

RESOLUTION NO. 85-139

A RESOLUTION OF ST. JOHNS COUNTY, FLORIDA PROVIDING FOR THE FINANCING OF THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN CAPITAL IMPROVEMENTS CONSTITUTING INDUSTRIAL FACILITIES FOR THE FURNISHING OF WATER AND FOR THE COLLECTION, STORAGE, TREATMENT, AND FINAL DISPOSITION OF SEWAGE, TO BE OWNED AND OPERATED BY GENERAL DEVELOPMENT UTILITIES, INC.; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$1,600,000 VARIABLE RATE DEMAND UTILITY REVENUE BONDS, SERIES 1985 (GENERAL DEVELOPMENT UTILITIES, INC. PROJECT); PROVIDING FOR THE LOAN OF THE PROCEEDS FROM THE SALE OF SUCH BONDS TO THE BORROWER TO PAY THE COST OF THE PROJECT; PROVIDING FOR THE RIGHTS OF THE OWNERS OF SUCH BONDS; PROVIDING FOR THE PAYMENT THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF THE TRUST INDENTURE AND LOAN AGREEMENT; APPROVING THE FORM OF THE GUARANTEE AGREEMENT AND REMARKETING AGREEMENT; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE

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

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This resolution, hereinafter called "instrument," is adopted pursuant to the provisions of Chapter 159, Part II, Florida Statutes (the "Act"), and other applicable provisions of law.

SECTION 2. DEFINITIONS. Unless the context otherwise requires, the terms used in this resolution shall have the meanings specified in the Trust Indenture (the "Indenture"), the Loan Agreement (the "Loan Agreement"), the Guarantee Agreement (the "Guarantee"), and the Remarketing Agreement (the "Remarketing Agreement"), attached hereto as Exhibits "A", "B", "C", and "D", respectively.

SECTION 3. FINDINGS. The actions taken by this Resolution are based upon or will be subject to the following findings:

A. St. Johns County, Florida, a political subdivision of the State of Florida (the "Issuer"), is authorized by the Act to make and execute financing agreements, contracts, deeds and other instruments necessary or convenient for the purpose of facilitating the financing of the acquisition, construction and equipping of projects as defined in the Act, including machinery, equipment, land, rights in land and other appurtenances and facilities related thereto, to the end that the Issuer may be able to promote the economic growth of the State of Florida, increase opportunities for gainful employment and otherwise contribute to the welfare of the State of Florida and its inhabitants, and to finance the cost of such projects by the issuance of its revenue bonds.

B. General Development Utilities, Inc., a Florida corporation (the "Borrower"), wishes to finance the acquisition, construction and equipping of certain capital improvements constituting industrial facilities for the furnishing of water and for the collection, storage, treatment, and final disposition of sewage (the "Project").

C. The location of the Project in the County shall make a significant contribution to the economic growth of the Issuer, and shall provide gainful employment.

D. The appropriate governmental entities and utility providers are capable of providing when needed all the necessary public facilities, utilities and services that will be necessary for the construction, operation, repair and maintenance of the Project and on account of any increase in population or other circumstances resulting from the Project.

E. Adequate provision is made under the provisions of the Loan Agreement for the operation, repair and maintenance of the Project at the expense of the Borrower, and for the payment of the principal of and premium, if any, and interest on the Bonds.

F. The principal of and premium, if any, and interest on the Bonds and all payments required under the Loan Agreement and the Indenture shall be payable solely from the Trust Estate as defined in the Indenture, including the Guarantee, and the Issuer shall never be required to (i) levy ad valorem taxes on any property within its territorial limits to pay the principal of and premium, if any, and interest on the Bonds or to make any other payments provided for under the Loan Agreement and the Indenture; (ii) pay the same from any funds of the Issuer other than the Trust Estate, including the Guarantee; or (iii) require or enforce any payment or performance by the Borrower as provided by the Indenture or the Loan Agreement unless the Issuer's expenses in respect thereof shall be paid from moneys derived under the Loan Agreement or shall be advanced to the Issuer for such purpose, and the Issuer shall receive indemnity to its satisfaction. Such Bonds shall not constitute a lien upon any property owned by or situated within the territorial limits of the Issuer except the Trust Estate in the manner provided in the Loan Agreement and the Indenture.

G. Giving due regard to the ratio of the Guarantor's and Borrower's current assets to their current liabilities, net worth, earning trends, coverage of all fixed charges, the nature of their business and the industry in which they are involved, their inherent stability, the guarantee of the Bonds by another financially responsible corporation, and all other factors determinative of the Guarantor's and Borrower's capabilities, financial and otherwise, of fulfilling their obligations consistently with the purposes of the Act, the Borrower is financially responsible and fully capable and willing to fulfill its obligations under the Loan Agreement, including the obligation to make payments thereunder in the amounts and at the times required pursuant to the terms of the Loan Agreement and the obligation to operate, repair and maintain the Project at its own expense, and the Borrower is desirous of serving the purposes of the Act and is willing and capable of fully performing all other obligations and responsibilities imposed upon it pursuant to the provisions of the Loan Agreement.

H. The payments to be made by the Borrower to the Trustee under the Loan Agreement will be sufficient to pay all principal of and interest on and premium, if any, for the Bonds, as the same shall become due, and to make all other payments required by the Loan Agreement and the Indenture.

I. The costs to be paid from the proceeds of the Bonds will be costs of a project within the meaning of the Act.

J. The interest on the Bonds will be exempt from federal income taxation under existing laws of the United States.

K. The proposed Project is reasonably designed and intended to provide facilities for the furnishing of water and sewage disposal within the meaning of the rules and regulations of the Internal Revenue Service.

SECTION 4. FINANCING OF THE PROJECT AUTHORIZED. The financing of the cost of the Project in the manner provided in the Loan Agreement is hereby authorized.

SECTION 5. AUTHORIZATION OF BONDS. Obligations of the Issuer to be known as "Variable Rate Demand Utility Revenue Bonds, Series 1985 (General Development Utilities, Inc. Project)" (the "Bonds"), are hereby authorized to be issued in an aggregate principal amount not exceeding One Million Six Hundred Thousand Dollars (\$1,600,000), in the form and manner described in the Indenture. The Bonds shall be dated such date and mature in such years and amounts, will contain such redemption provisions, will bear interest at such rates (not exceeding the maximum interest rate permitted by the Act or by other applicable provision of law), and will be payable on such dates, as provided in the Indenture or by subsequent resolution of the Issuer adopted prior to the sale of each installment of the Bonds. The Issuer hereby declares its intent to issue and sell the Bonds all at one time or in installments from time to time.

SECTION 6. AUTHORIZATION OF EXECUTION AND DELIVERY OF INDENTURE. As security for the payment of the principal of and premium, if any, and interest on the Bonds, pro rata and without preference of any one of the Bonds over any other thereof, the Indenture, in substantially the form thereof attached hereto as Exhibit A, with such changes, alterations and corrections as may be approved by the Chairman of the Issuer, such approval to be presumed by his execution thereof, is hereby approved by the Issuer, and the Issuer hereby authorizes and directs said Chairman and the Clerk of the Issuer to execute and said Clerk to attest under the seal of the Issuer the Indenture and to deliver to the Trustee the Indenture, all of the provisions of which, when executed and delivered by the Issuer as authorized herein and by the Trustee duly authorized, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein. The Issuer does hereby provide in the Indenture the terms, conditions, covenants, rights, obligations, duties and agreements to and for the benefit of the owners of the Bonds, the Issuer, the Borrower and the Trustee.

SECTION 7. AUTHORIZATION OF EXECUTION AND DELIVERY OF LOAN AGREEMENT. The Loan Agreement, in substantially the form thereof attached hereto as Exhibit B, with such changes, alterations and corrections as may be approved by the Chairman of the Issuer, such approval to be presumed by his execution thereof, is hereby approved by the Issuer, and the Issuer hereby authorizes and directs said Chairman to execute and the Clerk of the Issuer to attest under the seal of the Issuer the Loan Agreement and to deliver to the Borrower the Loan Agreement, all of the provisions of which, when executed and delivered by the Issuer as authorized herein and by the Borrower duly authorized, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein.

SECTION 8. APPROVAL OF GUARANTEE AGREEMENT AND REMARKETING AGREEMENT. The form of Guarantee Agreement attached hereto as Exhibit C, by General Development Corporation, as Guarantor, to the Trustee and the Issuer, and the form of Remarketing Agreement, attached hereto as Exhibit D, each to be dated of even date with the Loan Agreement and the Indenture, are hereby accepted, and the Chairman and the Secretary of the Issuer are hereby authorized and directed to execute and deliver the Guarantee Agreement and Remarketing Agreement, substantially in such form, with such changes, alterations and corrections as may be approved by the Chairman of the Issuer, his approval to be evidenced by his execution thereof. As additional security for such Bonds the Borrower and General Development Corporation shall obtain a Letter of Credit as described in the Indenture.

SECTION 9. NO PERSONAL LIABILITY. No covenant, stipulation, obligation or agreement herein contained or contained in the Loan Agreement, the Remarketing Agreement, the Guarantee or the Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Issuer in his individual capacity, and neither the members of the Issuer nor any official executing the Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 10. NO THIRD PARTY BENEFICIARIES. Except as herein or in the Loan Agreement, the Remarketing Agreement, the Guarantee or the Indenture otherwise expressly provided, nothing in this instrument or in the Loan Agreement, the Remarketing Agreement, the Guarantee or the Indenture, expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation other than the Issuer, the Borrower, the owners of the Bonds and the Trustee any right, remedy or claim, legal or equitable, under and by reason of this instrument or any provision thereof or of the Loan Agreement, the Remarketing Agreement, the Guarantee or the Indenture; this instrument, the Loan Agreement, the Remarketing Agreement, the Guarantee and the Indenture intended to be and being for the sole and exclusive benefit of the Issuer, the Borrower, the owners from time to time of the Bonds and the Trustee.

SECTION 11. CHAIRMAN'S DESIGNATION OF SIGNATORY. The Chairman of the Issuer is hereby authorized to designate by written certificate one or more authorized signatories to execute any and all instruments, documents and certificates in his place. Such signature shall have the effect of the Chairman's signature as authorized in this resolution.

SECTION 12. GENERAL AUTHORITY. The members of the Issuer and its officers, attorneys, engineers or other agents or employees are hereby authorized to do all acts and things required of them by this instrument, the Loan Agreement, the Remarketing Agreement, the Guarantee or the Indenture, or desirable or consistent with the requirements hereof or such Loan Agreement, the Remarketing Agreement, the Guarantee or the Indenture, for the full, punctual and complete performance of all the terms, covenants and agreements contained in the Bonds, the Loan Agreement, the Remarketing Agreement, the Guarantee, the Indenture, and this instrument.

SECTION 13. ARBITRAGE. The Issuer covenants that it will not direct the Trustee to make any investments pursuant to or under the Loan Agreement or the Indenture which could cause the Bonds to be "arbitrage bonds" within the meaning of

Section 103(c)(2) of the Internal Revenue Code of 1954, as amended, and the applicable regulations issued thereunder.

SECTION 14. THIS INSTRUMENT CONSTITUTES A CONTRACT. The Issuer covenants and agrees that this instrument shall constitute a contract between the Issuer and the owners from time to time of any of the Bonds then outstanding and that all covenants and agreements set forth herein and in the Loan Agreement, the Remarketing Agreement, the Guarantee and the Indenture to be performed by the Issuer shall be for the equal and ratable benefit and security of all owners of the Bonds without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any other of the Bonds.

SECTION 15. EXECUTION OF BONDS AND AUTHORIZATION OF ALL OTHER NECESSARY ACTION. The proper officers of the Issuer are hereby authorized and directed to execute the Bonds when prepared and to deliver the same to the Trustee for authentication and delivery to the purchasers upon payment of the purchase price pursuant to the conditions stated in the Trust Indenture and as may be agreed upon by subsequent resolution. Such officers, the County Attorney, and Livermore Klein & Lott, P.A., bond counsel, are designated agents of the Issuer in connection with the issuance and delivery of the Bonds, and are authorized and empowered, collectively or individually, to take all action and steps to execute and deliver any and all instruments, documents or contracts on behalf of the Issuer which are necessary or desirable in connection with the execution and delivery of the Bonds and which are not inconsistent with the terms and provisions of this resolution and other actions relating to the Bonds heretofore taken by the Issuer.

SECTION 16. NO GUARANTEE OF ALLOCATION. The Issuer does not warrant or guarantee the availability of an allocation for the Bonds under the private activity bond limitation imposed by Section 103(n) of the Internal Revenue Code of 1954, as amended, or that any such allocation, if available, will be given or confirmed pursuant to Section 103(n) of the Code or applicable State or federal regulations. The authorization of the issuance of the Bonds and of the execution and delivery of the documents authorized or contemplated by this Resolution and all obligations of the Issuer, under or arising from this Resolution, are subject to such confirmation of such allocation, which shall be in full force and effect at the time of issuance of the Bonds. Nothing in this Resolution shall restrict the Issuer or the State or any agency or political subdivision thereof in determining the order or priority of the issuance of bonds or shall require the Issuer or the State or any agency or political subdivision thereof to give the Bonds priority as to issuance or as to the time of issuance over any other bonds previously or subsequently approved for issuance. The Issuer reserves the right to use the allocation to be allocated for this bond issue and all other allocations for other bond issues on a first bond issue to close basis or any other basis which the Issuer shall deem to be in the best interest of the County or of the State, with a possible result that there may be no bond allocation available for the Borrower when the Borrower shall be ready to close.

SECTION 17. ISSUANCE OF BONDS SUBJECT TO FURTHER ACTION. The issuance of the bonds authorized herein shall be subject to: (a) final action of the Issuer taken after verification of findings set forth in Section 3 hereof as of the proposed date of issuance, (b) subsequent approval following a public hearing held for purposes of compliance with federal statutes and regulations, and (c) consideration of statements

made by members of the public and additional review by County departments. The approvals herein shall be deemed preliminary until such final action.

SECTION 18. VALIDATION AUTHORIZED. The County Attorney is hereby authorized and directed to prepare and file proceedings in the Circuit Court of the Seventh Judicial Circuit of Florida in and for St. Johns County, Florida for the validation of the Bonds, and the proper officers of the Issuer are hereby authorized to verify on behalf of the Issuer any pleadings in such proceedings.

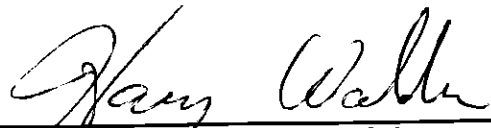
SECTION 19. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, through not expressly prohibited, or against public policy, or shall for any 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 or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

SECTION 20. REPEALING CLAUSE. All resolutions or parts thereof of the Issuer in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 21. EFFECTIVE DATE. This resolution shall become effective immediately upon its adoption.

PASSED AND ADOPTED this 8th day of October, 1985.

(OFFICIAL SEAL)

By: 
Chairman of the Board of County
Commissioners of St. Johns
County, Florida

ATTEST:

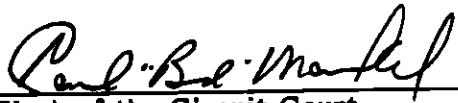

Clerk of the Circuit Court,
ex officio Clerk of the Board
of County Commissioners of
St. Johns County, Florida

EXHIBIT A

TRUST INDENTURE

by and between

ST. JOHNS COUNTY, FLORIDA
Issuer

and

BANKAMERICA TRUST COMPANY OF NEW YORK
Trustee

Dated as of December 1, 1985

Securing
\$1,600,000
Variable Rate Demand Utility Revenue Bonds, Series 1985
(General Development Utilities, Inc. Project)

**TRUST INDENTURE
ST. JOHNS COUNTY, FLORIDA
VARIABLE RATE DEMAND UTILITY REVENUE BONDS, SERIES 1985
(GENERAL DEVELOPMENT UTILITIES, INC. PROJECT)**

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THIS TRUST INDENTURE, dated as of the first day of December, 1985, by and between **ST. JOHNS COUNTY FLORIDA**, a political subdivision of the State of Florida (hereinafter called the "Issuer"), and **BANKAMERICA TRUST COMPANY OF NEW YORK**, having its Corporate Trust Office in New York, New York (hereinafter called the "Trustee"),

WITNESSETH:

WHEREAS, the Issuer is authorized under Chapter 159, Part II, Florida Statutes, and other applicable provisions of law (the "Act"), to make and execute financing agreements, contracts, deeds and other instruments necessary or convenient for the purpose of facilitating the financing of certain projects, including furnishings, machinery, equipment, land, rights in land and other appurtenances and facilities related thereto, to the end that the Issuer may be able to promote the economic development of the State of Florida, increase opportunities for gainful employment, improve health care and otherwise aid in improving the prosperity and welfare of said State and its inhabitants, and to provide such financing through the issuance of revenue bonds; and

WHEREAS, the Issuer has duly authorized the financing of the acquisition, construction and equipping of certain capital improvements constituting a "project" under the Act ("Project" as hereinafter defined), to be acquired, constructed and equipped by and at the expense of General Development Utilities, Inc., a Florida corporation (the "Borrower"), on the terms and conditions hereinafter set forth; and the Issuer has further authorized the issuance and sale of \$1,600,000 aggregate principal amount of its Variable Rate Demand Utility Revenue Bonds, Series 1985 (General Development Utilities, Inc. Project) (the "1985 Bonds" as hereinafter defined), the proceeds of the sale of which will be loaned to the Borrower to pay the costs of acquiring, constructing and equipping the Project; and

WHEREAS, the Issuer and General Development Corporation, a Delaware corporation (the "Guarantor", as hereinafter defined) have executed and delivered to the Trustee a Guarantee Agreement dated as of the date hereof (the "Guarantee" as hereinafter defined), pursuant to which the Guarantor has unconditionally guaranteed to the Trustee for the benefit of the Registered Owners of the 1985 Bonds, the payment of principal of, premium, if any, and interest on the Bonds; and

WHEREAS, the Issuer, at a meeting duly convened and held, has duly authorized the execution and delivery of this Indenture and the issuance hereunder of the 1985 Bonds upon and subject to the terms and conditions hereinafter set forth, for the purpose of more adequately securing payment of the principal of and premium, if any, and interest on the 1985 Bonds; and

WHEREAS, the Bonds to be issued hereunder and the Trustee's authentication certificate are to be substantially in the following forms, respectively, with appropriate omissions, insertions and variations permitted or authorized as hereinafter provided:

No. R-

\$ _____

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF FLORIDA
ST. JOHNS COUNTY, FLORIDA
VARIABLE RATE DEMAND UTILITY REVENUE BOND, SERIES 1985
(GENERAL DEVELOPMENT UTILITIES, INC. PROJECT)

Maturity Date Date of Original Issue Cusip
December 1, 2015 December _____, 1985

Registered Owner:

Principal Amount: _____ Dollars

KNOW ALL MEN BY THESE PRESENTS, that St. Johns County, Florida (the "Issuer"), a political subdivision of the State of Florida, for value received, hereby promises to pay to the Registered Owner identified above or registered assigns or legal representative, on the Maturity Date identified above, upon the presentation and surrender hereof, the Principal Amount identified above, solely from the Trust Estate as provided in the Indenture at the corporate trust office of the Trustee and to pay to the Registered Owner hereof, as of the Record Date, by check or draft mailed to the Registered Owner at his address as it appears on the registration books of the Trustee, as Registrar, or, at the option of the Registered Owner of at least \$1,000,000 principal amount of Bonds and upon at least 10 days prior written notice to the Trustee, by wire transfer to a single account stated in such notice, solely from the Trust Estate, interest on the principal sum, payable on March 4, 1986, and thereafter on the first Tuesday of the months of March, June, September and December (prior to the Conversion Date, as defined in the Indenture) and on and after the Conversion Date, on June 1 and December 1 of each year, at the Variable Rate (or, after the Conversion Date, at the Fixed Interest Rate) until the payment of such principal sum; provided, that with respect to Bonds held by the Custodian under the Custody Agreement on any Interest Payment Date, such interest shall be deemed paid without application of any moneys by the Trustee. Certain capitalized terms used herein have the meanings ascribed to them by the Indenture pursuant to which this Bond has been issued.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

This Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the manual signature of a duly authorized officer of the Trustee of the Trustee's Certificate of Authentication hereon.

