

CRA RESOLUTION NO. 2011-2

A RESOLUTION OF ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY PROVIDING FOR THE REFUNDING OF THE AGENCY'S OUTSTANDING REDEVELOPMENT REVENUE AND REFUNDING NOTE (FLAGLER ESTATES PROJECT), SERIES 2007, ISSUED TO FINANCE AND REFINANCE THE PAVING OF CERTAIN PUBLIC ROADS LOCATED WITHIN THE BOUNDARIES OF THE FLAGLER ESTATES COMMUNITY REDEVELOPMENT AREA AND THE FLAGLER ESTATES ROAD AND WATER CONTROL DISTRICT; AUTHORIZING THE ISSUANCE BY THE AGENCY OF \$4,701,000 IN PRINCIPAL AMOUNT OF A REDEVELOPMENT REVENUE REFUNDING NOTE (FLAGLER ESTATES PROJECT), SERIES 2011, TO REFUND SUCH 2007 NOTE AND PAY THE COSTS OF ISSUANCE OF SUCH 2011 NOTE; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH 2011 NOTE THE TAX INCREMENT REVENUES RECEIVED ANNUALLY BY THE AGENCY AND DEPOSITED INTO THE FLAGLER ESTATES COMMUNITY REDEVELOPMENT AREA ACCOUNT IN THE ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY TRUST FUND, CERTAIN AMOUNTS CONTRIBUTED BY ST. JOHNS COUNTY FOR PAYMENT OF SUCH 2011 NOTE, ALL MONEYS ON DEPOSIT IN AND INVESTMENTS HELD FOR THE CREDIT OF CERTAIN FUNDS CREATED HEREUNDER AND THE EARNINGS ON SUCH INVESTMENTS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDER OF SUCH 2011 NOTE; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERLOCAL AGREEMENT ADDENDUM BETWEEN THE AGENCY AND SAID DISTRICT; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERLOCAL REIMBURSEMENT AGREEMENT BETWEEN THE AGENCY AND SAID COUNTY; AUTHORIZING A NEGOTIATED SALE OF SUCH 2011 NOTE; DESIGNATING SUCH 2011 NOTE FOR THE EXCEPTION CONTAINED IN SECTION 265 OF THE INTERNAL REVENUE CODE OF 1986 WHICH DENIES FINANCIAL INSTITUTIONS ANY DEDUCTION FOR INTEREST EXPENSE ALLOCABLE TO TAX-EXEMPT OBLIGATIONS; AWARDING SUCH 2011 NOTE TO THE PURCHASER THEREOF; AND PROVIDING AN EFFECTIVE DATE.

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BE IT RESOLVED BY THE ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY:

ARTICLE 1

GENERAL

Section 1.1 Definitions.

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

“Act” shall mean Chapter 163, Part III, Florida Statutes, as amended, and other applicable provisions of law.

“Additional Obligations” shall mean any additional parity indebtedness issued hereafter by the Issuer pursuant to the provisions of Section 5.1(B) of this Resolution.

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

“Authorized Investments” shall mean all accounts with the State Board of Administration and any investment which shall be authorized from time to time by applicable laws of the State for deposit or purchase by the Issuer for the temporary investment of its funds.

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

“Chair” shall mean the Chair of the Issuer or such other person as may be duly authorized by the Issuer to act on the Chair’s behalf.

“Clerk” shall mean the Clerk of the Issuer or such other person as may be duly authorized by the Issuer to act on the Clerk’s behalf.

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

“County” shall mean St. Johns County, Florida

“County Resolution” shall mean the resolution adopted by the County on the date of adoption of this Resolution approving the issuance of the Note and agreeing to contribute the County Support Payments.

“County Support Payments” shall mean the amounts contributed by the County pursuant to the County Resolution and deposited in the Sinking Fund to pay debt service on the Note in the event of a shortfall in the Tax Increment Revenues.

