOTICE TO HOLDERS OF REFUNDED BONDS. Concurrently with the deposit of the Escrow Securities set forth in Section 5 hereof, the Refunded Bonds shall be deemed to have been paid within the meaning and with the effect expressed in Section 8.01 of the Resolution. Within 60 days of the deposit of moneys into the Escrow Fund, the Escrow Agent, on behalf of the County, shall mail to the holders of the Refunded Bonds the appropriate notice in substantially the form provided in Schedule D attached hereto.

SECTION 12. ESCROW FUND IRREVOCABLE. The Escrow Fund hereby created shall be irrevocable and the holders of the Refunded Bonds shall have an express lien on all Escrow Securities and the Cash Deposit deposited in the Escrow Fund pursuant to the terms hereof and the interest earnings thereon until paid out, used and applied in accordance with this Agreement and the Resolution. Neither the County nor the Escrow Agent shall cause nor permit any other lien or interest whatsoever to be imposed upon the Escrow Fund.

SECTION 13. AMENDMENTS TO AGREEMENT. This Agreement is made for the benefit of the County and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written

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

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of Bond Counsel with respect to compliance with this Section 13, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section 13.

SECTION 14. FEES AND EXPENSES OF ESCROW AGENT; INDEMNIFICATION. In consideration of the services rendered by the Escrow Agent under this Agreement, the County agrees to and shall pay to the Escrow Agent the fees and expenses as shall be agreed to in writing by the parties hereto. The Escrow Agent shall have no lien whatsoever upon any of the Escrow Securities in the Escrow Fund for the payment of such proper fees and expenses. To the extent allowed by applicable law, the County further agrees to indemnify and save the Escrow Agent harmless, to the extent allowed by law, against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to the Escrow Agent's own negligence or misconduct. Indemnification provided under this Section 14 shall survive the termination of this Agreement.

Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the County. The Escrow Agent may conclusively rely, as to the correctness of statements, conclusions and opinions therein, upon any certificate, report, opinion or other document furnished to the Escrow Agent pursuant to any provision of this Agreement; the Escrow Agent shall be protected and shall not be liable for acting or proceeding, in good faith, upon such reliance; and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Escrow Agent may consult with counsel,

who may be counsel to the County or independent counsel, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance herewith. Prior to retaining such independent counsel, the Escrow Agent shall notify the County of its intention.

The Escrow Agent and its successors, agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, by reason of the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance and disposition of the various moneys and funds described herein, the purchase, retention or payment, transfer or other application of funds or securities by the Escrow Agent in accordance with the provisions of this Agreement or any nonnegligent act, omission or error of the Escrow Agent made in good faith in the conduct of its duties. The Escrow Agent shall, however, be liable to the County and to holders of the Refunded Bonds to the extent of their respective damages for negligent or willful acts, omissions or errors of the Escrow Agent which violate or fail to comply with the terms of this Agreement. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement.

SECTION 15. REPORTING REQUIREMENTS OF ESCROW AGENT.

As soon as practicable after the first day of June and December of each year, commencing June 1, 2013, so long as the Escrow Fund is maintained under this Agreement, the Escrow Agent shall forward in writing to the County a statement in detail of the Escrow Securities held as of June 1 and December 1 of that year, whichever is applicable, and the income and maturities thereof, and withdrawals of money from the Escrow Fund, since the last statement furnished pursuant to this Section 15.

SECTION 16. RESIGNATION OR REMOVAL OF ESCROW AGENT.

The Escrow Agent, at the time acting hereunder, may at any time resign and be discharged from the duties and obligations hereby created by giving not less than 60 days' written notice to the County and mailing notice thereof, specifying the date when such resignation will take effect to the holders of all Refunded Bonds then outstanding, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding or by the County as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be replaced at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and signed by either the County or the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding. Such instrument shall provide for the appointment of a successor Escrow

Agent, which appointment shall occur simultaneously with the removal of the Escrow Agent.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the County shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding in the manner above provided, and any such temporary Escrow Agent so appointed by the County shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders. The County shall mail notice of any such appointment made by it at the times and in the manner described in the first paragraph of this Section 16.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the County pursuant to the foregoing provisions of this Section 16 within 60 days after written notice of resignation of the Escrow Agent has been given to the County, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