This Bond shall have attributes of negotiability as are provided for under the Uniform Commercial Code - Investment Securities of the State of Florida.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed, and that the issuance of this Bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of Florida.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman and its seal or a facsimile thereof to be impressed, imprinted or otherwise reproduced hereon and attested by the manual or facsimile signature of the Clerk of the Issuer, as of the _____ day of _____, 1985.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

Chairman
Board of County Commissioners

Attest:

Clerk of the Circuit Court
ex-officio Clerk to the Board
of County Commissioners

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the St. Johns County, Florida Variable Rate Demand Utility Revenue Bonds, Series 1985 (General Development Utilities, Inc. Project), described in the within mentioned Indenture.

**BANKAMERICA TRUST COMPANY OF
NEW YORK**
Trustee

Date of Authentication:

By: _____
Authorized Officer

(REVERSE SIDE OF BOND)

The interest rate on this Bond shall be converted to the Fixed Interest Rate upon one occasion upon (i) receipt by the Borrower, the Issuer, the Bank and the Trustee of a notice from the Remarketing Agent that certain events have occurred or (ii) receipt by the Bank, the Issuer and the Trustee of a notice from the Borrower specifying the Fixed Rate Calculation Date (not less than 10 Business Days prior to the Conversion Date) and delivered to the Issuer and the Trustee not less than 45 days prior to the Conversion Date. Such conversion shall only occur if an opinion from nationally recognized bond counsel is received by the Issuer and the Trustee, stating that such conversion to a Fixed Interest Rate is authorized or permitted by the Indenture and that conversion to the Fixed Interest Rate will not adversely affect the exemption of the interest on the Bonds from federal income taxation.

The principal of and premium, if any, and interest on this Bond are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts. Principal of and premium, if any, on this Bond are payable at the corporate trust office of BankAmerica Trust Company of New York, as Paying Agent, in New York, New York, or at the office designated for such payment of any successor thereof.

This Bond is one of a duly authorized issue of Bonds of the Issuer in the aggregate principal amount of \$1,600,000 of like date, tenor, and effect, except as to number and denomination, authorized to be issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 159, Part II, Florida Statutes, and other applicable provisions of law, and issued under, and equally and ratably secured by, a Trust Indenture by and between the Issuer and BankAmerica Trust Company of New York, New York, New York, as Trustee (the "Trustee"), dated as of December 1, 1985 (the "Indenture"). The proceeds of the Bonds will be loaned to General Development Utilities, Inc., a Florida corporation (the "Borrower"), under and pursuant to a Loan Agreement between the Issuer and the Borrower, dated as of December 1, 1985 (hereinafter called the "Loan Agreement"), for the purpose of financing all or a portion of the cost of the acquisition, construction and equipping of certain capital improvements to the Borrower's utility system (the "Project"). Subject to certain conditions stated in the Indenture, additional parity Bonds may be issued in one or more series for the purpose of financing the cost of other capital projects of the Borrower or for refunding Bonds.

Copies of the Indenture and the Loan Agreement are on file at the corporate trust office of the Trustee and reference is made to the Indenture and the Loan Agreement for the provisions relating, among other things, to the terms and security of the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, the rights, duties and obligations of the Issuer, the Borrower and the Trustee, and the modification or amendment of any of the foregoing.

This Bond and any additional Bonds issued under and secured by the Indenture are and will be secured, to the extent provided in the Indenture, solely by a pledge of and lien upon the proceeds of the Bonds and the income from investment of funds under and to the extent provided in the Indenture, the Loan Agreement and a Note evidencing the loan to the Borrower thereunder, and the revenues and receipts derived by the Issuer from or in

connection therewith and any payments and other amounts received or derived by the Issuer thereunder, all moneys payable to the Issuer under a Guarantee Agreement by General Development Corporation, a Delaware corporation which owns all of the outstanding capital stock of the Borrower (the "Guarantor"), to the Trustee and the Issuer, pursuant to which the Guarantor has guaranteed payment of the Bonds, all funds which may be drawn under a Letter of Credit (the "Letter of Credit") issued by (the "Bank"), or an Alternative Letter of Credit as defined in the Indenture, all as more particularly set forth and defined as the Trust Estate in the Indenture. **THIS BOND SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER OF THE ISSUER, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, OR A LIEN UPON ANY PROPERTY OWNED BY OR SITUATED WITHIN THE JURISDICTIONAL TERRITORIAL LIMITS OF THE ISSUER, EXCEPT UPON THE TRUST ESTATE. THE REGISTERED OWNER OF THIS BOND SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE ISSUER, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF TO (I) LEVY ANY AD VALOREM TAXES ON ANY PROPERTY TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND OR TO MAKE ANY OTHER PAYMENTS PROVIDED FOR UNDER THE LOAN AGREEMENT OR THE INDENTURE, (II) PAY THE SAME FROM ANY FUNDS OTHER THAN THOSE PLEDGED UNDER THE INDENTURE, IN THE MANNER PROVIDED THEREIN OR (III) REQUIRE OR ENFORCE ANY PAYMENT OR PERFORMANCE BY THE BORROWER AS PROVIDED BY THE INDENTURE OR THE LOAN AGREEMENT UNLESS THE ISSUER'S EXPENSES IN RESPECT THEREOF SHALL BE PAID FROM THE TRUST ESTATE OR SHALL BE ADVANCED TO THE ISSUER FOR SUCH PURPOSE, AND THE ISSUER SHALL RECEIVE INDEMNITY TO ITS SATISFACTION. NO COVENANT OR AGREEMENT CONTAINED IN THIS BOND OR THE INDENTURE SHALL BE DEEMED TO BE A COVENANT OR AGREEMENT OF ANY MEMBER, OFFICIAL, AGENT OR EMPLOYEE OF THE ISSUER IN HIS INDIVIDUAL CAPACITY, AND NEITHER THE MEMBERS OF THE GOVERNING BODY OF THE ISSUER NOR ANY OFFICIAL EXECUTING THIS BOND SHALL BE LIABLE PERSONALLY ON THIS BOND OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THIS BOND.**

Prior to the Conversion Date, this Bond shall be purchased from the Registered Owner, on demand of the Registered Owner, upon seven days' notice under certain circumstances described in the Indenture. This Bond may be subject to redemption prior to maturity under certain circumstances described in the Indenture.

Upon the occurrence of an Event of Default, the principal of this Bond may become or be declared due and payable before the stated maturity thereof in the manner, with the effect and subject to the conditions provided in the Indenture. The Indenture provides that such declaration may in certain events be waived by the Registered Owners of a majority in aggregate principal amount of the Bonds outstanding.

(FORM OF VALIDATION STATEMENT)

VALIDATION STATEMENT

This Bond is one of an issue of Bonds which were validated by judgment of the Circuit Court for St. Johns County, Florida, rendered on _____, 1985.

ST. JOHNS COUNTY, FLORIDA

Chairman
Board of County Commissioners

PROVISIONS FOR ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____
_____ the within Bond and
all rights thereunder, and hereby irrevocably constitutes and appoints _____
attorney to transfer the within Bond on the books kept for registration thereof, with full
power of substitution in the premises.

Dated: _____

WHEREAS, the Issuer has represented and does hereby represent that it has full power and authority to issue and sell the Bonds, to loan the proceeds to the Borrower; to pledge the Trust Estate and to assign its interests therein as security for the Bonds; and that the Issuer has taken all action required by law to authorize its officers to execute, acknowledge and deliver this Indenture and to execute and issue the Bonds; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Issuer according to the import thereof, and to make this Indenture a valid agreement of the Issuer, in accordance with its terms, and a lien on the Trust Estate have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized; and

WHEREAS, the Trustee has duly accepted the trusts created by this Indenture and as evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

For and in consideration of the premises, the mutual covenants of the Issuer, and the Trustee and the purchase of the Bonds by the Registered Owners thereof and in order to secure the payment of the principal of (and premium, if any) and interest on the Bonds, according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, the Issuer does hereby grant, bargain, sell, convey, assign, mortgage and pledge unto the Trustee and unto its successors in trust, and to it and its assigns forever all of its right, title and interest in and to the following (the "Trust Estate"):

I.

The Note and the Loan Agreement (except for rights of the Issuer under the Loan Agreement which are non-delegable as a matter of law, the right to receive reimbursement for Costs of the Project, the right to be paid the Issuer's Administration Expenses, the right of indemnification, the right to receive financial reports, the right to give or withhold consents, the right to inspect books and records, the right to be designated as a named insured and those rights specifically granted to both the Issuer and the Trustee under the Loan Agreement including the rights of indemnity, inspection and to be furnished reports), and the revenues and receipts of the Issuer from or in connection therewith and any payments and other amounts received or derived by the Issuer thereunder.

II.

All moneys payable to the Issuer or the Trustee under the Guarantee.

III.

All funds which may be drawn by the Trustee under the Letter of Credit.

IV.

The proceeds from the sale of the Bonds and the income earned from the investment of such proceeds and any other funds hereunder, subject to the applications of such proceeds in accordance with the provisions hereof and of the Loan Agreement.

V.

Any and all other property of every kind and nature from time to time hereafter by delivery or by writing of any kind conveyed, pledged, assigned or transferred, as and for additional security hereunder by the Issuer or by anyone in its behalf, or with its written consent, to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby and hereafter conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Registered Owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the others of the Bonds;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds, premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Funds as required hereunder, or shall provide, as permitted hereby, for the payment thereof as provided in Section 12.1 hereof, and shall well and truly keep, perform and observe all the covenants and conditions of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments or provision for such payments by the Issuer this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall remain in full force and effect.

The terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who from time to time shall be or become the Registered Owners thereof, and the trusts and conditions upon which the Trust Estate is to be held and disposed of, which said trusts and conditions the Trustee hereby accepts, and the respective parties hereto covenant and agree, are as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions. In addition to the words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Act" means Chapter 159, Part II, Florida Statutes, and other applicable provisions of law and all future acts supplemental thereto or amendatory thereof.

"Act of Bankruptcy" means a filing of a petition of bankruptcy (or any other commencement of bankruptcy or similar proceedings) by or against the Borrower, the Guarantor or the Issuer, as the case may be, under any applicable bankruptcy, insolvency, reorganization or similar law, as now or hereafter in effect.

"Additional Bonds" means any Bonds issued, delivered and sold to a purchaser pursuant to Sections 2.4 and 3.3 of this Indenture.

"Administration Expenses" means the reasonable and necessary expenses incurred by the Issuer pursuant to the Loan Agreement and this Indenture, and the compensation and expenses paid to or incurred by the Trustee, Bond Registrar, Remarketing Agent, and Paying Agent under this Indenture, including, but not limited to, expenses and costs of the Issuer's attorney and bond counsel, all expenses and taxes (if any) applicable to or arising from any transfer of title or any creation or transfer of any lien or security interest provided for in or contemplated by this Indenture and any interest and penalties for nonpayment or delay in the payment of any such taxes and any costs incurred by the Issuer in connection with the financing, construction and administration of the Project, including, without limitation, issuance costs and the costs of administering the Issuer's resolutions authorizing the Bonds, which shall not have been paid out of the proceeds from the sale of the Bonds or by the Borrower.

"Agreement" or "Loan Agreement" means the Loan Agreement dated as of the date hereof, between the Issuer and the Borrower.

"Alternate Letter of Credit" means a letter of credit delivered by the Borrower pursuant to Section 4.5 of the Loan Agreement.

"Amortization Installments" means, with respect to any Bond Year, the principal amounts of the Bonds, if any, required to be redeemed from the Bond Fund in such Bond Year pursuant to the provisions of Section 2.3B(d)(iv) hereof.

"Authorized Borrower Representative" shall mean any person at the time designated to act on behalf of the Borrower by certificate signed on behalf of the Borrower by its President or Treasurer and furnished to the Issuer, the Remarketing Agent and the Trustee, containing the specimen signature of each such person.

"Available Moneys" means (a) with respect to any date for payment of principal of or interest on the Bonds occurring by redemption, maturity, or otherwise, and occurring during the term of the Letter of Credit, (i) moneys drawn under the Letter of Credit, or (ii) moneys deposited into the Bond Fund pursuant to Section 5.3(a) or 5.3(b) hereof or (iii) moneys deposited by the Borrower with the Trustee, which moneys have been on deposit with the Trustee for at least 123 days during and prior to which no Act of Bankruptcy shall have occurred, or (iv) the proceeds of the sale of refunding obligations, if, in the opinion of nationally recognized bankruptcy counsel, the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Act of Bankruptcy or (v) the proceeds from investment of moneys qualifying as Available Moneys under clause (i), (ii), (iii) or (iv) above, and (b) with respect to any such date not occurring during the term of the Letter of Credit, any moneys furnished to the Trustee and the proceeds from the investment thereof.

"Bank" means, as to the initial Letter of Credit, _____, its successors and assigns, and means, as to any Alternate Letter of Credit at the time in effect, the issuer thereof.

"Bonds" shall mean the 1985 Bonds of the Issuer and, where the context so indicates, any Additional Bonds.

"Bond Fund" shall mean the fund established in Section 5.2 hereof as a trust fund under this Indenture for the payment of the principal of and interest on the Bonds.

"Bond Register" shall mean the books and records maintained by the Bond Registrar for the purpose of registering the ownership and transfers thereof of the Bonds.

"Bond Registrar" shall mean the Trustee.

"Bond Year" shall mean the period beginning with each December 2 and extending through the next succeeding December 1.

"Borrower" means General Development Utilities, Inc., a Florida corporation.

"Business Day" means any day on which banking business is transacted, but not including any day on which banks are authorized or required to be closed, in the city in which the Trustee has its Corporate Trust Office or, so long as the Letter of Credit is in effect, the city in which the Principal Office of the Bank is located.

"Code" means the Internal Revenue Code of 1954, as amended.

"Completion Date" means the date upon which the Authorized Borrower Representative shall deliver to the Trustee the executed certificate evidencing completion of the Project and making the statements required by Section 3.6 of the Loan Agreement.

"Conversion Date" means that date from and after which the interest rate on the Bonds is converted from the Variable Rate to the Fixed Interest Rate pursuant to the

exercise by the Borrower of the Conversion Option or following the occurrence of the Mandatory Conversion Event.

"Conversion Index" shall mean an interest rate determined by the Remarketing Agent to be equal to 95% of the average yield of United States Treasury Bonds with a term approximately equal to the time remaining until the maturity of the 1985 Bonds.

"Conversion Option" means that option granted to the Borrower in Section 2.3 of this Indenture pursuant to which the interest rate on the Bonds is converted from the Variable Rate to the Fixed Interest Rate as of the Conversion Date.

"Corporate Trust Office" shall mean the office of the Trustee, at which at any particular time its corporate trust business shall be principally administered, which office as of the date hereof is located at Fourth Floor, 40 Broad Street, New York, New York 10004.

"Cost", when used in connection with the Project, shall be deemed to include, whether incurred prior to or after the date of this Indenture, (a) expenditures or obligations of the Issuer or the Borrower incurred for the acquisition of real property, for the acquisition and installation of equipment, and for labor, materials, supplies and other expenses paid or payable to contractors, builders and materialmen in connection with the acquisition, construction and erection of the Project and all other expenses incidental thereto; (b) interest on the Bonds prior to and during construction; (c) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction which is not paid by the contractor or contractors or otherwise provided for; (d) the expenses of test borings, surveys, test and pilot operations, estimates, Plans and Specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper erection, construction or installation of the Project; (e) compensation and expenses of the Issuer, the Trustee, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the issuance of the Bonds or the transactions financed thereby; (f) all other costs which the Issuer or the Borrower shall be required to pay under the terms of any contract or contracts for the acquisition, construction and equipping of the Project; (g) payment of the taxes, documentary stamp taxes, intangible taxes, assessments and other charges, if any, to the extent such taxes, assessments and charges may be properly chargeable to the Project's capital account or reimbursement thereof if paid by the Borrower; (h) payment of expenses incurred in enforcing any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project; and (i) any sums required to reimburse the Issuer or the Borrower for advances made by any of them for any of the above items, or for any other costs incurred and for work done by any of them, which are properly chargeable to the Project, and which are "costs" as defined in the Act.

"County" means St. Johns County, Florida.

"Custody Agreement" shall mean the Custody Agreement dated as of December 1, 1985, among the Borrower, the Bank as issuer of the Letter of Credit, and the Trustee acting as Custodian.

"Determination of Taxability" shall mean a Determination of Taxability as specified in Section 10.2 of the Loan Agreement.

"Engineer" means a registered engineer (who may be in the regular employ of the Borrower) licensed to practice in the State and retained or designated by the Borrower to perform the duties required by the Loan Agreement and this Indenture of an Engineer.

"Event of Default" shall mean any Event of Default specified in Section 9.1 hereof.

"Expiration Date" means the expiration date of the Letter of Credit as set forth therein.

"Federal Securities" shall mean direct obligations of or obligations, the principal of and interest on which are guaranteed by the United States of America, not redeemable at the option of the obligor prior to the time the proceeds thereof are required for any purpose hereunder.

"Fiscal Year" shall mean the 12 month period the Borrower establishes from time to time as its fiscal year for accounting purposes.