“Cost” when used in connection with a Project, shall mean (1) costs of acquisition, construction and installation by or for the District or the Issuer of any part of the Project; (2) costs incidental to such acquisition, construction and installation; (3) the cost of any insurance or indemnity or surety bonds necessitated by the Project; (4) legal and other consultant fees and expenses; (5) costs and expenses incidental to the issuance of the Additional Obligations issued to finance the Project; and (6) any other costs properly attributable to the issuance of such Additional Obligations and/or such acquisition, construction and installation, as determined by generally accepted accounting principles and may include reimbursement for any such items of Cost previously paid.

“Debt Service Requirement” for any Note Year shall mean the sum of (1) the aggregate amount required to pay the interest becoming due on the Note during such Note Year, except to the extent that such interest shall have been provided by payments out of other sources for a specified period of time, and (2) the aggregate amount required to pay the principal becoming due on the Note for such Note Year.

“District” shall mean the Flagler Estates Road and Water Control District.

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

“Governing Body” shall mean the members of the Issuer or its successor in function.

“Interlocal Agreement” shall mean the Amended and Restated Interlocal Agreement dated January 22, 2007, between the Issuer and the District, as amended and supplemented from time to time.

“Interlocal Agreement Addendum” shall mean the Interlocal Agreement Addendum between the Issuer and the District, substantially in the form attached hereto as Exhibit A, amending and supplementing the Interlocal Agreement.

“Issuer” shall mean the St. Johns County Community Redevelopment Agency.

“Note” shall mean the obligation of the Issuer authorized to be issued pursuant to Section 2.1 hereof, and shall be deemed to include also any Additional Obligations.

“Note Year” shall mean the annual period commencing August 2 of each year (except that the first Note Year shall commence on the date of issuance of the Note) and continuing through the next succeeding August 1. Each Note Year shall be designated with the number of the calendar year in which such Note Year ends.

“Noteholder” or “Holder” or “holder” shall mean any Person who shall be the registered owner of the Note according to the registration books of the Issuer.

“Paying Agent” shall mean the Clerk, as paying agent for the Note, and any other Person which may at any time be substituted as paying agent for the Note pursuant to resolution of the Governing Body.

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

“Pledged Funds” shall mean the Tax Increment Revenues, the County Support Payments and, until applied in accordance with the provisions of this Resolution, the proceeds of the Note and all moneys, including investments thereof, in the funds established hereunder.

“Project” shall mean the paving of public roads located within the boundaries of the District and the Redevelopment Area which shall be authorized by the Act and financed in whole or part with the proceeds of Additional Obligations.

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

“Purchaser” shall SunTrust Bank, the purchaser of the Note.

“Redevelopment Area” shall mean the Flagler Estates Community Redevelopment Area established by the Board of County Commissioners of the County pursuant to Resolution No. 2002-185 of the County and incorporated into the boundary areas of the Issuer pursuant to Resolution No. 2002-108 of the County.

“Refunded Obligations” shall mean the Issuer’s outstanding Redevelopment Revenue and Refunding Note (Flagler Estates Project), Series 2007.

“Registrar” shall mean the Clerk, as registrar for the Note, and any other Person which may at any time be substituted as registrar for the Note pursuant to resolution of Governing Body.

“Reimbursement Agreement” shall mean the Interlocal Reimbursement Agreement between the Issuer and the County, substantially in the form attached hereto as Exhibit B, as amended and supplemented from time to time.

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

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

“State” shall mean the State of Florida.

“Supplemental Resolution” shall mean any resolution of the Issuer amending or supplementing this Resolution, adopted and becoming effective prior to the issuance of the Note or in accordance with the terms of Section 5.5 hereof.

“Tax Increment Revenues” shall mean the tax increment revenues received annually by the Issuer and deposited in the Flagler Estates Community Redevelopment Area Account (the “Trust Account”) in the St. Johns County Community Redevelopment Agency Trust Fund under the provisions of the Act. The Tax Increment Revenues do not include any tax increment revenues derived from redevelopment areas other than the Redevelopment Area.

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

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

Section 1.2 Authority for Resolution.

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

Section 1.3 Resolution to Constitute Contract.

In consideration of the purchase and acceptance of the Note 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 Note. 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 benefit, protection and security of such Holders.

Section 1.4 Findings.