In the event of replacement or resignation of the Escrow Agent, the Escrow Agent shall have no further liability hereunder and the County shall indemnify and hold harmless the Escrow Agent, to the extent allowed by law, from any such liability, including reasonable costs or expenses incurred by the Escrow Agent or its counsel.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers organized under the banking laws of the United States or any State, and shall have at the time of appointment capital and surplus of not less than \$30,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the County an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent, without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall nevertheless, on the written request of such successor Escrow Agent or the County execute and deliver an instrument transferring to such successor Escrow Agent all the

estates, properties, rights, powers and trust of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Escrow Agent shall be paid in full. Should any transfer, assignment or instrument in writing from the County be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the County.

Any corporation into which the Escrow Agent, 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 Escrow Agent or any successor to it shall be a party shall be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 17. TERMINATION OF AGREEMENT. This Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made. Upon such termination, all moneys remaining in the Escrow Fund shall be released to the County.

SECTION 18. GOVERNING LAW. This Agreement shall be governed by the applicable 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.

SECTION 19. SEVERABILITY. If any one or more of the covenants or agreements provided in this Agreement on the part of the County or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 20. COUNTERPARTS. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 21. NOTICES. Any notice, authorization, request or demand required or permitted to be given in accordance with the terms of this Agreement shall be in writing and sent by registered or certified mail addressed to:

Regions Bank
10245 Centurion Parkway, 2nd Floor
Jacksonville, FL 32256
Attn: Corporate Trust Services

St. Johns County, Florida
500 San Sebastian View
St. Augustine, Florida 32084
Attention: County Finance Director

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Deposit Agreement to be executed by their duly authorized officers and officials as of the date first written herein.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

Chair of its Board of County Commissioners

ATTEST:

Clerk of its Board of County
Commissioners

REGIONS BANK, as Escrow Agent

By: _____
Vice President

DESCRIPTION OF THE REFUNDED BONDS

Refunded 1998 Bonds

| <u>Maturity (June 1)</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|------------------------------|-----------------------------|--------------------------|
|------------------------------|-----------------------------|--------------------------|

Refunded 2004 Bonds

| <u>Maturity (October 1)</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|---------------------------------|-----------------------------|--------------------------|
|---------------------------------|-----------------------------|--------------------------|

*Term Bonds

SCHEDULE B

ESCROW SECURITIES

1998 Escrow Securities

1998 County Moneys

| <u>Type</u> | <u>Maturity Date</u> | <u>Par Amount</u> | <u>Rate</u> | <u>Total Cost</u> |
|-------------|----------------------|-------------------|-------------|-------------------|
|-------------|----------------------|-------------------|-------------|-------------------|

2013A Bond Proceeds

| <u>Type</u> | <u>Maturity Date</u> | <u>Par Amount</u> | <u>Rate</u> | <u>Total Cost</u> |
|-------------|----------------------|-------------------|-------------|-------------------|
|-------------|----------------------|-------------------|-------------|-------------------|

2004 Escrow Securities

2004 County Moneys

| <u>Type</u> | <u>Maturity Date</u> | <u>Par Amount</u> | <u>Rate</u> | <u>Total Cost</u> |
|-------------|----------------------|-------------------|-------------|-------------------|
|-------------|----------------------|-------------------|-------------|-------------------|

2013B Bond Proceeds

| <u>Type</u> | <u>Maturity Date</u> | <u>Par Amount</u> | <u>Rate</u> | <u>Total Cost</u> |
|-------------|----------------------|-------------------|-------------|-------------------|
|-------------|----------------------|-------------------|-------------|-------------------|

DISBURSEMENT REQUIREMENTS FOR REFUNDED BONDS

Refunded 1998 Bonds

| <u>Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service Requirements</u> |
|-------------|------------------|-----------------|--|
|-------------|------------------|-----------------|--|

Refunded 2004 Bonds

| <u>Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service Requirements</u> |
|-------------|------------------|-----------------|--|
|-------------|------------------|-----------------|--|