"Fixed Interest Rate" shall mean the annual interest rate in effect on the 1985 Bonds from and after the Conversion Date as said rate is determined in the manner set forth in Section 2.3B(b) of this Indenture.

"Fixed Rate Calculation Date" shall mean that date upon which the Fixed Interest Rate on the 1985 Bonds shall be determined as set forth in Section 2.3B(b) or (c) hereof.

"Guarantor" means General Development Corporation, a Delaware corporation which owns all of the outstanding capital stock of the Borrower.

"Guarantee" shall mean the Guarantee Agreement dated as of the date hereof, by and among the Issuer, the Trustee, and the Guarantor, guaranteeing payment of all amounts due under the Loan Agreement and this Indenture.

"Indenture" shall mean this Trust Indenture (including any indenture supplemental hereto), as amended or supplemented from time to time in accordance with the terms hereof.

"Independent Certified Public Accountant" shall mean an independent certified public accountant or firm of independent certified public accountants of recognized standing and reputation (who may be the accountant or firm of accountants who regularly audit the books and accounts of the Borrower), selected by the Borrower.

"Insurance Advisor" shall mean a person or firm (and who may be the Person who provides insurance to the Borrower) having a recognized expertise in the insurance requirements of facilities of the scope and nature of the Project.

"Interest Computation Date" shall mean Tuesday in each Interest Computation Period, or if either or both such Tuesday or the preceding Monday is not a Business Day, the Wednesday in each Interest Computation Period.

"Interest Computation Period" shall mean a weekly period ending at 11:59 p.m., New York City time, on Monday of each week.

"Interest Index" shall mean an interest rate determined by the Remarketing Agent to be equal to 65% of the yield applicable to 13-week United States Treasury Bills determined on the basis of the average per annum discount rate on a bond equivalent yield basis at which such 13-week United States Treasury Bills shall have been sold at the weekly United States Treasury auction next preceding the Interest Computation Date.

"Interest Payment Date" shall mean the Conversion Date and, prior to the Conversion Date, the first Tuesday in March, 1986, and, thereafter, the first Tuesday of the months of March, June, September and December, and, on and after the Conversion Date, June 1 and December 1, of each year.

"Interest Period" shall mean the three or six month period, as applicable, ending on each Interest Payment Date.

"Investment Agreement" shall mean an investment agreement which may be entered into among the Trustee, the Issuer and a banking institution with a combined capital and surplus aggregating at least \$200,000,000, secured by the general credit of the banking institution, the securities of which are currently rated within the two highest rating categories assigned by a national rating agency.

"Investment Securities" shall mean and include any of the following investments, if and to the extent the same are at the time legal investments by the Issuer of the funds to be invested therein:

- (1) Direct obligations of or obligations insured or guaranteed by the United States of America or agencies or instrumentalities of the United States of America;
- (2) Bankers acceptances drawn on and accepted by banks or savings and loan associations (including the Trustee), and certificates of deposit or time deposits of banks or savings and loan associations (including the Trustee), or the international branches or banking subsidiaries thereof, with a combined capital and surplus aggregating at least \$200,000,000 and the securities of which are currently rated within the two highest rating categories assigned by a national rating agency;
- (3) Interest-bearing time deposits, demand deposits or certificates of deposit of a bank or savings and loan associations (including the Trustee) or trust company continuously secured and collateralized by obligations of the type described in paragraph (1) hereof, or by obligations of the State having a market value at least equal at all times to the amount of such deposit or certificate, to the extent such deposit or certificate is not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or any successors thereto;

(4) Repurchase agreements or other similar obligations of a national or state bank (which may include the Trustee) or investment banking firm with respect to the sale and repurchase of any of the foregoing interest bearing obligations provided (a) such bank or firm, or parent company thereof, is rated in the two highest rating categories by S & P or Moody's or (b) the securities which are the subject of such agreement are delivered to the Trustee or his agent free and clear of all liens or rights of any third party and in which the Trustee has a perfected first security interest; or

(5) Commercial paper currently rated in the two highest rating categories assigned by a national rating agency.

(6) An Investment Agreement.

"Issuer" means St. Johns County, Florida.

"Letter of Credit" means that certain Letter of Credit dated as of the date of issuance of the 1985 Bonds issued by the Bank, securing the payment of principal of and interest on the 1985 Bonds. If an Alternate Letter of Credit is issued, the term "Letter of Credit" shall refer to such Alternate Letter of Credit at the time in effect and shall not then refer to any prior Letter of Credit or Alternate Letter of Credit not then in effect.

"Loan" shall mean the loan from Issuer to Borrower pursuant to the Loan Agreement.

"Moody's" means Moody's Investors Service.

"Mandatory Conversion Event" shall mean the event described in Section 2.3B(c) pursuant to which the interest rate on the 1985 Bonds shall be fixed at the Fixed Interest Rate.

"Net Proceeds", when used with respect to the sale or other disposition of the Project (including any insurance or condemnation award), means the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses (including reasonable attorneys' fees and any extraordinary fee of the Trustee) incurred in the collection of such gross proceeds.

"Note" means that Promissory Note in the form attached to the Loan Agreement as Exhibit "B" issued to the Issuer by the Borrower pursuant to Section 2.1 of the Loan Agreement, and any Supplemental Note.

"Outstanding", or "Bonds Outstanding" or any other similar term or terms shall mean any Bonds authenticated and delivered under this Indenture, except (a) Bonds cancelled by the Trustee, or delivered to the Trustee for cancellation, (b) Bonds for the payment of which provision shall have been made as provided in Article XII hereof or (c) Bonds in lieu of which other Bonds shall have been authenticated and delivered pursuant to Article II hereof.

"Paying Agent" shall mean any paying agent for the Bonds (and may include the Trustee) and its successor or successors appointed pursuant to the provisions of this Indenture.

"Payment," "Loan Payment" or "payments (or prepayments) upon the Loan (or the Note)" shall mean those installments payable to the Issuer pursuant to Section 4.2 of the Agreement.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"Plans and Specifications" shall mean the plans and specifications (which may be in summary form) prepared for the Project, certified by an Authorized Borrower Representative and filed with the Trustee at or prior to the date of issuance of the Bonds, as the same may be revised from time to time prior to the Completion Date in accordance with Section 3.2 of the Loan Agreement.

"Principal Office" shall mean, in the case of the initial Remarketing Agent, the office of Citibank, N.A., at 55 Water Street (47th Floor), New York, New York 10043, Attention: Capital Markets Group; and, in the case of the Bank, _____

"Project" means the industrial facilities for the furnishing of water and sewer services to members of the general public and the industrial facilities for the collection, storage, treatment, and final disposition of sewage, to be acquired, constructed and equipped substantially in accordance with the Plans and Specifications and more particularly described on Exhibit "A" hereto.

"Project Fund" shall mean the fund created by Section 4.1 hereof, from which funds are to be withdrawn to acquire, construct and equip the Project pursuant to the Plans and Specifications.

"Record Date" shall mean until the Conversion Date, the Interest Computation Date next preceding each Interest Payment Date, and after the Conversion Date, the date which is fifteen (15) days prior to any date on which principal of or interest on any Bond is due and payable, whether by reason of maturity, redemption, acceleration or otherwise.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of such redemption given in accordance with this Indenture.

"Redemption Price" means the price at which the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption by the terms of this Indenture.

"Registered Owner" means the Person in whose name a Bond is registered on the books of the Bond Registrar kept for that purpose in accordance with this Indenture.

"Reimbursement Agreement" means the agreement among the Borrower, the Guarantor and the Bank providing for repayment to the Bank of sums drawn under the Letter of Credit.

"Remarketing Agent" shall mean the Remarketing Agent appointed in accordance with Section 7.1 hereof.

"Remarketing Agreement" means the agreement pursuant to which the Remarketing Agent is appointed and assumes its duties hereunder and thereunder.

"S & P" shall mean Standard and Poor's Corporation.

"Special Redemption Fund" means the fund established under Section 4.3 of this Indenture to provide for the redemption of the Bonds from surplus moneys in the Project Fund.

"State" means the State of Florida.

"Supplemental Indenture" or "indenture supplemental hereto" shall mean any indenture supplementary to or amendatory of this Indenture as originally executed which is duly entered into in accordance with the provisions of Article XI of this Indenture.

"Supplemental Note" shall mean a promissory note given to the Issuer by the Borrower evidencing the Borrower's obligation to repay any loan derived from the issuance of Additional Bonds.

"System" shall mean the complete utility system or systems operated by the Borrower as a single unit, of which the Project forms a part.

"Trustee" shall mean the trustee at the time serving as such under this Indenture.

"Trust Estate" shall mean all interests conveyed to the Trustee by this Indenture.

"Variable Rate" means that annual interest rate (computed weekly in the manner required by Section 2.3A(b) hereof, and paid quarterly) in effect for the 1985 Bonds from the date of issuance thereof until (but not including) the Conversion Date.

"1985 Bonds" shall mean the Issuer's Variable Rate Demand Utility Revenue Bonds, Series 1985 (General Development Utilities, Inc. Project).

Section 1.2 Use of Words and Phrases. "Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter," and other equivalent words refer to this Indenture as a whole and not solely to the particular portion thereof in which any such word is used.

The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders. Any percentage of Bonds, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then Outstanding.

Section 1.3 Date of Indenture and Bonds. The date of this Indenture and of the Bonds is intended as and for a date for the convenient identification of this Indenture

and of the Bonds and is not intended to indicate that the Bonds were executed, delivered or issued on said date or that this instrument was executed and delivered on said date.

Section 1.4 Applicable Provisions of Law. This Indenture shall be governed by and construed in accordance with the laws of the State, except that the rights, limitations of rights, immunities, duties and obligations of the Trustee shall be governed by and construed in accordance with the laws of the State of New York, or in the case of a successor Trustee, the laws of the State in which the successor's Corporate Trust Office is located.

Section 1.5 Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope and intent of any provisions of this instrument.

Section 1.6 Successors and Assigns of Parties Hereto. All the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the Issuer, the Remarketing Agent or the Trustee shall inure to the benefit of and bind their respective successors and assigns.

Section 1.7 Limitation of Rights. Nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give any person other than the parties hereto and their successors hereunder and the Registered Owners of the Bonds, the Bank and the Borrower any benefit or any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants and conditions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and their successors hereunder, the Borrower, the Bank and the Registered Owners of the Bonds as herein provided.

ARTICLE II

DESCRIPTION, AUTHORIZATION, MANNER OF EXECUTION, AUTHENTICATION, REGISTRATION AND TRANSFER OF BONDS

Section 2.1 Authorization of Bonds, Limitation on Amount of Bonds and Purposes for Which Bonds May be Issued. This Indenture secures an issue or issues of Bonds of the Issuer, the aggregate principal amount of which (exclusive of Bonds issued pursuant to Sections 2.5, 2.6 and 2.8 hereof and Additional Bonds issued pursuant to Sections 2.4 and 3.3 hereof) will not exceed \$1,600,000 to be designated generally as "Variable Rate Demand Utility Revenue Bonds, Series 1985 (General Development Utilities, Inc. Project)" and to be issued as hereinafter provided, and creates a continuing pledge as provided by this Indenture to secure the full and final payment of the principal of and redemption premium, if any, and interest on all of the Bonds as the same shall become due and payable.

The 1985 Bonds shall be issued for the purpose of providing funds to be loaned to the Borrower to pay all or a portion of the Cost of the Project, and the proceeds thereof shall be disbursed by the Trustee in the manner provided in Section 4.1 of this Indenture for the payment of such Cost.

Section 2.2 Source of Payment of Bonds; Security. The Bonds herein authorized and all payments by the Issuer hereunder are special obligations of the Issuer payable solely from and secured by the Trust Estate in the manner provided herein. The Bonds shall not be or constitute a general obligation or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida or any political subdivision thereof or a lien upon any property owned by or situated within the jurisdictional limits of the Issuer, except upon the Trust Estate. The Registered Owner of any Bond shall never have the right to require or compel the Issuer, the State or any of its political subdivisions, to (i) levy any ad valorem taxes on any property to pay the principal of or premium, if any, or interest on the Bonds or to make any other payments provided for under the Loan Agreement or this Indenture, (ii) pay the same from any funds other than those included as part of the Trust Estate, in the manner provided in this Indenture, or (iii) require or enforce any payment or performance by the Borrower as provided in this Indenture or in the Loan Agreement unless the Issuer's expenses in respect thereof shall be paid from the Trust Estate or shall be advanced to the Issuer for such purpose and the Issuer shall receive indemnity to its satisfaction. No covenant or agreement contained in this Indenture shall be deemed to be a covenant or agreement of any member of the governing body, official, agent or employee of the Issuer in his individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 2.3 Description of 1985 Bonds. The 1985 Bonds shall be initially issued as variable rate demand instruments as set forth in Subsection A of this Section. On a single occasion, the 1985 Bonds may be converted to instruments bearing a Fixed Interest Rate in the manner described in Subsection B of this Section. On such Conversion Date the 1985 Bonds shall cease to bear interest at the Variable Rate and shall bear interest at the Fixed Interest Rate as set forth herein.

On such Conversion Date the 1985 Bonds shall be subject to mandatory redemption by the Issuer at the principal amount thereof then outstanding; provided that there shall not be so redeemed (i) 1985 Bonds which shall have been delivered to the Trustee for purchase pursuant to Section 2.3A(e) hereof; (ii) 1985 Bonds with respect to which the Trustee shall have received directions not to so redeem the same from the Registered Owners thereof as described in Subsection B.(c) of this Section; and (iii) 1985 Bonds purchased by the Borrower as described under Subsection B.(c) of this Section.

A. 1985 Bonds Prior to Conversion Date.

(a) **Manner and Form.** The 1985 Bonds shall be numbered in such manner as is determined by the Trustee. The 1985 Bonds shall be issued in fully registered form and shall be issuable in minimum denominations of \$100,000 and in integral multiples thereof. The principal of and redemption premium (if any) on any 1985 Bond shall be payable upon maturity or redemption to the Registered Owner thereof or his assigns upon surrender thereof at the Corporate Trust Office for such purpose. The interest on any 1985 Bond, when due and payable, shall be paid to the Registered Owner thereof as of each Record Date by check or draft mailed to such Person at his address last appearing on the Bond Register or, at the option of the Registered Owner of at least \$1,000,000 principal amount of Bonds and upon at least 10 days prior written notice to the Trustee, by wire transfer to a single account stated in such notice. All payments of principal, redemption premium (if any) and interest on the 1985 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.

The 1985 Bonds shall be dated as of their date of issuance, and shall bear interest from the date thereof, first payable on March 4, 1986, and thereafter on each Interest Payment Date for each Interest Period until paid, and shall mature (subject to the right of prior redemption upon the terms and conditions hereinafter set forth) on December 1, 2015.

The form of the 1985 Bonds and the Trustee's Certificate of Authentication shall be substantially as set forth in the preambles of this Indenture.

(b) **Variable Interest Rate.** The 1985 Bonds shall bear interest during each Interest Computation Period at the Variable Rate determined by the Remarketing Agent as of the Interest Computation Date for such Interest Computation Period, but in no event (whether based upon the Interest Index or Alternate Interest Index) in excess of 20%; provided, that with respect to Bonds held by the Custodian under the Custody Agreement on any Interest Payment Date, such interest shall be deemed paid without application of any moneys by the Trustee. Interest on the 1985 Bonds will be computed on the basis of a year of 365 or 366 days, as appropriate, and will accrue from and including the date of issuance of the 1985 Bonds to the first Interest Payment Date and thereafter from and including each Interest Payment Date to and including the day next preceding the next succeeding Interest Payment Date.

The Remarketing Agent shall promptly notify the Trustee, the Borrower, the Issuer and the Bank of the Variable Rate as soon as it has been determined on each Interest Computation Date.

The Variable Rate payable during any Interest Computation Period shall be equal to such interest rate (but not greater than 120% or less than 90% of the Interest Index for such Interest Computation Period) which, if borne by the 1985 Bonds, would, in the judgment of the Remarketing Agent having due regard to the prevailing financial market conditions and the terms and conditions of this Indenture and as so determined by the Remarketing Agent, be the interest rate necessary (but which would not exceed the interest rate necessary) to produce as nearly as practicable a par bid for each 1985 Bond as of any Interest Computation Date.

The determination of the Variable Rate by the Remarketing Agent, including any variation from the Interest Index, shall, in the absence of manifest error, be conclusive and binding upon the Registered Owners of the 1985 Bonds, the Issuer, the Borrower, the Guarantor, the Trustee and the Remarketing Agent.

All determinations of the Variable Rate shall be rounded to the nearest hundredth of one percent.

(c) **Redemption.** The 1985 Bonds may be redeemed by the Issuer in whole, or in part, at par plus accrued interest but without premium at any time at the direction of the Borrower and upon written notice to the Registered Owners thereof given at least 30 calendar days before the designated Redemption Date, but in no event shall the Redemption Date be prior to March 4, 1986. If the moneys for such redemption are to be derived from the proceeds of a drawing under the Letter of Credit, such notice shall state that such redemption shall be conditioned upon receipt of such moneys by the Trustee by the date fixed for such redemption, and if such moneys shall not have been so received, said notice shall be of no force and effect. Such redemption shall be in minimum units of \$100,000.

(d) **Redemption upon Expiration of Letter of Credit.** The 1985 Bonds are subject to mandatory redemption in whole by the Issuer, at the principal amount thereof, but without premium, on the Interest Payment Date next preceding the Expiration Date; provided however, that 1985 Bonds called for such redemption shall not be redeemed if (i) the Borrower shall deliver to the Trustee and the Bank on or before such Interest Payment Date written notice specifying the principal amount of 1985 Bonds to be purchased on such Interest Payment Date by the Borrower at the principal amount thereof, plus accrued interest, and such Bonds are so purchased by the Borrower, (ii) a Registered Owner of 1985 Bonds shall have notified the Trustee and the Bank not to redeem any 1985 Bond owned or held by him or (iii) any 1985 Bond shall have been tendered to the Remarketing Agent for purchase under Section 2.3A(e) hereof on or before such Interest Payment Date. The Trustee shall draw upon the Letter of Credit to provide funds to pay the Redemption Price and accrued interest to the Redemption Date of the 1985 Bonds on such date.

If the Borrower provides the notice described above, the Trustee shall pay the price of Bonds so purchased by the Borrower from moneys drawn under the Letter of Credit. As and when Bonds so purchased by the Borrower are received by the Trustee, the Trustee shall deliver such Bonds to the Borrower and the Borrower may thereafter cause such Bonds to be resold at a purchase price not exceeding the Borrower's purchase price; provided, that such resale may be effected only if an opinion from a nationally recognized bond counsel is received by the Trustee stating that, after such resale the exemption of

the interest on the 1985 Bonds from federal income taxation will not be adversely affected.