It is hereby ascertained, determined and declared as follows:

(A) Pursuant to resolutions of the County, including but not limited to, Resolution No. 2002-185 duly adopted by the County on September 17, 2002, the County determined that one or more slums or blighted areas exist within the County, that the rehabilitation, conservation and redevelopment of the blighted and slum areas is necessary in the interest of the public welfare and that there is a need for a community redevelopment agency to function within the County and carry out the purposes of the Act; and pursuant to Resolution No. 2002-208 duly adopted by the County on October 8, 2002, the County established the Issuer and all rights, powers, duties, privileges and immunities vested in a community redevelopment agency by the Act were vested in, and shall be exercised by, the Governing Body of the Issuer.

(B) The County by the adoption of its Resolution No. 2002-185, established the boundaries of the Redevelopment Area and, by the adoption of its Resolution No. 2002-208, incorporated the boundary areas of the Redevelopment Area into the Issuer and approved the community redevelopment plan for the Redevelopment Area.

(C) The County by enacting Ordinance No. 2002-64, which amended Ordinance No. 2001-70, among other things, created the St. Johns County Community Redevelopment Agency Trust Fund and created a separate account therein for the Redevelopment Area for the purpose of carrying out redevelopment in the Redevelopment Area pursuant to the Act.

(D) The Issuer has heretofore issued and has presently outstanding and unpaid the Refunded Obligations.

(E) The Issuer deems it necessary, desirable and in the best interests of the Issuer that the Refunded Obligations be refunded in order to achieve debt service savings.

(F) The refunding of the Refunded Obligations shall be financed with the proceeds of the Note.

(G) 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 Note. No part of the Pledged Funds has been pledged or encumbered in any manner, except the Refunded Obligations.

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

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

(J) The Issuer and the District have heretofore executed and delivered the Interlocal Agreement in connection with the issuance of the Refunded Obligations. The Issuer and the District will execute and deliver the Interlocal Agreement Addendum to provide for the issuance of the Note by the Issuer and the refunding of the Refunded Obligations, and Section 163.01, Florida Statutes, as amended, authorizes the Issuer and the District to enter into the Interlocal Agreement Addendum.

(K) In order to induce the County to adopt the County Resolution, it is necessary for the Issuer to agree to reimburse the County for debt service on the Note contributed by the County, all in the manner and to the extent described in the Reimbursement Agreement, and Section 163.01, Florida Statutes, as amended, authorizes the Issuer and the County to enter into the Reimbursement Agreement.

(L) The Issuer desires to qualify the Note for the exception contained in Section 265(b)(3) of the Code to the provisions contained in Section 265(b) of the Code which deny financial institutions any deduction for interest expense allocable to tax-exempt obligations

acquired after August 7, 1986, and to designate the Note for the purpose of qualifying for such exception; and the Governing Body does hereby find and determine that the aggregate face amount of all qualified tax-exempt obligations (excluding private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds, as defined in Section 145 of the Code), including the Note, issued by or on behalf of the Issuer (and all subordinate entities thereof) during the 2011 calendar year is not expected to exceed \$10,000,000, and that as of the date hereof, no tax-exempt obligations issued or authorized to be issued by or on behalf of the Issuer (and all subordinate entities thereof) during the 2011 calendar year, other than the Note, have been designated by the Issuer for the purpose of qualifying for such exception.

(M) The Governing Body is advised that due to the nature of this financing and the present volatility of the market for tax-exempt public obligations such as the Note, it is in the best interest of the Issuer to sell the Note 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 Note and, accordingly, the Issuer does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Note be authorized. Proposals from lending institutions were requested to provide the Issuer with the necessary financing to refund the Refunded Obligations. The proposals received are on file with the Issuer. The proposal of the Purchaser was determined to be the best proposal received. The Purchaser has offered to purchase the Note at the price of par and having such specifications as described in this Resolution and has agree to file with the Issuer the Purchaser's Disclosure Statement attached hereto as Exhibit C in compliance with Section 218.385, Florida Statutes, as amended; and the Governing Body does hereby find and determine that it is in the best financial interest of the Issuer that such offer be accepted by the Issuer and that the Note be awarded to the Purchaser hereby.

Section 1.5 Authorization of Refunding.

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

Section 1.6 Authorization of Execution and Delivery of Agreements.