SCHEDULE D

FORM OF NOTICE OF DEFEASANCE

Notice is hereby given pursuant to Resolution No. 89-84 adopted by St. Johns County, Florida (the "County"), on April 25, 1989, as amended and supplemented (the "Resolution"), that the St. Johns County, Florida, Water and Sewer Revenue Refunding Bonds, Series 1998 (the "Refunded 1998 Bonds") and St. Johns County, Florida, Water and Sewer Revenue Bonds, Series 2004, identified below (the "Refunded 2004 Bonds" and, together with the Refunded 2004 Bonds, the "Refunded Bonds") are deemed to be paid within the meaning of Section 8.01 of the Resolution and shall no longer be secured from the Pledged Funds (as defined in the Resolution) and the other liens created by the Resolution for the benefit of the holders of the Refunded Bonds and shall be secured solely from the irrevocable deposit of U.S. Treasury obligations and cash made by the County with Regions Bank, as Escrow Agent, in accordance with Section 8.01 of the Resolution.

The Refunded 1998 Bonds shall be redeemed, prior to their respective maturities, on _____, 2013 at a redemption price equal to 100% of the principal amount of each Refunded 1998 Bond to be redeemed, together with interest accrued thereon to such redemption date.

The Refunded 2004 Bonds that constitute current interest bonds shall be redeemed, prior to their respective maturities, on June 1, 2014 at a redemption price equal to 100% of the principal amount of each such Refunded 2004 Bond to be redeemed, together with interest accrued thereon to such redemption date. The Refunded 2004 Bonds that constitute capital appreciation bonds shall be redeemed, prior to their respective maturities, on June 1, 2014 at a redemption price equal to 102% of the accreted value of each such Refunded 2004 Bond to be redeemed.

Refunded 1998 Bonds

| Maturity (June 1) | Principal Amount | Interest Rate | CUSIP No.** |
|------------------------------|-----------------------------|--------------------------|--------------------|
|------------------------------|-----------------------------|--------------------------|--------------------|

*Term Bonds.

**The County is not responsible for the CUSIP Numbers and no representation is made as to their accuracy.

Refunded 2004 Bonds (Current Interest Bonds)

| Maturity (June 1) | Principal Amount | Interest Rate | CUSIP No.** |
|------------------------------|-----------------------------|--------------------------|--------------------|
|------------------------------|-----------------------------|--------------------------|--------------------|

*Term Bonds

**The County is not responsible for the CUSIP Numbers and no representation is made as to their accuracy.

Refunded 2004 Bonds (Capital Appreciation Bonds)

| Maturity Date | Approximate Yield to Maturity | Maturity Value | CUSIP No.** |
|--------------------------|--|---------------------------|--------------------|
|--------------------------|--|---------------------------|--------------------|

*Term Bonds

**The County is not responsible for the CUSIP Numbers and no representation is made as to their accuracy.

EXHIBIT F
BOND INSURANCE POLICY PROVISIONS

EXHIBIT F

BOND INSURANCE POLICY PROVISIONS

(A) If, on the third business day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Issuer, after making all transfers and deposits required under the Original Instrument and the Resolution pursuant to which the Series 2013 Bonds are authorized (collectively referred to herein as the "Bond Resolution"), moneys sufficient to pay the principal of and interest on the Series 2013 Bonds due on such Payment Date, the Issuer shall give notice to Assured Guaranty and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such business day. If, on the second business day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2013 Bonds due on such Payment Date, the Issuer shall notify the Paying Agent and cause the Paying Agent to make a claim under the Bond Insurance Policy and give notice to Assured Guaranty and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2013 Bonds and the amount required to pay principal of the Series 2013 Bonds, confirmed in writing to Assured Guaranty and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second business day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

(B) The Paying Agent shall designate any portion of payment of principal on Series 2013 Bonds paid by Assured Guaranty, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2013 Bonds registered to the then current Series 2013 Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2013 Bond to Assured Guaranty, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Series 2013 Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Series 2013 Bond or the subrogation rights of Assured Guaranty.