The Trustee shall give notice by mail to the Registered Owners of the 1985 Bonds not less than 30 days prior to the Interest Payment Date next preceding the date of expiration of the Letter of Credit. Such notice shall state (i) that the Bonds are subject to redemption or purchase in whole at the principal amount thereof on such Interest Payment Date, (ii) the date that the Letter of Credit will expire, (iii) that the ratings of the Bonds by Moody's or S & P may be dropped or reduced from such rating then prevailing, and (iv) that Registered Owners may notify the Trustee and the Bank not to redeem any 1985 Bond owned or held by him.

A Registered Owner may direct the Issuer not to redeem any 1985 Bond or 1985 Bonds in accordance with the preceding paragraph owned or held by him by delivering to the Trustee at its Corporate Trust Office on or before the third Business Day preceding the Interest Payment Date next preceding the date of expiration of the Letter of Credit an instrument or instruments in writing executed by such Registered Owner (i) specifying the numbers and denominations of the 1985 Bonds held by him, (ii) acknowledging receipt of notice of the matters set forth in clauses (i) through (iv) of the preceding paragraph, and (iii) directing the Trustee not to redeem such 1985 Bonds. Any instrument delivered to the Trustee in accordance with this paragraph shall be irrevocable with respect to the 1985 Bonds for which such instrument is delivered and shall be binding upon subsequent Registered Owners of such 1985 Bonds.

(e) **Demand Purchase.** The 1985 Bonds shall be purchased from the Registered Owner thereof, on the demand of the Registered Owner thereof, on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase upon: (i) delivery to the Trustee at its Corporate Trust Office and to the Remarketing Agent at its Principal Office, of a written notice which (A) states the principal amount of the 1985 Bonds to be purchased and (B) states the date on which the 1985 Bonds shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Trustee; and (ii) delivery of the 1985 Bonds and, in the case of a 1985 Bond to be purchased prior to the Interest Payment Date for any Interest Period and after the Record Date in respect thereof, a due bill in form satisfactory to the Trustee for interest due on such Interest Payment Date at the Corporate Trust Office of the Trustee at or prior to 10:00 a.m. New York City time, on the date specified in the aforesaid notice.

The Remarketing Agent will use its best efforts to find a buyer for the 1985 Bonds when tendered within the seven-day notice period and will deliver the proceeds from any such sale for payment to the seller of the 1985 Bonds. If the Remarketing Agent is unable to locate a buyer for the 1985 Bonds at a price permitted by Section 7.3 hereof, then the Trustee will effect the payment of the purchase price pursuant to Section 7.4 hereof.

B. 1985 Bonds After the Conversion Date.

(a) **Manner and Form.** The Trustee, at the discretion of the Borrower and the Trustee, shall have the right to deliver replacement Bonds bearing the Fixed Interest

Rate with deletion of such terms which are no longer applicable. The 1985 Bonds delivered in exchange subsequent to the Conversion Date shall be fully registered Bonds in denominations of \$5,000 or integral multiples thereof and shall be issued in the form as set forth in this Indenture with such changes as necessary to reflect the terms and conditions set forth in this Subsection 2.3B. Interest shall be paid semiannually on each June 1 and December 1 until the Bonds mature (subject to the rights of prior redemption).

(b) **Fixed Interest Rate.** After the Conversion Date the 1985 Bonds will bear interest at the Fixed Interest Rate, computed on the basis of a 360 day year. The Fixed Interest Rate shall be that fixed rate of interest determined by the Remarketing Agent in the manner set forth below. On a date not later than ten Business Days prior to the Conversion Date (herein called the Fixed Rate Calculation Date), the Remarketing Agent or the Borrower, as appropriate, shall fix the Fixed Interest Rate. The Fixed Interest Rate shall remain in effect from and after the Conversion Date so long as the 1985 Bonds remain outstanding.

At the time of conversion to a Fixed Interest Rate, the Borrower shall provide to the holders of the 1985 Bonds such investment and disclosure information as shall be necessary to comply with applicable Federal and state securities laws.

The Fixed Interest Rate shall be equal to such interest rate (but not greater than 120% or less than 90% of the Conversion Index as of the Fixed Rate Calculation Date) which, if borne by the 1985 Bonds, would in the judgment of the Remarketing Agent having due regard to the prevailing financial market conditions and the terms and conditions of this Indenture and as so determined by the Remarketing Agent, be the interest rate necessary (but which would not exceed the interest rate necessary) to produce as nearly as practicable a par bid for each 1985 Bond as of the Fixed Rate Calculation Date.

The determination of the Fixed Interest Rate by the Remarketing Agent, including any variation from the Conversion Index, shall, in the absence of manifest error, be conclusive and binding upon the Registered Owners of the 1985 Bonds, the Issuer, the Borrower, the Guarantor, the Trustee and the Remarketing Agent.

All determinations of the Fixed Interest Rate shall be rounded to the nearest hundredth of one percent.

(c) **Manner of Conversion.** The Interest Rate on the 1985 Bonds shall be converted to the Fixed Interest Rate upon (i) the receipt by the Borrower, the Issuer, the Bank and the Trustee of notice from the Remarketing Agent that the Mandatory Conversion Event has occurred, or (ii) the receipt by the Bank, the Issuer and the Trustee of notice from the Borrower that the Borrower has exercised its Conversion Option. Each such notice shall specify the Fixed Rate Calculation Date and the Conversion Date. Each notice shall be delivered not less than 45 days prior to such Conversion Date. Such conversion shall occur only if an opinion from a nationally recognized bond counsel is received by the Trustee, stating that such conversion to a Fixed Interest Rate is authorized or permitted by this Indenture and that conversion to the Fixed Interest Rate will not adversely affect the exemption of the interest on the 1985 Bonds from federal income taxation.

The Mandatory Conversion Event shall have occurred whenever the Remarketing Agent shall be able to determine a Fixed Interest Rate which is less than 2½% per annum, in the manner described in Section 2.3B(b) hereof, on two consecutive Interest Computation Dates. The Remarketing Agent shall be required to determine a Fixed Interest Rate for this purpose only on (i) any Interest Computation Date on which the most recent 20 year revenue bond index published by The Daily Bond Buyer, or any successor index, is less than 2½% per annum, or, if no such index then exists, (ii) the first Interest Computation Dates in June and December of each year; and, if the Fixed Interest Rate so determined under (i) or (ii) above is less than 2½% per annum, the immediately following Interest Computation Date. The Remarketing Agent shall give prompt written notice to the Issuer, the Bank and the Trustee that the Mandatory Conversion Event has occurred. In the event the Interest Rate on the Bonds is to be converted to a Fixed Interest Rate pursuant to the occurrence of the Mandatory Conversion Event, the Fixed Rate Calculation Date shall be the first Business Day which occurs at least 40 days after the date of the Mandatory Conversion Event and the Conversion Date shall be the first Business Day which occurs at least 10 Business Days after the date of the Fixed Rate Calculation Date.

Upon conversion to a Fixed Interest Rate, the 1985 Bonds shall be subject to mandatory redemption on the Conversion Date at a price equal to the principal amount thereof, plus accrued interest; provided, however, that 1985 Bonds called for such redemption may not be redeemed but may be purchased on such date by the Borrower at the principal amount thereof plus accrued interest, if the Borrower shall deliver to the Trustee and the Bank on or before such date a written notice specifying the principal amount of 1985 Bonds to be purchased and, in the event the Letter of Credit is not in effect on the Conversion Date, if the Borrower shall deposit with the Trustee moneys sufficient to pay the purchase price of 1985 Bonds to be so purchased.

On the Conversion Date:

(i) The Trustee shall draw on the Letter of Credit to provide funds to pay the Redemption Price plus accrued interest of the 1985 Bonds being redeemed.

(ii) If the Borrower provides the notice and moneys, if required, described above, the Trustee shall pay the price of 1985 Bonds so purchased by the Borrower by (x) drawing upon the moneys deposited by the Borrower to pay such purchase price if the Letter of Credit is not then in effect or (y) using moneys provided pursuant to a drawing under the Letter of Credit if it is then in effect. As and when 1985 Bonds so purchased by the Borrower are received by the Trustee, the Trustee shall deliver such Bonds to the Borrower, and the Borrower shall thereafter cause such Bonds to be resold at a purchase price not exceeding the Borrower's purchase price. The 1985 Bonds so held shall not be remarketed after the Conversion Date unless the Borrower and the Trustee shall receive an opinion from a nationally recognized bond counsel stating that, after remarketing, interest on the 1985 Bonds will be exempt from federal income taxation.

The Trustee shall give notice by mail to the Registered Owners of the 1985 Bonds not less than 30 days prior to the Conversion Date. Such notice shall state (i) that the interest rate on the 1985 Bonds shall be converted to a Fixed Interest Rate, (ii) the Conversion Date, (iii) the Fixed Rate Calculation Date and the procedure for informing

the Registered Owners of the 1985 Bonds of the Fixed Interest Rate, (iv) that the Letter of Credit will be terminated at the close of the Bank's business on the date 15 days following the Conversion Date, (v) that the ratings of the Bonds by Moody's or S & P may be dropped or reduced from such rating then prevailing, (vi) that subsequent to the Conversion Date the Registered Owners of 1985 Bonds will no longer have the right to require payment of the purchase price of 1985 Bonds by the Remarketing Agent or the Trustee, (vii) that all Outstanding 1985 Bonds not so purchased on or prior to the Conversion Date will be redeemed by the Issuer or purchased by the Borrower on the Conversion Date at a price of par plus accrued interest, except 1985 Bonds which the Registered Owner shall have directed the Issuer not to redeem in accordance with this Indenture, and (viii) whether or not the Borrower has elected to establish Amortization Installments pursuant to Section 2.3B(d)(iv) hereof.

A Registered Owner may direct the Issuer not to redeem any 1985 Bond or 1985 Bonds in accordance with the preceding paragraph owned or held by him by delivering to the Trustee at its Corporate Trust Office on or before the third Business Day preceding the Conversion Date an instrument or instruments in writing executed by such Registered Owner (i) specifying the numbers and denominations of the 1985 Bonds held by him, (ii) acknowledging receipt of notice of the matters set forth in clauses (i) through (viii) of the preceding paragraph, and (iii) directing the Issuer not to redeem such 1985 Bonds. Any instrument delivered to the Trustee in accordance with this paragraph shall be irrevocable with respect to the 1985 Bonds for which such instrument is delivered and shall be binding upon subsequent Registered Owners of such 1985 Bonds.

Any 1985 Bond tendered to the Remarketing Agent for purchase under Section 2.3(A)(e) above pursuant to the terms of this Indenture from the date notice is given as provided above to the Conversion Date shall not be remarketed except to a buyer who agrees at the time of such purchase either (i) to accept the Fixed Interest Rate effective on the Conversion Date or (ii) to require purchase of the 1985 Bond by tender to the Trustee prior to the Conversion Date. On the Conversion Date, 1985 Bonds purchased under clause (i) shall not be redeemed but shall (without the need for direction pursuant to the preceding paragraphs) remain Outstanding as 1985 Bonds bearing the Fixed Interest Rate.

At the close of the Bank's business on the fifteenth day after the Conversion Date, the Letter of Credit shall terminate. Following the close of business on the Conversion Date, the 1985 Bonds shall no longer be subject to the provisions of Section 2.3A of this Indenture.

(d) Redemption. Following conversion to the Fixed Interest Rate, the 1985 Bonds shall be subject to redemption as follows:

(i) The 1985 Bonds shall be subject to optional redemption by the Issuer, at the option of the Borrower, as follows:

(A) if the conversion of the rate on the 1985 Bonds to a Fixed Interest Rate shall be prior to the Interest Payment Date occurring in December, 1995, the 1985 Bonds shall be subject to redemption, in whole at any time or in part on any Interest Payment Date, on or after December 1 of the year which is the 10th year after

the year in which the conversion to a Fixed Interest Rate occurred at the redemption prices (expressed as percentages of the principal amount) set forth below, plus accrued interest to the Redemption Date:

<u>Redemption Dates</u> <u>(Dates Inclusive)</u>	<u>Redemption Price</u>
December 1 of tenth year through November 30 of eleventh year	103.0%
December 1 of eleventh year through November 30 of twelfth year	102.5%
December 1 of twelfth year through November 30 of thirteenth year	102.0%
December 1 of thirteenth year through November 30 of fourteenth year	101.5%
December 1 of fourteenth year through November 30 of fifteenth year	101.0%
December 1 of fifteenth year through November 30 of sixteenth year	100.5%
December 1 of sixteenth year and thereafter	100.0%

(B) if the conversion of the rate on the 1985 Bonds to a Fixed Interest Rate shall be on or after the Interest Payment Date occurring in December, 1995, the Bonds shall be subject to redemption, in whole at any time or in part on any Interest Payment Date, on or after December 1 of the year which is the fifth year after the year in which the conversion to a Fixed Interest Rate occurred at the redemption prices (expressed as percentages of the principal amount) set forth below, plus accrued interest to the Redemption Date:

<u>Redemption Dates</u> <u>(Dates Inclusive)</u>	<u>Redemption Price</u>
December 1 of fifth year through November 30 of sixth year	103.0%
December 1 of sixth year through November 30 of seventh year	102.0%
December 1 of seventh year through November 30 of eighth year	101.0%

December 1 of eighth year
and thereafter

100.0%

(ii) The 1985 Bonds shall be subject to optional redemption by the Issuer solely at the direction of the Borrower on any date within 180 days from the time of the applicable event at 100% of the principal amount thereof plus accrued interest to the Redemption Date, but without premium, upon the occurrence of any of the following events:

(A) in whole, if all or substantially all of the Project or the System shall be damaged or destroyed and the Borrower shall determine that it is not practicable or desirable to rebuild, repair or restore the Project;

(B) in whole, if all or substantially all of the Project or the System or the site of the Project shall be condemned, or such use or control thereof shall be taken by eminent domain as to render the Project unsatisfactory to the Borrower for continued operation;

(C) in whole, if unreasonable burdens or excessive liabilities shall be imposed upon the Issuer or the Borrower with respect to the Project or the System or the maintenance or the operation thereof, which burdens or liabilities result in either the permanent discontinuance of maintenance or operations or termination of ownership of the Borrower's interest in the Project or the System;

(D) in whole, if operation of the Project or the System shall be enjoined and the Borrower shall decide to discontinue operation thereof; and

(E) in whole, upon the occurrence of any change in the Constitution of the State of Florida or the Constitution of the United States or any legislative or administrative action (whether local, state or federal) or any final decree, judgment or order of any court or administrative body (whether local, state or federal) which results in the 1985 Bonds or the Agreement becoming void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties expressed therein.

(iii) The 1985 Bonds shall be redeemed on any date, at the principal amount thereof plus accrued interest to the Redemption Date, upon the occurrence of a final determination by the Internal Revenue Service or a court of competent jurisdiction in a proceeding in which the Borrower has been afforded an opportunity to participate, that, as a result of a failure by the Borrower to observe any covenant, agreement or representation in the Loan Agreement or any change in any constitution, statute or ruling or interpretation thereof, the interest payable on any 1985 Bond is includable for federal income tax purposes in the gross income of any Registered Owner of 1985 Bonds (other than a Registered Owner who is a "substantial user" of the Project or a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended, and the applicable regulations thereunder); provided that if in the opinion of nationally recognized bond counsel, redemption of a portion of the Outstanding 1985 Bonds would have the result that interest payable on the 1985 Bonds remaining Outstanding would not be includable in the gross income of the Registered Owners, then

only such amount of 1985 Bonds need be redeemed, the 1985 Bonds to be redeemed to be determined as specified in Article VIII of this Indenture. Any such determination will not be considered final for this purpose unless the Borrower has been given written notice and, if it so desires, has been afforded the opportunity to contest the same, either directly or in the name of any Registered Owner of a 1985 Bond, and until the conclusion of any appellate review, if sought.

(iv) Upon conversion to a Fixed Interest Rate, the Borrower shall have the option to make the 1985 Bonds subject to mandatory redemption requiring redemption of the 1985 Bonds in part at the principal amount thereof plus accrued interest to the redemption date, but without premium, according to a schedule of Amortization Installments established pursuant to the provisions of this subsection (iv); provided, that such election may be made only if an opinion from a nationally recognized bond counsel is received by the Trustee, stating that such election will not adversely affect the exemption of interest on the 1985 Bonds from federal income taxation. If the Conversion Date occurs on or before December 1, 2005, the Borrower may elect to establish annual Amortization Installments beginning on December 1, 2006, and to be made on December 1 thereafter, which Amortization Installments will provide for substantially level amortization of the principal of the 1985 Bonds over the period commencing with December 1, 2006 and ending December 1, 2015. Alternatively, if the Conversion Date occurs after December 1, 2005, the Borrower may elect to establish annual Amortization Installments beginning on the immediately following December 1 and to be made on each December 1 thereafter, which Amortization Installments will provide for substantially level amortization of the principal of the Bonds over the time remaining until the maturity of such 1985 Bonds. Each Amortization Installment shall be in the amount of \$5,000 or an integral multiple thereof.

Whenever any principal amount of 1985 Bonds is paid and is no longer Outstanding for any reason other than redemption under this subsection (iv), the schedule of Amortization Installments established pursuant to this subsection (iv) shall be reduced in chronological order from among all of such redemption dates and amounts.

The Borrower may deliver to the Trustee for cancellation 1985 Bonds and receive credit in respect of Amortization Installment(s) for any such 1985 Bonds which prior to the mandatory redemption date have been purchased or redeemed (otherwise than through mandatory redemption as described in this subsection (iv)) and cancelled by the Trustee and not theretofore applied as a credit against any Amortization Installment for such 1985 Bonds. Each such 1985 Bond so delivered (not less than 60 days prior to the redemption date) or previously purchased or redeemed and cancelled by the Trustee shall be credited by the Trustee at 100% of the principal amount thereof to the obligation of the Issuer on a mandatory redemption date occurring within the Bond Year in which such purchase or redemption occurred and any amount in excess of such obligations shall be credited to future mandatory redemption of such 1985 Bonds in chronological order.