The Chair and the Clerk are hereby authorized to execute and deliver the Interlocal Agreement Addendum and the Reimbursement Agreement, with such changes as may be approved by the Chair or the Clerk, such approval to be conclusively evidenced by his or her execution thereof.

ARTICLE 2

AUTHORIZATION, TERMS AND
EXECUTION OF NOTE

Section 2.1 Authorization of Note.

For the purpose of refunding the Refunded Obligations and paying the costs of issuance of the Note, the Issuer hereby authorizes the issuance of the Note, to be designated as

St. Johns County Community Redevelopment Agency Redevelopment Revenue Refunding Note (Flagler Estates Project), Series 2011," in the manner herein provided, in a principal amount of \$4,701,000.

Section 2.2 Description of Note.

The Note shall be dated the date of issuance thereof, and shall be payable as to both principal and interest as such place and in such manner, shall contain such redemption provisions, and shall have initially such Paying Agent and such Registrar as is stated in the form of the Note set out in Section 2.7 hereof.

The Note shall bear interest at such rate or rates not exceeding the maximum nonusurious contract rate of interest allowed from time to time by applicable law and shall be payable in lawful money of the United States of America on such dates all as stated in the form on the Note set out in Section 2.7 hereof.

If the specified date for the making of any payment on the Note shall be a day other than a business day, such payment may be made on the next succeeding business day with the same force and effect as if made on the specified date and no interest shall accrue for the period of any such extension.

From and after the maturity date of the Note (deposit of moneys for the payment of the principal and interest on the Note having been made by the Issuer with the Paying Agent), notwithstanding that the Note shall have not 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 the Note shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holder shall have no rights in respect of the Note except to receive payment of such principal and unpaid interest accrued to the maturity date.

Section 2.3 Application of Note Proceeds.

The proceeds derived from the sale of the Note shall, simultaneously with the delivery of the Note to the Purchaser, be applied by the Issuer first to immediately discharge, together with other available funds, the Refunded Obligations, and then to pay all costs and expenses in connection with the preparation, issuance and sale of the Note (and all such costs and expenses shall be promptly paid by the Issuer to the persons respectively entitled to receive the same).

Section 2.4 Execution of Note.

The Note shall be executed in the name of the Issuer with the signature of the Chair and attested and countersigned with the signature of the Clerk. In case any one or more of the officers who shall have signed the Note shall cease to be such officer of the Issuer before the Note so signed has been actually delivered, the Note may nevertheless be delivered as herein provided and may be issued as if the person who signed the Note had not ceased to hold such office.

Section 2.5 Note Mutilated, Destroyed, Stolen or Lost.

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

Any such duplicate Note issued pursuant to this Section 2.5 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Note be at any time found by anyone, and such duplicate Note shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as any prior Note issued hereunder and shall be entitled to the same benefits and security as the Note so lost, stolen or destroyed.

Section 2.6 Negotiability and Transfer.

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

The Note 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 the Note, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Note. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name the Note shall be registered upon the books of the Issuer as the absolute owner of the Note, whether the Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest on the Note 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 the Note 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.

Any Note surrendered in any such transfers shall be cancelled by the Registrar. For every such transfer of the Note, the Issuer 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

transfer. The Issuer shall not be obligated to make any such transfer of the Note during the five (5) days next preceding a payment date on the Note or, in the case of any proposed redemption of the Note, during the five (5) days next preceding the redemption date established for the Note.

Section 2.7 Form of Note.

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

\$4,701,000

\$4,701,000

**ST. JOHNS COUNTY COMMUNITY REDEVELOPMENT AGENCY
REDEVELOPMENT REVENUE REFUNDING NOTE
(FLAGLER ESTATES PROJECT), SERIES 2011**

Registered Holder: SUNTRUST BANK

Principal Amount: FOUR MILLION SEVEN HUNDRED ONE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that St. Johns County Community Redevelopment Agency, a public community redevelopment agency 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 in annual installments on the dates and in the amounts set forth in the following amortization schedule:

<u>Date</u>	<u>Installment</u>
August 1, 2012	\$491,000
August 1, 2013	437,000
August 1, 2014	441,000
August 1, 2015	450,000
August 1, 2016	459,000
August 1, 2017	466,000
August 1, 2018	473,000
August 1, 2019	485,000
August 1, 2020	495,000
August 1, 2021	504,000

and interest (calculated on the basis of a 360-day of twelve 30-day months) on such Principal Amount from the date hereof or from the most recent interest payment date to which interest has been paid, at the rate per annum determined in the manner hereinafter provided, on February 1, and August 1 of each year, commencing February 1, 2012, 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.