(C) The Paying Agent shall keep a complete and accurate record of all funds deposited by Assured Guaranty into the hereinafter defined Policy Payments Account and the allocation of such funds to payment of interest on and principal of any Series 2013 Bond. Assured Guaranty shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

(D) Upon payment of a claim under the Bond Insurance Policy, the Paying Agent shall establish a separate special purpose trust account for the benefit of the Series 2013 Bondholders referred to herein as the "Policy Payments Account" and over

which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Bond Insurance Policy in trust on behalf of the Series 2013 Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to Series 2013 Bondholders in the same manner as principal and interest payments are to be made with respect to the Series 2013 Bonds under the provisions of the Bond Resolution regarding payment of Series 2013 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything to the contrary otherwise set forth herein, in the event amounts paid under the Bond Insurance Policy are applied to claims for payment of principal of or interest on the Series 2013 Bonds, the Issuer agrees to pay Assured Guaranty (i) a sum equal to the total of all amounts paid by Assured Guaranty under the Bond Insurance Policy (the "Insurer Advances"); and (ii) to the extent permitted by law, interest on such Insurer Advances from the date paid by Assured Guaranty until payment thereof in full, payable to Assured Guaranty at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (I) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (II) the then applicable highest rate of interest on the Series 2013 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Reimbursement Amounts are payable from the Net Revenues of the Issuer's System (as such terms are defined in the Bond Resolution) and the amounts on deposit in certain funds and accounts established under the Bond Resolution to the same extent and on the same basis as the Series 2013 Bonds in the manner provided in the Bond Resolution.

(E) Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent. Any funds remaining in the Policy Payments Account following a Series 2013 Bond Payment Date shall promptly be remitted to Assured Guaranty.

(F) No modification, amendment or supplement to the Bond Resolution pursuant to the Bond Resolution which requires the consent of any Series 2013 Bondholders or would otherwise impair the interests of Assured Guaranty may become effective except upon obtaining the prior written consent of Assured Guaranty.

(G) Assured Guaranty shall, to the extent it makes any payment of principal of or interest on the Series 2013 Bonds, become subrogated to the rights of the recipients of

such payments in accordance with the terms of the Bond Insurance Policy. The obligations to Assured Guaranty shall survive discharge or termination of the Bond Resolution.

(H) The Issuer shall pay or reimburse Assured Guaranty any and all charges, fees, costs and expenses which Assured Guaranty may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Bond Resolution; (ii) the pursuit of any remedies under the Bond Resolution or any other related document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Bond Resolution or any other related document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Bond Resolution or any other related document or the transactions contemplated thereby, other than amounts resulting from the failure of Assured Guaranty to honor its obligations under the Bond Insurance Policy. Assured Guaranty reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Bond Resolution or any other related document.

(I) Assured Guaranty shall be entitled to pay principal or interest on the Series 2013 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Bond Insurance Policy), whether or not Assured Guaranty has received a Notice of Nonpayment (as such terms are defined in the Bond Insurance Policy) or a claim upon the Bond Insurance Policy.

(J) The notice address of Assured Guaranty is: Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director -- Public Finance - Surveillance; Re: Policy No. _____, Telephone: (212) 826-0100, Telecopier: (212) 339-3556, e-mail: munidisclosure@assuredguaranty.com. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of General Counsel at the same address or at the following Facsimile Number (212) 445-8705 and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(K) Assured Guaranty shall be provided with the following information at no charge:

(i) Annual audited financial statements within 30 days after the completion of the Issuer's annual audit (and in any event within 270 days of the end of the Issuer's Fiscal Year) and the Issuer's annual budget and revised budget within 30 days after the approval thereof together with such other information, data or reports as Assured Guaranty shall reasonably request from time to time;

(ii) Notice of any draw upon the Reserve Account within two (2) business days after knowledge thereof other than (1) withdrawals of amounts in

excess of the Reserve Account Requirement and (2) withdrawals in connection with a refunding of the Series 2013 Bonds.

(iii) Notice of any default known to the Paying Agent or the Issuer within five business days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the Series 2013 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of the resignation or removal of the Paying Agent and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any proceeding by or against the Issuer commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2013 Bonds;

(viii) A full original transcript of all proceedings relating to any amendment, supplement, or waiver to the Bond Resolution or any related documents;

(ix) All reports, notices and correspondence to be delivered under the terms of the Bond Resolution or any related documents; and

(x) Such additional information as Assured Guaranty may reasonably require.