Section 2.4 Description of Additional Bonds. Additional Bonds:

(a) shall be dated, shall bear interest at a rate or rates not in excess of the maximum rate then permitted by applicable law, shall be payable and shall mature by their terms at such time or times;

(b) shall be payable, both as to principal and interest and redemption premium (if any), at such place or places 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;

(c) may have such registration privileges and such exchange privileges;

(d) shall have such particular designation added to their title and may be in such denominations;

(e) may be limited as to such maximum principal amount thereof which may be authenticated by the Trustee and delivered or which may be at any time Outstanding, with an appropriate insertion in respect of such limitation permissible in the Bonds of such series;

(f) may contain provisions for the redemption thereof at such Redemption Price or prices, at such time or times, upon such notice, in such manner and upon such other terms and conditions, not inconsistent with the provisions of Article VIII hereof, the terms of the Loan Agreement and applicable provisions of law;

(g) may have mandatory provisions requiring payments for the purchase and sinking fund redemption of such Bonds, in such amounts, at such time or times, in such manner and upon such terms and conditions, not inconsistent with the provisions of this Indenture; and

(h) may contain such provisions with respect to acceleration of maturity on the happening of specified events, and such other special terms and conditions, not contrary to the provisions hereof or of the Act;

all as may be determined by the Issuer and expressed from time to time in one or more Supplemental Indentures. The Issuer shall have no obligation to issue any Additional Bonds.

Section 2.5 Bonds Mutilated, Destroyed, Stolen or Lost. In the event any Outstanding Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Issuer may execute, and upon the Issuer's request in writing, the Trustee shall authenticate and deliver, a new Bond of the same principal amount and maturity and of like tenor as the mutilated, lost, stolen or destroyed Bond in exchange and substitution for such mutilated Bond or in lieu of and substitution for such lost, stolen or destroyed Bond.

Application for exchange and substitution of mutilated, lost, stolen or destroyed Bonds shall be made to the Trustee at the Corporate Trust Office. In every case the applicant for a substitute Bond shall furnish to the Issuer and to the Trustee such security or indemnity as may be required by them to save each of them and any Paying Agent harmless. In every case of loss, theft or destruction of a Bond, the applicant shall also furnish to the Issuer and to the Trustee evidence to their satisfaction of the loss, theft or destruction and of the ownership of such Bond. In every case of mutilation of a Bond only, the applicant shall surrender to the Trustee the Bond so mutilated.

Notwithstanding the foregoing provisions of this Section 2.5, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium (if any) or interest on the Bonds, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) instead of issuing a substitute Bond provided security or indemnity is furnished as above provided in this Section 2.5.

Upon the issuance of any substitute Bond, the Issuer and the Trustee may charge the holder of such Bond with their fees and expenses in connection therewith. Every substitute Bond issued pursuant to the provisions of this Section 2.5 by virtue of the fact that any Bond is lost, stolen or destroyed shall constitute an original additional contractual special obligation of the Issuer, whether or not the lost, stolen or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionally with any and all other Bonds duly issued under this Indenture to the same extent as the Bonds in substitution for which such Bonds were issued.

The provisions of this Section 2.5 are exclusive and shall preclude (to the extent lawful) all of the rights and remedies with respect to the payment of mutilated, lost, stolen or destroyed Bonds, including those granted by any law or statute now existing or hereafter enacted.

Section 2.6 Temporary Bonds. Until Bonds in definitive form of any series are ready for delivery, the Issuer may execute, and upon its request in writing, the Trustee shall authenticate and deliver in lieu of any thereof, and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Bonds in temporary form, substantially of the tenor of the Bonds hereinbefore in this Article II described with appropriate omissions, variations and insertions. Bonds in temporary form will be in such principal amounts as the Issuer shall determine.

Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Indenture. The Issuer shall, without unreasonable delay, prepare, execute and deliver to the Trustee, and thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Trustee at the Corporate Trust Office, the Trustee shall authenticate and deliver, in exchange therefor, a Bond or Bonds of the same maturity, in definitive form in the authorized denominations, and for the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. The expense of the preparation of such Bonds in definitive form and of such exchange shall be an Administration Expense and there shall be made no charge therefor to any Registered Owner.

Section 2.7 Execution of Bonds. All the Bonds shall, from time to time, be executed on behalf of the Issuer by, or bear the facsimile signature of, the Chairman of the Issuer and its official seal (which may be in facsimile) shall be thereunto affixed (or imprinted or engraved if facsimile) and attested by the signature of the Clerk of the Issuer (which may be facsimile). The Bonds may be validated in the manner provided for by Florida law. Any validation certificate appearing on the Bonds shall be executed with the facsimile signature of the Chairman of the Issuer.

If any of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall be upon the Bonds shall cease to hold such office of the Issuer before the Bonds so signed and sealed shall have been actually authenticated by the Trustee or delivered by the Issuer, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bonds or whose facsimile signature shall be upon the Bonds had not ceased to be such officer or officers of the Issuer; and also any such Bond may be signed and sealed on behalf of the Issuer by those persons who, at the actual date of the execution of such Bond, shall be the proper officers of the Issuer, although at the date of such Bond any such person shall not have been such officer of the Issuer.

Section 2.8 Registration and Transfer. 1. The transfer of Bonds shall be registered on the Bond Register, which shall be kept for this purpose at the Corporate Trust Office, upon surrender thereof by the Registered Owner in person or by his attorney duly authorized in writing, together with a written instrument of transfer in form satisfactory to the Bond Registrar duly executed by the Registered Owner or his attorney duly authorized in writing and upon payment by such Registered Owner of a sum sufficient to cover any governmental tax or charge required to be paid as provided in Section 2.11 of this Indenture. Upon any such registration of transfer, the Issuer shall issue in the name of the transferee a new registered Bond or Bonds. The Trustee is hereby designated as Bond Registrar.

2. The Issuer, the Trustee, the Bond Registrar and any Paying Agent may deem and treat the Registered Owner of any Bond as the absolute owner of such Bond for the purpose of receiving any payment on such Bond and for all other purposes of this Indenture and the Loan Agreement, whether such Bond shall be overdue or not, and neither the Issuer, nor the Trustee, nor the Bond Registrar nor any Paying Agent shall be affected by any notice to the contrary. Payment of, or on account of, the principal of and interest and redemption premium (if any) on any Bond shall be made to such Registered Owner or upon his written order. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

3. All Bonds issued under this Indenture shall have such attributes of negotiability as are provided for under the Uniform Commercial Code - Investment Securities of the State of Florida.

4. The Trustee shall not be required to transfer ownership of Bonds under this Section or exchange any Bonds or substitute any Bonds under Section 2.5 of this Indenture after a Record Date and before the commencement of the next succeeding Interest Period. The Trustee shall not be required to register the transfer of or exchange or substitute any Bond selected for redemption after the selection of such Bond for redemption.

Section 2.9 Authentication. No Bond shall be secured by this Indenture or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be endorsed on such Bond the Trustee's Certificate of Authentication, substantially in the form prescribed in this Indenture, executed by the manual signature of a duly authorized officer of the Trustee; and such certificate on any Bond issued by the Issuer shall be conclusive evidence and the only competent evidence that such Bond has been duly authenticated and delivered under this Indenture.

Section 2.10 Cancellation and Destruction. Upon the surrender to the Trustee of any temporary or mutilated Bond, or any Bond transferred or exchanged for another Bond or Bonds, or any Bond acquired, redeemed or paid at maturity by the Trustee, the same shall forthwith be cancelled and, at the written request of the Issuer, be cremated or otherwise destroyed by the Trustee, and the Trustee shall, if such Bond is so cremated or destroyed, deliver its certificate of such cremation or other destruction to the Issuer.

Section 2.11 Miscellaneous. In all cases in which the privilege of exchanging Bonds or registering the transfer of Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or upon any such registration or transfer shall forthwith be delivered by the Trustee to be cancelled. There shall be no charge to the holder or his transferee for any such exchange or registration of transfer of Bonds, and all expenses incurred by the Issuer or Trustee in connection with any such exchange or registration shall constitute Administration Expenses. The Trustee may, however, require the payment of a sum sufficient to pay any tax or other governmental charge required to be paid with respect to any such exchange or registration of transfer.

ARTICLE III

AUTHENTICATION AND DELIVERY OF BONDS

Section 3.1 Limitation of Principal Amount of Bonds; Bonds Secured. The aggregate principal amount of Bonds which may be executed by the Issuer and authenticated by the Trustee and delivered and secured by this Indenture is not limited, except as is or may hereafter be provided in this Indenture or as may be limited by law. All Bonds issued and to be issued hereunder are, and are to be, to the extent provided in this Indenture, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication or delivery or maturity of the Bonds, or any of them, so that, except as is or may hereafter be provided in this Indenture or as may be limited by law, all Bonds at any time Outstanding hereunder shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been hereof, whether the same, or any of them shall actually be issued on such date, or whether they, or any of them, shall have been authorized to be authenticated and delivered under Section 3.2 or may be authorized to be authenticated and delivered hereafter pursuant to Sections 2.4, 2.5, 2.6, 2.8 or 3.3 of this Indenture.

Section 3.2 Authentication and Delivery of 1985 Bonds. The 1985 Bonds, in the aggregate principal amount of \$1,600,000, shall be executed by the Issuer and delivered to the Trustee for authentication, authenticated by the Trustee and delivered to or upon the written order of the Chairman of the Board or other authorized executive officer of the Issuer, but only upon the receipt by the Trustee of the proceeds of the sale of the 1985 Bonds. Prior to authentication and delivery of the 1985 Bonds, the Trustee shall also have received the following:

(a) a copy of the resolution or resolutions adopted by the Issuer authorizing the execution and delivery of the Loan Agreement and this Indenture and the issuance and delivery of the 1985 Bonds, duly certified by the Clerk of the Issuer, under its official seal, to have been duly adopted by the Issuer and to be in full force and effect on the date of such certification;

(b) a copy of the Final Judgment of the Circuit Court for the County validating the 1985 Bonds, duly certified by the Clerk of the Circuit Court for the County, under his official seal, to be a true and correct copy of the original Final Judgment on file in his office, together with a copy of his certificate filed in the validation proceedings to the effect that the applicable appeal period from said judgment has expired, similarly certified;

(c) a written order of said Chairman or other officer of the Issuer requesting and authorizing the Trustee on behalf of the Issuer to authenticate and deliver the 1985 Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the proceeds of the sale of the 1985 Bonds;

(d) the original Note and original executed counterparts of the Indenture, the Loan Agreement, the Guarantee, and the Letter of Credit;

(e) an original signed counterpart of an opinion of General Counsel for the Borrower, addressed to the Issuer, the Trustee and the bond counsel referred to below with respect to the due organization and existence of the Borrower under the laws of the State of Florida and that the Loan Agreement, the Note, and other instruments and documents executed and delivered by the Borrower in connection herewith are and constitute legal, valid, binding and enforceable obligations of the Borrower, except to the extent that the enforceability thereof may be limited by bankruptcy, reorganization or similar laws limiting the enforceability of creditors' rights generally and except that no opinion need be expressed as to the availability of any discretionary equitable remedies;

(f) an original signed counterpart of an opinion of General Counsel for the Guarantor, addressed to the Issuer, the Trustee and the bond counsel referred to below with respect to the due organization and existence of the Guarantor under the laws of the State of Delaware and that the Guarantee and other instruments and documents executed and delivered by the Guarantor in connection herewith are and constitute legal, valid, binding and enforceable obligations of the Guarantor, except to the extent that the enforceability thereof may be limited by bankruptcy, reorganization or similar laws limiting the enforceability of creditors' rights generally and except that no opinion need be expressed as to the availability of any discretionary equitable remedies;

(g) an original signed counterpart of an opinion of counsel for the Bank, addressed to the Trustee, the Guarantor and the Borrower with respect to the due organization and existence of the Bank under the laws of the United States of America and stating that the Letter of Credit is and constitutes a legal, valid, binding and enforceable obligation of the Bank, except to the extent that the enforceability thereof may be limited by bankruptcy, reorganization or similar laws limiting the enforceability of creditors' rights generally and except that no opinion need be expressed as to the availability of any discretionary equitable remedies;

(h) an opinion of bond counsel to the Issuer, addressed to the Issuer and to the Trustee, to the effect that the Bonds are legal and valid and that under existing laws, regulations, rulings and court decisions, the interest thereon is exempt from federal income taxation, except for the interest on any Bond for any period during which such Bond is held by a "substantial user" of the Project or a "related person" as such terms are used in Section 103(b) of the Code; and

(i) such other instruments and opinions as the Trustee may reasonably request.

Section 3.3 Authentication and Delivery of Additional Bonds. Subject to the provisions of Section 3.1 of the Loan Agreement, subsequent to the authentication, issuance and delivery of the 1985 Bonds described in the preceding Section 3.2, one or more series of *pari passu* Additional Bonds may be authenticated by the Trustee and delivered upon original issuance for the purpose of providing funds for one or more of three purposes, to wit: (i) to finance the acquisition or construction of capital improvements (called "construction purposes"); (ii) to finance the cost of completing a capital improvement project for which Bonds have been issued (called "completion purposes"); and (iii) to refund any one or more series of Outstanding Bonds (if less than all of the Outstanding Bonds are being refunded) (called "refunding purposes"). The payment of the

costs of issuing and selling Additional Bonds and of making required deposits into the various funds and accounts shall be included within each of the foregoing authorized purposes. The Issuer shall have no obligation to issue any Additional Bonds.

(a) The following are conditions to the issuance of Additional Bonds for construction purposes:

- (1) the Issuer is not in default under this Indenture;
- (2) the Borrower is not in default under the Loan Agreement or the Reimbursement Agreement;
- (3) the issuance of the Additional Bonds will not constitute a default under the Loan Agreement or the Reimbursement Agreement; and
- (4) the issuance of the Additional Bonds shall be approved in writing by the Borrower and the Bank.

(b) Provided the conditions set forth above are met, the Issuer may execute and deliver to the Trustee, and the Trustee shall thereupon authenticate, Additional Bonds authorized under this Section 3.3 and deliver them to the purchaser or purchasers thereof, provided that, prior to such delivery, there shall have been delivered to the Trustee:

(1) a copy of the resolution or resolutions of the Issuer authorizing such Additional Bonds and the execution and delivery by the Issuer of a Supplemental Indenture providing for the terms and conditions upon which such Additional Bonds are to be issued and containing the findings required by Section 3.1 of the Loan Agreement duly certified by the Clerk of the Issuer under its official seal to have been duly adopted by the Issuer and to be in full force and effect on the date of such certification, together with an executed counterpart of said Supplemental Indenture;

(2) a copy, similarly certified by the Clerk, of the resolution or resolutions authorizing the execution and delivery by the Issuer of an agreement amending the Loan Agreement to (i) increase or adjust the payments to be made under the Loan Agreement to an amount sufficient to pay, as and when the same mature or become due, the principal of and premium, if any, and interest on all outstanding Bonds, including such Additional Bonds (except to such extent as the same may be payable out of moneys then in the Bond Fund or otherwise on deposit with the Trustee in accordance with this Indenture), and (ii) make such other revisions to the Loan Agreement as are necessitated by the issuance of such Additional Bonds; together with an executed counterpart of the agreement amending the Loan Agreement, and a Supplemental Note evidencing the Borrower's agreement and obligation to pay to Issuer the additional funds required to make, as and when due, all required payments in respect of the Additional Bonds;

(3) a copy, similarly certified by the Clerk, of the resolution or resolutions authorizing the execution and delivery by the Issuer of an agreement amending the Guarantee Agreement to guarantee payment of the Additional Bonds in the same manner as is provided in the Guarantee Agreement for payment of the Bonds, together with an executed counterpart of such agreement;

(4) a written statement by the Borrower (i) approving the issuance and delivery of such Additional Bonds and the execution and delivery of the agreements amending the Loan Agreement and (ii) certifying that the Borrower is not then in default under the Loan Agreement;

(5) a copy of a resolution of the Borrower approving the issuance of such Additional Bonds and the execution and delivery of the Supplemental Indenture, the agreements amending the Loan Agreement and the Supplemental Note, duly certified by the Borrower;

(6) a copy of a resolution of the Guarantor approving the issuance of such Additional Bonds and the execution and delivery of the agreement amending the Guarantee Agreement, duly certified by the Guarantor;

(7) an opinion of bond counsel to the Issuer, addressed to the Issuer and to the Trustee, to the effect that all of the conditions precedent to the issuance of such Additional Bonds as are set forth in this Indenture and the Supplemental Indenture, if any, have been satisfied and with respect to such other matters as the Trustee may reasonably request;

(8) a written order by the Chairman of the Board or other authorized officer of the Issuer requesting and authorizing the Trustee on behalf of the Issuer to authenticate and deliver such Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the sum specified therein as the amount of the proceeds of the sale of such Additional Bonds;

(9) an original executed counterpart of an opinion of General Counsel for the Borrower, addressed to the Issuer, the Trustee and the bond counsel referred to below, to the effect that the issuance of such Additional Bonds and the other transactions, instruments and documents in connection therewith are permitted hereby and that all conditions precedent have been satisfied or fulfilled, and with respect to such other matters similar to those specified in paragraph (e) of Section 3.2 hereof, as shall be appropriate under the circumstances;

(10) an original executed counterpart of an opinion of General Counsel for the Guarantor with respect to matters similar to those specified in paragraph (f) of Section 3.2 hereof as shall be appropriate under the circumstances;

(11) an opinion of bond counsel to the Issuer, addressed to the Issuer and to the Trustee, to the effect that such Additional Bonds are legal and valid and that under existing law, regulations, rulings and court decisions, the interest thereon is exempt from federal income taxes and that the issuance and sale of such Additional Bonds will not result in interest on the Additional Bonds becoming includable in the gross income of the holders thereof for federal income tax purposes, except interest for any period during which any such Additional Bond shall be held by a holder who is a "substantial user" of the Project or who is a "related person" to such user within the meaning of Section 103(b) of the Code;

(12) a certificate executed by the Trustee certifying that all payments into the various funds and accounts provided for in this Indenture have been made in full, as required by this Indenture, to the date of delivery of such Additional Bonds; that such funds and accounts are then current and there are no deficiencies in the amounts required to be on deposit therein; and that the Trustee has not received notice and has no actual knowledge of the existence and continuation of any Event of Default, as defined in Section 9.1 hereof;

(13) if the Letter of Credit is then in effect, an original executed amendment to the Letter of Credit which provides that the Additional Bonds shall be deemed to be Bonds for all purposes under the Letter of Credit and that the Stated Amount of the Letter of Credit has been appropriately increased; and

(14) such other instruments as the Trustee may reasonably request.

The proceeds of such Additional Bonds shall be deposited with and held and disbursed by the Trustee as provided in the Supplemental Indenture providing for such Additional Bonds.