The interest rate on this note shall be payable at the rate of 1.80% per annum, provided, however, the interest rate on this note will be subject to adjustment from the date of issuance of this note as follows:

(a) In the event of a Determination of Taxability (as hereinafter defined), the interest rate on this note shall be immediately increased (effective retroactively to the date of the Determination of Taxability) to the Taxable Rate (as hereinafter defined). In such an event, the Issuer shall pay to the Registered Holder the sum of (i) an amount equal to the difference between the (x) the amount of interest paid on this note during the Taxable Period (as hereinafter defined) and (y) the amount of interest that would have been paid on this note during the Taxable Period had this note borne interest at the Taxable Rate, plus (ii) an amount equal to any interest, penalties on overdue interest and additions to tax (as referred to Subchapter A of Chapter 68 of the Internal Revenue Code of 1986, as amended) owed by the Registered Holder as a result of the Determination of Taxability.

(b) The interest rate on this note is subject to change in the event of a change in applicable tax law, including, without limitation, the corporate tax rate of thirty-five percent (35%). In the event of such change, the Registered Holder may adjust the interest rate to result in the same yield prior to such change upon providing such calculations in writing to the Issuer. The calculations and new interest rate shall be binding on the Issuer absent manifest error.

(c) If any law, regulation, rule, guideline, directive or treaty (including but not limited to promulgations under the Dodd Frank Wall Street Reform and Consumer Protection Act, the Bank for International Settlements, the Basel Committee on Banking Supervision or any successor or similar entities) regardless of the date is enacted, adopted or issued effects a change (including by interpretation or application) that increases the cost to the Registered Holder of holding this note, then the interest rate on this note may be adjusted to cause the yield on this note to equal what the yield on this note would have been in the absence of such change, provided that at such time the Registered Holder is generally assessing such amounts on a non-discriminatory basis against borrowers with debt held by the Registered Holder similar to this note; provided further, such change in interest rate shall not be effective until the Registered Holder delivers to the Issuer a certificate no less than 90 calendar days in advance of the effective date of such interest rate change setting forth in reasonable detail the basis therefor and the manner of calculation thereof which certificate shall be conclusive (absent manifest error) as to the amount set forth therein and such calculation shall also take into account any changes which decrease the cost to the Registered Holder of holding this note. Upon receipt of the above, the Issuer may request the Registered Holder (provided, the Registered Holder is under no obligation to grant such request) to delay all or a portion of the interest payment attributable to the increased interest rate until the first payment date occurring in the fiscal year following the fiscal year of the change described above (the "Transition Date"), then in such case on the Transition Date, the Issuer shall pay to the Registered Holder an amount equal to the difference between (i) the amount of interest actually paid on this note from the effective date of the interest rate change to the Transition Date, and (ii) the amount of interest that would have been paid on this note during such period had this note borne interest and been paid at the increased interest

rate. Notwithstanding the above, no such change in interest rate pursuant to the foregoing provisions shall take place if such increase in cost to the Registered Holder of holding this note is solely a result of a deterioration of the financial condition of the Registered Holder and/or a rating downgrade of the Registered Holder.