(L) Assured Guaranty is considered a third party beneficiary under the Bond Resolution.

(M) The rights granted to Assured Guaranty under the Bond Resolution or any related document to request, consent to or direct any action are rights granted to Assured Guaranty in consideration of its issuance of the Bond Insurance Policy. Any exercise by Assured Guaranty of such rights is merely an exercise of Assured Guaranty's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Series 2013 Bondholders nor does such action evidence any position of Assured Guaranty, positive or negative, as to whether the Series 2013 Bondholder consent is required in addition to consent of Assured Guaranty.

(N) Amounts paid by Assured Guaranty under the Bond Insurance Policy shall not be deemed paid for purposes of the Bond Resolution and shall remain outstanding and continue to be due and owing until paid by the Issuer in accordance with the Bond Resolution. The Bond Resolution shall not be discharged unless all amounts due or to become due to Assured Guaranty have been paid in full or duly provided for.

(O) Assured Guaranty shall be deemed to be the sole holder of the Series 2013 Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking of any other action that the holders of the Series 2013 Bonds insured by it are entitled to take pursuant to Article VI of the Bond Resolution subject to the provisions thereof and the provisions of the Bond Resolution pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent or trustee, if any.

(P) No contract shall be entered into by the Issuer nor any action taken by the Issuer by which the rights of Assured Guaranty or security for or sources of payment of the Series 2013 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of Assured Guaranty.

(Q) Notwithstanding the provisions of Section 8.01 of the Bond Resolution, to accomplish the defeasance of the Series 2013 Bonds, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to Assured Guaranty ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2013 Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement (which shall be acceptable in form and substance to Assured Guaranty), and (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2013 Bonds are no longer "outstanding" under the Bond Resolution, each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, the Paying Agent and Assured Guaranty. Assured Guaranty shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow. Series 2013 Bonds shall be deemed "outstanding" under the Bond Resolution unless and until they are in fact paid and retired or the above criteria and the other criteria set forth in Section 8.01 are met.

(R) Notwithstanding satisfaction of other conditions to the issuance of Additional Bonds contained in the Bond Resolution, no such issuance may occur if (i) any Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) has occurred and be continuing unless such default shall be cured upon such issuance, and (ii) unless the Reserve Account is fully funded at the Reserve Account Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case, unless otherwise permitted by Assured Guaranty.

(S) In determining whether any amendment, consent or other action to be taken, or any failure to act, under the Bond Resolution would adversely affect the security for the Series 2013 Bonds or the rights of the Series 2013 Bondholders, the Paying Agent and the Issuer shall consider the effect of any such amendment, consent, action or inaction as if there were no Bond Insurance Policy.

(T) Notwithstanding any provisions of the Bond Resolution to the contrary, no interest rate exchange agreement relating to the Series 2013 Bonds shall be entered into by the Issuer without the prior written consent of Assured Guaranty.

(U) Notwithstanding any other provision herein, if Series 2013 Bonds are purchased in lieu of redemption the prior written approval of Assured Guaranty shall be required if any Series 2013 Bond so purchased is not to be cancelled upon purchase.

(V) The Issuer will permit Assured Guaranty to discuss the affairs, finances and accounts of the Issuer or any information Assured Guaranty may reasonably request regarding the security for the Series 2013 Bonds with appropriate officers of the Issuer and will use commercially reasonable efforts to enable Assured Guaranty to have access to the facilities, books and records of the Issuer on any business day upon reasonable prior notice.

(W) The Issuer shall notify Assured Guaranty of any failure of the Issuer to provide notices, certificates and other information under the transaction documents.

(X) To the extent that the Issuer has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Series 2013 Bonds, all information furnished pursuant to such agreements shall also be provided to Assured Guaranty, simultaneously with the furnishing of such information.

(Y) No grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of Assured Guaranty. No grace period shall be permitted for payment defaults.

(Z) The prior written consent of Assured Guaranty shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Account unless such credit instrument solely secures a single series of Bonds. Notwithstanding anything to the contrary set forth in the Bond Resolution, amounts on deposit in the Reserve Account shall be applied solely to the payment of debt service due on the Bonds.