ARTICLE IV

ACQUISITION AND CONSTRUCTION OF PROJECT; DISBURSEMENT OF FUNDS

Section 4.1 Application of 1985 Bond Proceeds; Disbursements from Project Fund. (a) The proceeds received from the sale of the 1985 Bonds shall be applied in the following manner and priority:

1. the accrued interest received upon delivery of the 1985 Bonds, if any, and interest estimated to accrue thereon for a period not extending beyond the estimated Completion Date for the Project, in the amount and as determined in a certificate of the Authorized Borrower Representative, shall be deposited in the Bond Fund, hereinafter created and established, and used for the purpose of paying interest on the 1985 Bonds;

2. all expenses incurred in the authorization, sale and issuance of the 1985 Bonds shall be paid to the persons to whom obligations therefor shall have been lawfully incurred, as set forth on a certificate of an Authorized Borrower Representative; and any balance of expenses incurred in the authorization, sale and issuance of the 1985 Bonds may be paid thereafter from the Project Fund;

3. the balance of such proceeds shall be deposited in the "Project Fund", which is hereby created, established, and designated. The money on deposit in the Project Fund shall be used solely for the purpose of paying the Costs of the Project and the remaining expenses of the issuance of the 1985 Bonds. The money in the Project Fund shall be held in trust by the Trustee, shall be applied by the Trustee to the payment of the Costs of the Project and the expenses of the issuance of the 1985 Bonds and, pending such application, shall be subject to the lien of this Indenture in favor of holders of the Bonds and for the further security of such holders until paid out or transferred as hereinafter provided.

(b) Money on deposit in the Project Fund shall be paid out from time to time by the Trustee in order to pay, or as reimbursement for payment made for, the Costs of the Project, in each case upon receipt by the Trustee of a certificate of the Authorized Borrower Representative containing:

1. the amount requested to be paid;
2. the name and address of the person to whom such payment is to be made;
3. a description, in reasonable detail, of the particular cost;

4. that each obligation, item of cost, or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of the Project and is a proper charge against the Project Fund and has not been the basis of any previous withdrawal, or that each obligation, item or cost or expense mentioned therein has been paid by the Borrower, is a reimbursement of a part of the Cost of the Project and is a proper charge against the Project Fund, has not been theretofore reimbursed to the Borrower or

otherwise been the basis of any previous withdrawal and the Borrower is entitled to reimbursement thereof;

5. that the Person signing such requisition has no notice of any mechanics', materialmen's, suppliers', vendors' or other similar lien or right to lien, chattel mortgage or conditional sale contract, or other contract or obligation which should be satisfied or discharged before payment of such obligation is made;

6. that such payment, when added to all other payments previously made from the Project Fund, will not result in less than substantially all (at least 90%) of the amounts expended from the Project Fund being expended and used for the acquisition, construction, or installation of facilities for furnishing of water or for sewage disposal facilities within the meaning of Section 103(b)(4)(G) or Section 103(b)(4)(E) of the Code; and

7. if the Cost is described in clauses (a), (d) or (f) of the definition of Cost herein, a statement of the Engineer to the effect that the disbursement represents reimbursement for work properly performed or for a direct construction cost.

(c) In addition to the documents required by the provisions of this Section, the Trustee may require as a condition precedent to any payment or withdrawal from the Project Fund, further evidence with respect thereto or with respect to the application of any money previously disbursed or as to the correctness of any statement made in any certificate of the Authorized Borrower Representative. Upon the written request of the Registered Owners of at least 10% of the aggregate principal amount of the Bonds then Outstanding, the Trustee shall require such evidence. The Trustee shall, however, be under no duty to require such evidence unless so requested. The Trustee shall not be liable for any misapplication of money in the Project Fund if such money shall have been disbursed pursuant to the provisions of this Section and the Trustee is without knowledge or reason to believe that any disbursement constitutes a misapplication of funds. The Issuer shall have no responsibility for or liability arising out of the application or misapplication of money in the Project Fund.

(d) If after payment from the Project Fund by the Trustee of all orders previously tendered to the Trustee under the provisions of this Section, and after receipt by the Trustee of the Final Certificate of the Engineer with respect to the entire Project pursuant to the Loan Agreement, there shall remain any balance of money in the Project Fund, such balance shall be applied as set forth in Section 4.3 hereof.

(e) Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action pursuant to the provisions of this Section, such matter (unless the evidence in respect thereof be specifically prescribed herein) may in the absence of bad faith on the part of the Trustee be deemed to be conclusively proved and established by a certificate signed by an Authorized Borrower Representative, and such certificate shall be full warrant to the Trustee for any action taken or suffered by it upon the faith thereof.

Section 4.2 Retention of Requisitions. For seven years from the date thereof the Trustee shall retain in its possession all requisitions received by it as in this

Indenture required, subject to the inspection of the Issuer, its agents and representatives, the Borrower and the Registered Owners of the Bonds and their representatives at all reasonable times at the Corporate Trust Office.

Section 4.3 Surplus Funds. If, after the Trustee shall have set aside sufficient moneys for the payment of any remaining part of the Cost of the Project, the balance on deposit in the Project Fund shall be less than an amount sufficient to purchase at a price not to exceed the par value thereof and interest thereon to the date of purchase or to redeem at the earliest possible date, any Bonds, such balance shall be paid into the Bond Fund and the Project Fund shall be closed; but if such balance remaining in the Project Fund shall equal or exceed such amount, the Trustee shall deposit all of such balance remaining in the Project Fund into the Special Redemption Fund, and the Project Fund shall be closed. The Special Redemption Fund is hereby created as a trust fund for the purpose herein provided. All of such moneys so deposited to the credit of the Special Redemption Fund shall be promptly applied by the Trustee to the purchase or redemption of Bonds, to the extent possible. The Trustee shall (1) purchase Bonds then Outstanding and available for such purpose as designated in writing by the Borrower within ten days after the Completion Date, at a price not exceeding the par value thereof and interest accrued thereon to the date of purchase, or (2) if no Bonds then Outstanding shall be so designated in writing by the Borrower within ten days after the Completion Date, call for redemption of Bonds at the earliest possible date the aggregate principal amount of which together with the applicable redemption premium and interest payable thereon to the date of redemption will most nearly exhaust the moneys in the Special Redemption Fund, pursuant to the provisions of Section 2.3 and Article VIII of this Indenture. After completion of such redemption, the Trustee shall deposit any balance of moneys remaining in the Special Redemption Fund to the credit of the Bond Fund. Moneys so held in the Special Redemption Fund shall be invested at a rate not to exceed the yield on the Bonds.

Section 4.4 Use of Money in Project Fund Upon Default. If principal on the Bonds shall have become due and payable pursuant to Article IX hereof, any balance remaining in the Project Fund shall without further authorization be transferred to the Bond Fund with advice to the Issuer and the Borrower of such action.

ARTICLE V

SOURCES AND APPLICATIONS OF FUNDS

Section 5.1 Source of Payment of Bonds. The Bonds herein authorized and all payments by the Issuer hereunder are not general obligations of the Issuer but are limited obligations payable solely from amounts derived from the Agreement and as provided herein.

The payments provided in Section 4.2(a) of the Agreement are to be remitted directly to the Trustee for the account of the Issuer and deposited in the Bond Fund. Such payments, sufficient in amount to insure the prompt payment of the principal of, premium, if any, and interest on the Bonds, are pledged to such payment.

On or before five (5) Business Days preceding each Interest Payment Date and each Redemption Date, the Trustee agrees to advise the Borrower of the total amount of principal of, premium, if any, and interest due on the Bonds on that Interest Payment Date or Redemption Date. The obligation of the Trustee to give such notices shall terminate following the Conversion Date; provided, however, that failure to give such notice shall not relieve the Borrower of any obligations under the Agreement or create any liability of the Trustee to any Person.

Section 5.2 Creation of Bond Fund. There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated Bond Fund (the "Bond Fund"), which shall be used to pay when due the principal of, premium, if any, and interest on the Bonds.

Section 5.3 Payments into Bond Fund. There shall be deposited into the Bond Fund from time to time the following:

- (a) all accrued and capitalized interest received, if any, at the time of the issuance, sale and delivery of the Bonds;
- (b) any amount in the Project Fund directed to be paid into the Bond Fund in accordance with the provisions of Sections 4.3 or 4.4 hereof;
- (c) any moneys drawn under the Letter of Credit;
- (d) any amount deposited into the Bond Fund pursuant to Section 5.14 hereof;
- (e) all payments specified in Section 4.2(a) of the Agreement;
- (f) any moneys received pursuant to the Guarantee; and
- (g) all other moneys received by the Trustee under and pursuant to any of the provisions of the Agreement which are required to be or which are accompanied by directions that such moneys are to be paid into the Bond Fund.

The Issuer hereby covenants and agrees that so long as any of the Bonds are Outstanding it will promptly deposit, or cause to be paid to the Trustee for deposit in the Bond Fund for its account, sums derived pursuant to the Agreement, to pay when due the principal of, premium, if any, and interest on the Bonds as the same become due and payable.

Section 5.4 Use of Moneys in Bond Fund. Moneys in the Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds and for the redemption of the Bonds prior to maturity. Funds for such payments of the principal of and premium, if any, and interest on the Bonds shall be derived from the following sources in the order of priority indicated:

- (i) moneys drawn by the Trustee under the Letter of Credit;
- (ii) moneys paid into the Bond Fund pursuant to Section 5.3(a) hereof which shall be applied to the payment of interest on the Bonds;
- (iii) amounts deposited into the Bond Fund pursuant to Section 5.3(b) hereof;
- (iv) Available Moneys furnished by the Borrower to the Trustee pursuant to Section 4.2(a) of the Agreement, and proceeds from the investment thereof;
- (v) amounts deposited into the Bond Fund pursuant to Section 5.14 hereof;
- (vi) proceeds of the sale of refunding obligations and proceeds from the investment thereof; and
- (vii) any other moneys furnished to the Trustee and available for such purpose.

While the Letter of Credit is in effect, the Trustee shall first draw upon the Letter of Credit to the full extent available to obtain funds for all required payments to be made from the Bond Fund, provided, however, the amount of any drawing for interest due and payable on any Interest Payment Date in respect of Bonds then held by the Bank, as Custodian (as defined in the Reimbursement Agreement), shall be reduced by the amount previously drawn in respect of interest accrued on such Bonds to the date of purchase thereof pursuant to Section 2.3(A)(e) hereof to the extent such interest has not been reinstated all as set forth in a notice delivered by the Bank to the Trustee prior to such Interest Payment Date. If other moneys are held in the Bond Fund for the same purpose, the Trustee shall pay from such moneys an amount equal to the amount so drawn (or if such other moneys shall be less than the amount so drawn, all such moneys) to the Borrower (or upon the Borrower's direction, to the Bank) on the date of receipt of a corresponding draw on the Letter of Credit, upon receipt of a written requisition from an Authorized Borrower Representative stating (i) the amount of such moneys, (ii) the purpose for which such moneys are held and the source from which such moneys are derived, and (iii) that no Event of Default and no event or condition that, with the giving of notice or the passage of time or both, would constitute an Event of Default under this Indenture or the Agreement has occurred and is continuing.

Section 5.10 Trustee's Responsibility. The Trustee shall have no liability or responsibility for any loss resulting from investments made under the Indenture except liability for its own negligence or willful misconduct. The Trustee shall not invest any moneys under this Indenture at a yield (as used in Section 103(c) of the Code) in excess of the yield on the Bonds except pursuant to written instructions given by the Borrower pursuant to Section 5.9 hereof accompanied by an opinion of nationally recognized bond counsel that such investment will not violate the provisions of Section 5.11 hereof.

Section 5.11 Arbitrage Provision. The Issuer covenants and agrees for the benefit of the Trustee and the Registered Owners of the Bonds that it will not exercise any powers granted to it in the Loan Agreement or in this Indenture in such manner as to constitute any Bond an "arbitrage bond" as that term is defined in Section 103(c) of the Code.

Section 5.12 Investments Through Trustee's Bond Department. The Trustee may make any and all investments permitted by Section 5.9 hereof through its own bond department or the bond department of any bank or trust company affiliated with the Trustee.

Section 5.13 Borrower to Direct Investments. The Trustee shall, unless inconsistent with the terms of this Indenture, invest the proceeds of the funds herein in such Investment Securities as shall be specified in writing by the Borrower. Absent direction by the Borrower, the Trustee shall endeavor to keep such funds fully invested to the extent practicable.

Section 5.14 Custody of Separate Trust Fund. If so directed by the Borrower under the Agreement, the Trustee is authorized and directed to hold all Net Proceeds from any insurance proceeds or condemnation awards in a separate trust fund designated for such purpose, and disburse such proceeds in accordance with the Agreement. If the Borrower directs that any portion of such Net Proceeds be applied to redeem Bonds, the Trustee shall deposit such Net Proceeds in the Bond Fund, and the Issuer covenants and agrees to take and cause to be taken any action requested of the Issuer to redeem on the earliest possible Redemption Date the amount of Bonds so specified by the Borrower.

Section 5.15 Repayment to the Bank and the Borrower from Bond Fund or Project Fund. Any amounts remaining in the Bond Fund, the Project Fund, or any other fund created hereunder after payment in full of the principal of, premium, if any, and interest on the Bonds, the fees, charges and expenses of Trustee and Administration Expenses and all other amounts required to be paid hereunder shall be paid immediately to the Bank to the extent of any indebtedness of the Borrower to the Bank under the Reimbursement Agreement, and, after repayment of all such indebtedness, to the Borrower.

ARTICLE VI

COVENANTS BY THE ISSUER

The Issuer, for itself, its successors and assigns, covenants and agrees with the Trustee and the holders from time to time of the Bonds as follows:

Section 6.1 To Pay Principal, Premium and Interest of Bonds. Solely from the Trust Estate, the Issuer will duly and punctually pay, or cause to be duly and punctually paid the principal of and the interest and premium, if any, on each and every Bond at the place, on the dates and in the manner provided in this Indenture and in the Bonds, according to the true intent and meaning of this Indenture and of the Bonds.

Section 6.2 Covenants and Representations. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, and in any Bond executed, authenticated and delivered hereunder. The Issuer covenants that it is duly authorized under the laws of the State of Florida to issue the Bonds authorized hereby and to execute and deliver this Indenture and the Loan Agreement and to assign the Loan Agreement and pledge the Trust Estate in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the Loan Agreement has been duly and effectively taken, and that the Bonds in the hands of the owners thereof are and will be valid and binding special obligations of the Issuer.

Section 6.3 Right to Finance Project; Instruments of Further Assurance; Recording of Instruments. The Issuer covenants that it will take such further actions as the Trustee may reasonably require for the better assuring, pledging, assigning and confirming unto the Trustee all and singular the rights assigned hereby to the payment of the principal of, premium, if any, and interest on the Bonds with any expenses incurred by the Issuer to be included as Administration Expenses. The Issuer covenants and agrees that, except as herein and in the Loan Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest and rights in the Trust Estate.

Section 6.4 Rights Under Loan Agreement. The Loan Agreement sets forth the covenants and obligations of the Issuer and the Borrower, and reference is hereby made to the Loan Agreement for a detailed statement of said covenants and obligations. The Issuer agrees that the Trustee may enforce all rights of the Issuer and all obligations of the Borrower under and pursuant to the Loan Agreement for and on behalf of the Registered Owners of the Bonds, whether or not the Issuer is in default hereunder.

Section 6.5 Performance of Covenants by Issuer. The Issuer will faithfully perform at all times all of its covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in the Issuer's resolutions authorizing the Bonds.

Section 6.6 Inspection of Project Books. All books and documents in the Issuer's possession relating to the Project and the revenues and receipts derived from the Project including any financial statement or other report by the Borrower shall at all

reasonable times during regular business hours be open to inspection by such accountants or other agencies as the Trustee may from time to time designate.

Section 6.7 No Vacancy in Office of Trustee. The Issuer, whenever necessary to avoid or fill a vacancy in the office of Trustee, will, at the cost and expense of the Borrower, make every reasonable effort to appoint, in the manner provided in Section 10.8, a Trustee, so that there shall at all times be a Trustee hereunder.

Section 6.8 Issuer Will Not Extend Time of Payment of Bonds Without Consent of Bondholders. The Issuer will not directly or indirectly extend or consent to the extension of the time of payment of any of the Bonds unless consented to by the Registered Owner of the Bond so affected.

Section 6.9 No Personal Liability.

(a) Notwithstanding anything to the contrary contained herein or in any of the Bonds, or the Loan Agreement, or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future member, officer, employee or agent of the Issuer, or of any incorporator, member of the governing body, director, trustee, officer, employee or agent of any successor to the Issuer, in any such person's individual capacity, and no such person, in his individual capacity, shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such person, in his individual capacity, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such person, in his individual capacity, is hereby expressly waived and released. The provisions of this Section shall survive the termination of this Indenture.

(b) Notwithstanding anything to the contrary contained herein or in any of the Bonds, or the Loan Agreement, or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, (i) the Issuer shall have no obligation to take action under this Indenture, the Loan Agreement, the Bonds or such other instruments or documents, unless the Issuer is reasonably requested in writing by an appropriate person to take such action and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any expenses (including attorneys' fees) in such action, (ii) neither the Issuer nor any member of the Issuer or any officer, employee or agent of the Issuer shall be personally liable to the Borrower, the Trustee or any other person for any action taken by the Issuer or by its officers, agents or employees, or for any failure to take action under this Indenture, the Loan Agreement, the Bonds or such other instruments or documents, except that the Issuer agrees to take, or to refrain from taking, any action if so required by an injunction or if required to comply with any final judgment for specific performance; and (iii) any judgment rendered against the Issuer for breach of its obligations under this Indenture, the Loan Agreement, the Bonds or such other instruments or documents, shall be payable solely from the revenues derived from

the Project by the Issuer under this Indenture and the Agreement, and no personal liability or charge payable directly or indirectly from the general funds of the Issuer shall arise therefrom.

(c) In acting under this Indenture, the Agreement, the Bonds or such other instruments or documents, or in refraining from taking such action, the Issuer may conclusively rely on the advice of its counsel.

ARTICLE VII

REMARKETING PROVISIONS

Section 7.1 Remarketing Agent; Term. The Issuer shall, with the approval of the Borrower, appoint the Remarketing Agent for the Bonds, subject to the conditions set forth in Section 7.2 hereof by entering into a Remarketing Agreement, pursuant to which the Remarketing Agent will assume the duties specified for it herein. The term of employment of the Remarketing Agent, including any successor Remarketing Agent, shall commence with the date of issuance of the Bonds and terminate on the later of the Conversion Date or such other date agreed upon by the Borrower and the Remarketing Agent. The Remarketing Agent shall designate to the Trustee its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Borrower, the Issuer, the Bank and the Trustee. The Remarketing Agent agrees to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, Trustee and the Borrower at all reasonable times.