As used herein the following terms shall have the following meanings:

(a) "Determination of Taxability" shall mean the circumstance of interest paid or payable on this note becoming includable for federal income tax purposes in the gross income of the Registered Holder as a consequence of any act, omission or event whatsoever and regardless of whether the same was within or beyond the control of the Issuer. A Determination of Taxability will be deemed to have occurred upon (i) the receipt by the Issuer or the Registered Holder of an original or a copy of an Internal Revenue Service Technical Advice Memorandum or Statutory Notice of Deficiency or other official correspondence from the Internal Revenue Service which concludes that any interest payable on this note is includable in the gross income of the Registered Holder, (ii) the issuance of any public or private ruling of the Internal Revenue Service that any interest payable on this note is includable in the gross income of the Registered Holder or (iii) receipt by the Issuer or the Registered Holder of an opinion of Bond Counsel that any interest on this note has become includable in the gross income of the Registered Holder for federal income tax purposes. For all purposes of this definition, a Determination of Taxability will be deemed to occur on the date as of which the interest on this note is deemed includable in the gross income of the Registered Holder. A Determination of Taxability shall not occur in the event such interest is taken into account in determining adjusted current earnings for the purpose of the alternative minimum income tax imposed on corporations.

(b) "Taxable Period" shall mean the period commencing upon the date of the Determination of Taxability and ending on the date this note begins to bear interest at the Taxable Rate;

(c) "Taxable Rate" shall mean, upon a Determination of Taxability, the interest rate per annum that shall provide the Registered Holder with the same after tax yield that the Registered Holder would have otherwise received had the Determination of Taxability not occurred taking into account the increased taxable income of the Registered Holder as a result of such Determination of Taxability.

Notwithstanding the foregoing, the interest rate payable on this note shall not exceed the maximum nonusurious contract rate of interest allowed from time to time by applicable law.

Such Principal Amount and interest on this note are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts at the office of Clerk of the Issuer, as paying agent, or such other paying agent as the Issuer shall hereafter duly appoint (the "Paying Agent"). Payment of each installment of principal and interest shall be made to the person in whose name this note shall be registered on the registration books of the Issuer maintained by Clerk of the Issuer, 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 last day (whether or not a

business day) of the calendar month next preceding each payment date and shall be (except for the final payment of principal and interest which shall be paid only upon presentation and surrender of this note at the office of the Paying Agent) paid by a check or draft of the Issuer or the Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the option of the Issuer or 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 principal and interest payable on this note is not punctually paid or duly provided for by the Issuer on such payment date, payment of each installment of such defaulted principal and interest shall be made to the person in whose name this note shall be registered at the close of business on a special record date for the payment of such defaulted principal and interest as established by notice to such Registered Holder, not less than ten (10) days preceding such special record date.

This note is issued to refund the Issuer's outstanding Redevelopment Revenue and Refunding Note (Flagler Estates Project), Series 2007, which was issued to finance and refinance the cost of paving certain public roads located within the boundaries of the Flagler Estates Community Redevelopment Area and the Flagler Estates Road and Water Control District (the "District"), which roads were constructed and are owned and maintained by the District, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 163, Part III, Florida Statutes, as amended, and other applicable provisions of law (the "Act"), and Resolution No. 2011-~~352~~ duly adopted by the Issuer on December 6, 2011 (the "Resolution"), and the Amended and Restated Interlocal Agreement dated January 22, 2007, between the Issuer and the District, as amended and supplemented, and is subject to all the terms and conditions of the Resolution and said Interlocal Agreement.

This note is issued in connection with community redevelopment, as defined in the Act, and pursuant to the Act, this note shall be conclusively deemed to have been issued for such purpose, and the projects financed and refinanced with the proceeds of this note shall be conclusively deemed to have been planned, located and carried out in accordance with the provisions of the Act.

The principal of, premium, if any, and interest on this note are payable solely from and secured by a lien upon and a pledge of the Tax Incremental Revenues (as defined in the Resolution), the County Support Payments (as defined in the Resolution) and, until applied in accordance with the provisions of the Resolution, the proceeds of this note and all moneys, including investments thereof, in the funds established pursuant to the Resolution, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). It is expressly agreed by the Registered Holder of this note that the full faith and credit of neither the Issuer, St. Johns County, the State of Florida, nor any political subdivision thereof, is pledged to the payment of the principal of or interest on this note and that the Registered Holder shall never have the right to require or compel the exercise of any taxing power of the Issuer, St. Johns County, the State of Florida, or any political subdivision thereof, to the payment of such principal and interest. The Issuer has no taxing power. This note and the obligation evidenced hereby shall not constitute a lien upon any property of the Issuer, except the Pledged Funds, and shall be payable solely from the Pledged Funds in accordance with the terms of the Resolution.