Section 7.2 Qualifications of Remarketing Agent. The Remarketing Agent shall be registered with the Securities and Exchange Commission as a municipal securities dealer, have a capitalization of at least \$50,000,000 and be authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days' notice to the Issuer, the Borrower, the Bank and the Trustee. Such resignation shall not take effect, however, until a successor shall be appointed, or until one year after the expiration of the 60 day notice period, whichever occurs first. The Remarketing Agent may be removed at any time, at the direction of the Borrower, by an instrument, signed by the Borrower and filed with the Trustee, the Issuer, the Remarketing Agent and the Bank. Such removal shall not take effect, however, until a successor shall be appointed.

Section 7.3 Remarketing of Bonds. (a) Upon receipt by the Remarketing Agent of notice of intent to deliver, for purchase, Bonds by any Registered Owner in accordance with Section 2.3A(e) hereof, the Remarketing Agent shall offer for sale and use its best efforts to sell such Bonds for delivery on the date on which such Bonds are delivered to the Trustee or as soon thereafter as possible. Any such sale shall be made at a price equal to the principal amount thereof plus accrued interest, if any, to the date of delivery; provided, however, that if required by market conditions, a Bond may be remarketed at a discount which shall not exceed one fourth of one percent ($\frac{1}{4}$ of 1%) of the principal amount thereof, and the Remarketing Agent hereby agrees to notify the Trustee of the occurrence thereof. On the date of sale, the proceeds of the sale of any Bond arranged by the Remarketing Agent shall be delivered to the Trustee by such purchaser.

(b) On the second Business Day prior to each date designated for a demand purchase pursuant to Section 2.3A(e), the Remarketing Agent shall give telegraphic or telephonic notice, promptly confirmed by a written notice, to the Trustee and the Borrower specifying the principal amount of Bonds, if any, for which notices of intent to deliver such Bonds on such date have been received by the Remarketing Agent. Prior to

Noon, New York City time, on the next Business Day, the Remarketing Agent shall give telegraphic or telephonic notice to the Trustee and the Bank of the principal amount of such Bonds then remaining unremarketed. On each such date of delivery, the Remarketing Agent shall give telegraphic or telephonic notice, promptly confirmed by a written notice, to the Trustee, the Borrower and the Bank specifying:

(i) the principal amount of such Bonds, if any, sold by it pursuant to subsection (a) of this Section 7.3; and

(ii) the price at which such Bonds have been sold.

(c) Upon the delivery of Bonds to the Trustee by any Registered Owner in accordance with Section 2.3A(e) hereof, the Remarketing Agent shall offer for sale and use its best efforts to sell such bonds on the date stated in the notice provided in accordance with Section 2.3A(e); provided, however, that the Remarketing Agent shall not sell any Bond if the amount to be received from the sale of such Bond plus the amount available to be drawn under the Letter of Credit with respect to the payment of the portion of the purchase price equal to any discount on the remarketing of such Bond is less than the par amount of such Bond.

(d) The Trustee shall deliver to the person to whom the Trustee is to deliver such Bonds the due bills, if any, delivered to the Trustee in accordance with Section 2.3A(e) hereof.

Section 7.4 Purchase of Bonds Delivered for Remarketing. On the date on which Bonds are delivered to the Trustee pursuant to Section 2.3(A)(e) hereof, the Trustee shall, for Bonds purchased by persons other than the Borrower or the Guarantor, pay the purchase price of such Bonds from any proceeds of the sale of such Bonds pursuant to Section 7.3 hereof and, if necessary, from moneys furnished to the Trustee representing proceeds of a drawing under the Letter of Credit in an amount equal to the permitted discount at which such Bonds shall have been remarketed. In the event the Remarketing Agent has been unable to sell any Bonds delivered to the Trustee pursuant to Section 2.3A(e) hereof or has sold Bonds to the Borrower or the Guarantor, the Remarketing Agent shall so notify the Trustee and the Trustee shall pay the purchase price thereof plus accrued interest, if any, to the date of purchase (which shall be the day designated for a demand purchase pursuant to Section 2.3A(e) hereof). Funds for the payment of such purchase price by the Trustee shall be derived solely from the following sources in the order of priority indicated and neither the Issuer nor the Trustee shall be obligated to provide funds from any other source:

(i) the proceeds of a drawing under the Letter of Credit;

(ii) Available Moneys furnished by the Borrower to the Trustee under Section 4.2 of the Agreement and the proceeds of investment thereof; and

(iii) moneys furnished by the Guarantor to the Trustee as a payment under the Guarantee Agreement.

Section 7.5 Delivery of Bonds. (a) Bonds shall be delivered in the following manner:

(i) Bonds the purchase price of which has been paid to the Trustee pursuant to Section 7.3 hereof shall be delivered to the purchasers thereof;

(ii) Bonds the purchase price of which has been paid by the Trustee with moneys described in clause (i) of Section 7.4 hereof shall be delivered to the Custodian to be held in custody pursuant to the terms of the Custody Agreement; and

(iii) Bonds the purchase price of which has been paid by the Trustee with moneys described in clauses (ii) or (iii) of Section 7.4 hereof shall be cancelled by the Trustee.

(b) Bonds delivered as provided in this Section 7.5 shall be registered in the manner directed by the recipient thereof.

Section 7.6 Drawings on Letter of Credit. The Remarketing Agent shall direct the Trustee in writing to draw moneys under the Letter of Credit to the extent necessary to make timely payments required to be made pursuant to, and in accordance with, Section 7.3 hereof. The Borrower shall direct the Trustee in writing to draw moneys under the Letter of Credit to provide funds for the purpose of Section 2.3(A)(c) or for the purpose of defeasing the Bonds pursuant to Article XII hereof. The Trustee shall draw on the Letter of Credit at such times and in such amounts as are necessary to (i) pay the purchase price of Bonds pursuant to Section 7.4 and (ii) pay maturing principal of and Amortization Installments applicable to, and interest on the 1985 Bonds as the same shall become due.

Section 7.7 Delivery of Proceeds of Sale. The proceeds of the sale by the Remarketing Agent of any Bonds held (i) by the Trustee acting as Custodian for the Borrower or the Bank, or (ii) by any other Registered Owner, shall be turned over to the Borrower or such other Registered Owner, as the case may be; provided, however, that in the event that any such Bond is sold by the Remarketing Agent at a premium, then the premium shall be turned over to the Borrower; provided, further, that if there remain reimbursement obligations of the Borrower which are due and owing under the Reimbursement Agreement, such premium shall be paid by the Trustee to the Bank upon the written direction of the Bank. Accrued interest, if any, shall be deposited by the Trustee to the Bond Fund.

Section 7.8 No Purchases or Sales after Default. Anything in this Indenture to the contrary notwithstanding, there shall be no purchases or sales of Bonds pursuant to this Article VII if there shall have occurred and be continuing an Event of Default specified in Section 9.1 hereof.

ARTICLE VIII

REDEMPTION OF BONDS

Section 8.1 Exclusive Procedure. Any redemption of Bonds which are subject to optional or mandatory redemption pursuant to the terms of this Indenture, including any redemption through the operation of any fund hereunder, shall be made in the manner provided in this Article VIII.

Section 8.2 Limitations. A redemption of Bonds issued under the provisions of this Indenture and then Outstanding shall be either (1) a redemption of the whole or any part of one or more series from the proceeds of Additional Bonds issued under the provisions of Section 3.3 of this Indenture; (2) a redemption pursuant to the provisions of Sections 2.3, 4.3 or 5.4 of this Indenture; or (3) a redemption pursuant to the provisions of a Supplemental Indenture.

Unless otherwise provided in respect of a particular series of Bonds, if less than all of the Bonds of a series of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of the maturity to be redeemed shall be selected by lot by the Trustee or in such other manner as the Trustee in its discretion may deem proper in order to assure to each Registered Owner of Bonds a fair opportunity to have his Bond or Bonds drawn; provided, however, the Trustee shall treat each such Bond of a denomination of more than \$5,000 (or, before the Conversion Date, \$100,000) as representing that number of Bonds of \$5,000 denomination (or, before the Conversion Date, \$100,000 denomination) obtained by dividing the principal amount of such Bond by \$5,000 (or, before the Conversion Date, by \$100,000).

Section 8.3 Notice. Notice of the call for redemption, identifying the Bonds or portions thereof to be redeemed, shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond with respect to which no such failure has occurred. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice. Any notice in this Indenture required may be omitted if the Registered Owners of all the Bonds called for redemption give to the Trustee a written waiver of such notice.

Section 8.4 Redemption. If notice of redemption has been given as provided in Section 8.3 of this Indenture, the Bonds or portions thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price. Payment of the Redemption Price shall be made by the Trustee upon surrender of such Bonds to the Trustee. The Redemption Price shall be paid out of the Special Redemption Fund in the case of a redemption under Section 4.3 hereof and out of the Bond Fund in all other cases. Accrued interest shall be paid out of the Bond Fund as provided in Section 5.4 of this Indenture. The expense of giving notice and any other expenses of redemption shall be paid by the Trustee and shall constitute an Administration Expense. If there shall

be called for redemption less than the principal amount of a Bond, the Issuer shall execute and deliver and the Trustee shall authenticate, upon surrender of such Bond, and without charge to the Registered Owner thereof, Bonds of like series and maturity date for the unredeemed portion of the principal amount of the Bond so surrendered.

From and after the Redemption Date designated in such notice (deposit of redemption moneys having been made with the Trustee and notice having been given or waived as aforesaid), notwithstanding that any Bonds so called for redemption in whole or in part shall not have been surrendered for cancellation, no further interest shall accrue upon the principal of any of the Bonds or portions thereof so called for redemption; and such Bonds or portions thereof so to be redeemed shall cease to be entitled to any lien, benefit or security under this Indenture, and the holders thereof shall have no rights in respect of such Bonds or portions thereof except to receive payment of the Redemption Price, plus accrued interest to the date of redemption.

ARTICLE IX

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 9.1 Events of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) failure by the Issuer to pay the principal of or the interest on any Bond as and when the same becomes due as therein and herein provided, whether such shall become due by maturity or otherwise;

(b) failure by the Issuer to perform any of the agreements on its part herein contained (other than its agreement to pay the principal of and the interest on the Bonds) after sixty (60) days' written notice of such failure (which notice must state that it is a "Notice of Default" hereunder) made by the Trustee to the Issuer or made to the Issuer and the Trustee by the Registered Owners of 51% in principal amount of the Bonds then Outstanding and secured hereby, unless during such period or any extension thereof the Issuer has taken steps reasonably calculated to remedy such default;

(c) appointment by a court having jurisdiction of a receiver for the Issuer, or approval by a court of competent jurisdiction of any petition for rearrangement or readjustment of the obligations of the Issuer under any provisions of the bankruptcy laws of the United States and the continuation of such appointment or approval unstayed and in effect for a period of sixty (60) consecutive days;

(d) an Event of Default under the Loan Agreement;

(e) receipt by the Trustee of written notice from the Bank that an Event of Default has occurred and is continuing under the Reimbursement Agreement, and that such Event of Default is to be treated as an Event of Default under the Indenture; or

(f) an Event of Default under the Guarantee.

Section 9.2 Remedies on Default. Whenever any Event of Default shall have happened and be subsisting:

(a) The Trustee may, and upon written request of the Registered Owners of not less than fifty-one per cent (51%) in principal amount of the Bonds then Outstanding shall and, in the case of an Event of Default under 9.1(e) above, shall declare the principal of the Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable, anything in this Indenture or the Bonds to the contrary notwithstanding; provided, however, that (except in the case of an Event of Default under Section 9.1(e) above) the Trustee may, and upon written notice to the Trustee by the Registered Owners of a majority in principal amount of the Outstanding Bonds, the Trustee shall annul such declaration and destroy its effect at any time, if all covenants with respect to which default shall have been made, shall be fully performed, and all arrears of interest upon all Bonds Outstanding hereunder and the reasonable expenses and charges of the Trustee, its

agents and attorneys, and all other payments required by this Indenture (except the principal of any Bonds not then due by their terms) shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

(b) The Trustee may proceed to protect and enforce its rights and the rights of the Registered Owners of the Bonds hereunder and under the Bonds, by a suit or suits, whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power granted herein or for the collection of all amounts due under the Letter of Credit or the Guarantee, or for the enforcement of any other proper, legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce its rights and the rights of the Registered Owners of the Bonds.

Section 9.3 Rights and Remedies of Trustee on Default under Loan Agreement. The Trustee shall have the right in the name of the Issuer to declare any default and exercise any remedy or remedies under the Loan Agreement, including the right to declare the Note immediately due and payable and to take any available proceedings against any party liable for the payment thereof, including the Guarantor. In the event of a default by the Borrower as defined in Section 9.1 of the Loan Agreement in the punctual payment of the Note sufficient to pay the principal of, premium, if any, and interest on all the Bonds Outstanding as such principal of, premium, if any, and interest become due and payable, whether at maturity, by acceleration or otherwise, the Trustee may and, upon the written request of the Registered Owners of a majority in principal amount of the Bonds then Outstanding, the Trustee shall declare such Note in default and, upon being indemnified to its reasonable satisfaction, shall pursue such proper remedies as may be directed by the Registered Owners of such Bonds for the enforcement of the provisions of the Note, the Loan Agreement or the Guarantee and the exercise of any remedies available to the Issuer or the Trustee in the event of such default under the Note, the Loan Agreement and the Guarantee, subject, however, to the discretionary right of the Trustee and, upon written notice to the Trustee by the Registered Owners of a majority in principal amount of the Outstanding Bonds, the duty of the Trustee to annul such declaration and destroy its effect pursuant to any provision of this Indenture.

Section 9.4 Bondholders Need Not be Joined. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as trustee of an express trust without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds and any recovery shall (after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and payment of any Administration Expenses otherwise due and payable) be for the ratable benefit of the Registered Owners of the Outstanding Bonds in respect of which such judgment has been recorded.

Section 9.5 Right of Bondholders to Direct Proceedings. The Registered Owners of a majority in principal amount of the Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee, provided that

(1) such direction shall not be in conflict with any rule of law or this Indenture, (2) the Trustee shall determine that the action so directed would not be unjustly prejudicial to the Registered Owners not taking part in such direction, and (3) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 9.6 Limitation on Suits by Bondholders. No Registered Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture or for any other remedy hereunder, unless (1) such Registered Owner has previously given written notice to the Trustee of a continuing Event of Default; (2) the Registered Owners of not less than 10% in principal amount of the Outstanding Bonds shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder; (3) such Registered Owner or Registered Owners have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee for thirty (30) days after its receipt of notice, request and offer of indemnity has failed to institute any such proceedings; and (5) no direction inconsistent with such written request has been given to the Trustee during such thirty (30) day period by the Registered Owners of a majority in principal amount of the Outstanding Bonds, it being understood and intended that no one or more Registered Owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Registered Owners of Bonds or to obtain or to seek to obtain priority or preference over any other Registered Owners or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Registered Owners of Bonds.

Notwithstanding any other provision hereof, the right of the Registered Owner of any Bond, which is absolute and unconditional, to receive payment of the principal of, premium, if any, and the interest on such Bond on or after the due date thereof, as therein and herein expressed, or to institute suit for the enforcement of such payment on or after such due date, or the obligation of the Issuer, which is also absolute and unconditional, to pay the principal of and the interest on the Bonds to the respective Registered Owners thereof at the time and place in the Bonds expressed (but solely from the Trust Estate), shall not be impaired or affected without the consent of such Registered Owner; provided, however, that no Registered Owner shall be entitled to take any action or institute any such suit to enforce the payment of his Bonds, whether for principal or interest, if and to the extent that the taking of such action or the institution or prosecution of any such suit or the entry of judgment therein would under applicable law result in a surrender, impairment, waiver or loss of the lien hereof upon the Trust Estate, or any part thereof, as security for the Bonds held by any other Registered Owner.

Section 9.7 Remedies Cumulative. No remedy herein contained upon or reserved to the Trustee or to the Registered Owner of the Bonds is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.8 Delay or Omission Not a Waiver. No delay or omission of the Trustee or of any Registered Owner of any of the Bonds to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such

right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Registered Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Registered Owners of the Bonds.

ARTICLE X
THE TRUSTEE

Section 10.1 Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(2) the Trustee shall not be liable for any error or judgment made in good faith by a responsible officer or officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Registered Owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the 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 against such risk of liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 10.2 Notice of Defaults. Within ninety (90) days after the occurrence of any Event of Default hereunder, the Trustee shall transmit by mail to the Registered Owners of the Bonds, notice of such Event of Default known to the Trustee; provided, however, that except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bonds, the Trustee shall be protected in withholding such notice if and so long as an officer of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders.

Section 10.3 Certain Rights of Trustee. Except as otherwise provided in Section 10.1:

(a) the Trustee 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, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, election, order or demand of the Issuer shall be sufficiently evidenced by an instrument signed in the name of the Issuer by its Chairman (unless otherwise in this Indenture specifically prescribed), and any resolution of the Issuer may be evidenced to the Trustee by a copy thereof certified by the Clerk of the Issuer;

(c) any request, direction, election, order or demand of the Borrower shall be sufficiently evidenced by an instrument signed in the name of the Borrower (unless otherwise in this Indenture specifically prescribed), by the Authorized Borrower Representative, and any resolution of the Borrower may be evidenced to the Trustee by a copy thereof certified by the Clerk of the Borrower;

(d) the Trustee may consult with counsel including counsel who rendered the initial approving opinion on the Bonds and the written advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) whenever, in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of the Issuer, and such certificate of the Issuer shall, in the absence of negligence or bad faith on the part of the Trustee, be full warranty to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture upon the faith thereof;

(f) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Registered Owners of the Bonds pursuant to this Indenture, unless such Registered Owners shall have

offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(g) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit;

(h) the permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its own negligence or willful misconduct;

(i) the Trustee may execute any of the trusts or powers hereof and perform any of its duties hereunder either directly or by or through attorneys, agents or receivers and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof;

(j) all moneys received by the Trustee or any Paying Agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required herein or by law. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon; and

(k) the Trustee shall not be required to give any bond or surety in respect of the execution of its trust and powers hereunder.

Section 10.4 Trustee Not Responsible for Recitals and Other Matters. The recitals contained herein and in the Bonds, except the Trustee's Certificate of Authentication, shall not be taken as the representations of the Trustee, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Bonds or the sufficiency of the security therefor.

Section 10.5 May Hold Bonds. The Trustee, in its individual or any other capacity, or any bank under common control with the Trustee, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer or the Borrower or the Guarantor with the same rights it would have if it were not Trustee.

Section 10.6 Compensation of Trustee; Lien. The Trustee shall have a first lien on the Trust Estate (except funds held in trust for the benefit of the Registered Owners of particular Bonds and except for funds drawn under the Letter of Credit) with right of payment prior to payment on account of interest, principal or premium, if any, of any Bond issued hereunder, for all Administration Expenses, including reasonable compensation for all services rendered by it hereunder and for all reasonable expenses, advances, disbursements and counsel fees incurred or made in and about the execution of the trusts hereby created and exercise and performance of the powers and duties of the Trustee hereunder and the cost and expense incurred in defending against any liability in

the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee). All moneys received by the Trustee for Administration Expenses shall be applied to the payment of such expenses.

Section 10.7 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 10.8 hereof.

(b) The Trustee may resign at any time by giving written notice thereof to the Issuer, the Remarketing Agent, the Borrower and the Bank and by the giving of notice as provided in subparagraph (f) hereof. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by the Registered Owners of a majority in principal amount of the Outstanding Bonds by an instrument or instruments in writing delivered to the Trustee, the Issuer and the Borrower.

(d) If at any time the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then (i) the Issuer may remove the Trustee, or (ii) any Registered Owner who has been a bona fide owner of a Bond for at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, and if the Issuer shall not have appointed a successor Trustee within 30 days following the resignation or removal of the Trustee, the Trustee who has submitted a resignation or which is to be removed may appoint a successor Trustee upon giving 30 days' written notice in the manner provided below to the Issuer and the Borrower subject to paragraph (a) hereof, such appointment shall take effect at any time 30 days thereafter as may be specified on such notice, unless prior to such time Issuer shall notify the Trustee and the proposed successor Trustee of its objection to such appointment. If within one (1) year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by the Registered Owners of a majority in principal amount of Outstanding Bonds by an instrument or instruments in writing delivered to the Issuer, the retiring Trustee and the Borrower, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer or the retiring or removed Trustee. If no successor Trustee shall have been so appointed by the Issuer or the Registered Owners and accepted appointment in the manner hereinafter provided, any Registered Owner who has been a bona fide owner of a Bond at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment

of a successor Trustee. Every such successor Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank having trust powers, in good standing, within or (to the extent permitted by law) outside the State, having a reported capital and surplus of not less than \$3,500,000, if there be such an institution willing, qualified and able to accept the Trust Estate upon reasonable and customary terms.

(f) The Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event to the Borrower and to the Registered Owners of Bonds at their addresses as shown in the Bond Register, with any costs and expenses to be included as Administration Expenses. Each notice shall include the name and address of the Corporate Trust Office of the successor Trustee.

Section 10.8 Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall on behalf of the Issuer give notice on behalf of the Issuer as provided in subparagraph (f) of Section 10.7 hereof, shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estate and interest of the retiring Trustee to the Trust Estate and all the rights, powers, trusts, and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the estate and title of the retiring Trustee to the Trust Estate and all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 10.6. The Issuer shall execute any and all instruments reasonably requested by such Trustee for more fully and certainly vesting in and confirming to such successor Trustee all such estate, title, rights, powers and trusts with any costs to be incurred by the Issuer to be included as Administration Expenses.

Section 10.9 Separate Trustee or Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State of Florida) denying or restricting the right of banking corporations or associations or trust companies to transact business as trustees in such jurisdiction. Therefore, in the event of the incapacity or lack of authority of the Trustee, as determined by the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the powers, rights or remedies herein granted to the Trustee or to hold title to the property in trust as herein granted or to take any other action which may be necessary or desirable in connection therewith in such jurisdiction, the Trustee may appoint an additional individual or institution as a separate Trustee or Co-Trustee, and each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate Trustee or Co-Trustee shall run to and be enforceable by either of them.

Should any conveyance or instrument in writing from the Issuer be required by the separate Trustee or Co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any of such conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate Trustee or Co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Trustee or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or Co-Trustee.

ARTICLE XI

AMENDMENTS AND SUPPLEMENTS TO INDENTURE AND LOAN AGREEMENT

Section 11.1 Supplemental Indentures Without Consent of Bondholders. Without the consent of the Registered Owners of any Bonds or any notice to any Registered Owner, the Issuer and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee and the Issuer, for any of the following purposes:

(1) to add to the covenants of the Issuer for the benefit of the Registered Owners of the Bonds, or to surrender any right or power herein conferred upon the Issuer; or

(2) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with the provisions of this Indenture, provided such action shall not adversely affect the interests of the Registered Owners of the Bonds; or

(3) to subject to this Indenture additional revenues, properties or collateral; or

(4) to more fully describe the property which is referred to in the Granting Clauses hereof and which is subject to the lien of this Indenture; or

(5) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit qualification of the Bonds for sale under the securities laws of any of the states of the United States, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statutes; or

(6) to provide for the issuance of Additional Bonds but only to the extent expressly permitted elsewhere in this Indenture;

and the Issuer hereby covenants that it will perform all of its obligations under any such Supplemental Indenture which may be in effect from time to time; but no restriction or obligation imposed by this Indenture upon the Issuer in respect of any of the Bonds Outstanding under this Indenture may, except as otherwise provided in Section 11.1 or Section 11.3 of this Indenture, be waived or modified by such Supplemental Indenture, or otherwise. Nothing contained in this Article XI shall affect or limit the right or obligation of the Issuer to execute and deliver to the Trustee any instrument of further assurance or other instrument which is required elsewhere in this Indenture to be delivered to the Trustee.

Section 11.2 Trustee Authorized and Protected. The Trustee is hereby authorized to enter into any Supplemental Indenture authorized or permitted by the terms of this Indenture, and to make the further agreements and stipulations which may be contained therein; and the Trustee, in entering into any Supplemental Indenture, shall be fully protected in relying on an opinion of counsel, in form and substance satisfactory to the Trustee, to the effect that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

Section 11.3 Supplemental Indentures by Bondholders' Consent. Any modification or alteration of this Indenture or of the rights and obligations of the Issuer or of the Registered Owners of the Bonds in any particular may be made by Supplemental Indenture with the consent of the Borrower, the Issuer and the Trustee, and (a) the Registered Owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds then Outstanding, and (b) in case less than all of the Bonds then Outstanding are affected by the modification or amendments, the Registered Owners of not less than sixty-six and two-thirds percent (66 2/3) in aggregate principal amount of the Bonds so affected then Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any specified Bonds remain Outstanding, the consent of the Registered Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 11.3. Provided further, however, no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of Bonds the consent of the Registered Owners of which is required for any such modification or alteration, or permit the creation by the Issuer of any lien prior to, or, except to secure Additional Bonds (as defined herein), on a parity with, the lien of the Indenture upon the Trust Estate or which will affect the priority, times, amount and currency of payment of the principal of or premium (if any) or interest on the Bonds; without the consent of the Registered Owners of one hundred percent (100%) of the Bonds then Outstanding which shall be affected by such modification or alteration.

For the purposes of this Indenture, Bonds shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the Registered Owners of such Bonds. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions any particular Bonds would be affected by any modification or amendment of this Indenture and any such determination shall be binding and conclusive on the Issuer and all Registered Owners of Bonds.

For the purposes of this Article XI, the Trustee shall be entitled to rely upon an opinion of counsel with respect to the extent, if any, as to which any action affects the rights under this Indenture of any Registered Owners of Bonds then Outstanding.

Section 11.4 Amendments to Loan Agreement. So long as any of the Bonds are Outstanding, the Trustee will require the Borrower to pay, or cause to be paid, all the payments and other costs and charges payable by the Borrower under the Loan Agreement. The Loan Agreement may not be amended, changed, modified, altered or terminated so as to adversely affect the interest of the Trustee without the prior written consent of the Trustee, or the interest of the Registered Owners of Outstanding Bonds

without the prior written consent of (a) the Registered Owners of at least sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds then Outstanding, and (b) in case less than all of the Bonds then Outstanding are affected by the modifications or amendments, the Registered Owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds so affected then Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any specified Bonds remain Outstanding, the consent of the Registered Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 11.4; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds the consent of the Registered Owners of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made under the Loan Agreement or extend the time of payment thereof. No amendment of the Loan Agreement shall be made without the prior written consent of the Borrower. The Loan Agreement may be amended, changed, modified, altered or terminated without the consent of the Registered Owners of Outstanding Bonds to provide necessary changes in connection with the issuance of Additional Bonds or to provide other changes which will not adversely affect the interest of such Registered Owners or of the Trustee.

The Trustee will require the Borrower to observe faithfully all of its covenants and agreements under the Loan Agreement; and, in case the Borrower shall fail to make such payments or observe said covenants and agreements, the Trustee will institute and prosecute all such legal proceedings as may be appropriate for the protection of the Registered Owners of the Bonds.

Section 11.5 Amendatory Agreements. (a) Prior to the issuance of any Additional Bonds under the provisions of Section 3.3 of this Indenture, the Issuer will, or will cause the Trustee to, if necessary, enter into appropriate agreements amending the Loan Agreement, the Guarantee and the Letter of Credit. Such amendatory agreement to the Loan Agreement shall increase, if necessary, the payments to be made under the Loan Agreement to an amount which, including any provision included therein for payment of Administration Expenses, shall be sufficient to provide for payment of the principal of and interest and redemption premium (if any) on such Additional Bonds as the same shall become due and payable in accordance with their terms. In addition, such amendatory agreement shall make such other revisions in the Loan Agreement as are necessitated by the issuance of such Additional Bonds; provided, however, that such other revisions shall not adversely affect the rights of the Registered Owners of Outstanding Bonds, as granted them under the terms of this Indenture.

(b) The Issuer shall not issue any Additional Bonds under the provisions of Section 3.3 of this Indenture for the purpose of refunding all or any part of the Bonds of any one or more series unless the payments under the Loan Agreement, after deducting therefrom any provisions included therein for the payment of Administration Expenses, shall be sufficient to provide for payment of the principal of and interest and redemption premium (if any) on all Bonds which will be Outstanding upon the issuance of such Additional Bonds as the same become due and payable.

Section 11.6 Discretion of the Trustee. In the case of any amendments or supplements authorized under the provisions of this Article, the Trustee shall be entitled to exercise its discretion in determining whether or not any proposed amendment or supplement, or any term or provision therein contained, is proper or desirable, having in view the purposes of such instrument, the needs of the Issuer and the Borrower and the rights and interests of the Registered Owners of the Bonds, and the Trustee shall not be under any responsibility or liability to the Issuer, the Borrower or to any Registered Owners of the Bonds or to anyone whomsoever for any act or thing which it may in good faith do or decline to do under the provisions of Section 11.1 through 11.4 hereof. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of independent counsel acceptable to it as conclusive evidence that any such amendment or supplement complies with the provisions hereof and that the Trustee is authorized hereunder to join in the execution of or consent to such amendment or supplement. The Trustee may, but shall not be obligated to, enter into any supplemental indenture or consent to any amendment of the Loan Agreement which affects the Trustee's own rights, duties or immunities under this Indenture.

Section 11.7 Effect of Supplement and Amendment. Upon the execution of any supplemental indenture or the consent of the Trustee to any supplement of or an amendment to the Loan Agreement under this Article, this Indenture shall be modified in accordance therewith, and such supplement or amendment shall form a part of this Indenture for all purposes; and every Registered Owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 11.8 Amendments Subject to Bank's Consent. Notwithstanding anything contained herein to the contrary, so long as the Letter of Credit is outstanding, there shall be no amendment to the Indenture, or to the Loan Agreement pursuant to this Article XI without the Bank's prior written consent.

ARTICLE XII

WHEN BONDS DEEMED PAID; BONDS NOT PRESENTED FOR PAYMENT

Section 12.1 Bonds Deemed No Longer Outstanding. Any Bond shall no longer be deemed to be Outstanding hereunder when payment of the principal of and the applicable redemption or prepayment premium, if any (or the applicable redemption or prepayment price), on such Bond plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or by declaration as provided in Section 9.2(a) hereof, or otherwise), either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided for by irrevocably depositing with the Trustee and irrevocably appropriated and set aside exclusively for such payment (1) moneys sufficient to make such payment or (2) Federal Securities maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and Paying Agent pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee and Paying Agent. At such time as a Bond shall be deemed to be no longer Outstanding hereunder, as aforesaid, (i) such Bond shall cease to draw interest from the due date thereof (whether such due date be by reason of maturity, or upon redemption or prepayment or by declaration as aforesaid, or otherwise) and, except for the purposes of any such payment from such moneys or Federal Securities, shall no longer be secured by or entitled to the benefits of this Indenture and (ii) the Trustee shall deliver to the Bank a certificate pursuant to the Letter of Credit to appropriately reduce the Stated Amount thereunder, and, if required by the Bank, shall surrender the Letter of Credit to the Bank for endorsement of such reduction or substitution of a new Letter of Credit in the reduced Stated Amount.

No payment shall be made or provided for by deposit under this Section 12.1 from any source except from Available Moneys so long as the Letter of Credit is in effect.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed or otherwise prepaid prior to their stated maturities, no deposit shall constitute such payment, discharge and satisfaction as aforesaid until the Issuer shall have given the Trustee a notice in form satisfactory to the Trustee:

(i) stating the date when the principal of each such Bond is to be paid whether at maturity or on a redemption date (which shall be any redemption date permitted by this Indenture);

(ii) requiring the Trustee to call for redemption pursuant to this Indenture any Bonds to be redeemed prior to maturity pursuant to (i) hereof; and

(iii) requiring the Trustee to mail, as soon as practicable, in the manner prescribed by Article VIII hereof, a notice to the Registered Owners of such Bonds that the deposit required by (b) above has been made with Trustee and that such Bonds are

deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which money is available for the payment of the principal or redemption price, if applicable, on such Bonds as specified in (i) hereof.

Notwithstanding any provision of any other Section of this Indenture which may be contrary to the provisions of this Section, all moneys or Federal Securities set aside and held in trust pursuant to the provisions of this Section for the payment of Bonds (including interest and premium thereon, if any, or the redemption or prepayment price thereof) shall be applied to and used solely for the payment of the particular Bond (including interest and premium thereon, if any, or redemption or prepayment price thereof) with respect to which such moneys and Federal Securities have been so set aside in trust.

Anything in Article XI hereof to the contrary notwithstanding, if moneys or Federal Securities have been deposited or set aside with the Trustee pursuant to this Section for the payment of Bonds and such Bonds shall be deemed to have been paid and to be no longer Outstanding hereunder as provided in this Section, but such Bonds shall not have in fact actually been paid in full, no amendment to the provisions of this Article shall be made without the consent of the Registered Owner of each Bond affected thereby.

The Borrower may at any time surrender to the Trustee for cancellation by it any Bonds previously executed and delivered, which the Borrower may have acquired in any manner whatever, and such Bonds upon such surrender for cancellation shall be deemed to be paid and no longer Outstanding hereunder.

Section 12.2 Bonds Not Presented for Payment When Due; Moneys Held for the Bonds after Due Date. Subject to the provisions of the next sentence of this paragraph, if any Bond shall not be presented for payment when the principal thereof shall become due, whether at maturity or at the date fixed for the redemption or prepayment thereof or upon declaration as provided in Section 9.2(a) hereof, or otherwise, and if moneys or Federal Securities shall at such due date be held by the Trustee and Paying Agent therefor, in trust for that purpose sufficient and available to pay the principal and the premium, if any (or the redemption or prepayment price), of such Bonds, together with all interest due on such principal to the due date thereof, all liability of the Borrower for such payment shall forthwith cease and be completely discharged, and thereupon, it shall be the duty of the Trustee and Paying Agent to hold said moneys or Federal Securities without liability to the Registered Owner of such Bond for interest thereon, in trust for the benefit of the Registered Owner of such Bond who thereafter shall be restricted exclusively to said moneys or Federal Securities for any claim of whatever nature on his part on or with respect to said Bond, including any claim for the payment thereof. Any such moneys or Federal Securities held by the Trustee and Paying Agent remaining unclaimed by the Registered Owners of such Bonds for seven (7) years after the principal of the respective Bonds with respect to which such moneys or Federal Securities have been so set aside has become due and payable (whether at maturity or upon redemption or prepayment or by declaration as provided in Section 9.2(a) hereof or otherwise) shall upon the written request of the Borrower be paid to the Borrower, against its written receipt therefor, and the Registered Owners of such Bonds shall thereafter be entitled to look only to the Borrower for payment thereof. Before being required to make any such

payment to the Borrower, the Trustee and Paying Agent may, at the expense of the Borrower, publish such notice as may be deemed appropriate by such Trustee and Paying Agent, listing the Bonds so payable and not presented and stating that such moneys remain unclaimed and that after a date set forth therein any balance thereof then remaining will be returned to the Borrower.

ARTICLE XIII
MISCELLANEOUS

Section 13.1 Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be effective when received by receipted hand delivery, registered or certified mail, postage prepaid, or by telecopier or telex, addressed as follows: if to the Trustee at the Corporate Trust Office; if to the Remarketing Agent or the Bank, at its Principal Office; if to the Issuer, the Borrower or the Guarantor, as provided in the Loan Agreement. A duplicate copy of each notice required to be given hereunder by any party shall also be given to the other parties named in this Section. Any party named in this Section may, by notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 13.2 Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.3 Severability Clause. The invalidity of any one or more phrases, sentences, clauses, sections or paragraphs hereof shall not affect the remaining portions of this Indenture or any part thereof, all of which are inserted conditionally on being held valid in law; and in the event that one or more of the phrases, sentences, clauses, sections or paragraphs contained herein should be invalid, this Indenture shall be construed as if such invalid phrase or phrases, sentence or sentences, clause or clauses, section or sections, paragraph or paragraphs had not been inserted.

IN WITNESS WHEREOF, St. Johns County, Florida and BankAmerica Trust Company of New York have caused this Indenture to be duly executed by their undersigned authorized officers and their corporate seals to be impressed hereon and duly attested all as of the day and year first above written.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

By: _____
Chairman
Board of County Commissioners

Attest:

Clerk of the Circuit Court
ex-officio Clerk to the Board
of County Commissioners

STATE OF FLORIDA

COUNTY OF ST. JOHNS

On the ____ day of December, 1985, before me personally came _____ and _____, to me known, who, being by me duly sworn, did depose and say that they are Chairman and Clerk of the Circuit Court ex-officio Clerk to the Board of County Commissioners, respectively, of St. Johns County, Florida, described in and which executed the foregoing instrument; that they know the corporate seal of said Issuer; that the seal affixed to said instrument is such seal; that it was so affixed by the Issuer; and they signed their name thereto by like authority.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this ____ day of December, 1985.

(SEAL)

Notary Public
My Commission Expires: _____

**BANKAMERICA TRUST COMPANY OF
NEW YORK**

(SEAL)

By: _____
Corporate Trust Officer

Attest:

Assistant Clerk

STATE OF NEW YORK

COUNTY OF NEW YORK

On the ____ day of December, 1985, before me personally came Michael J. Guiry, to me known, who, being by me duly sworn, did depose and say that he resides at _____; that he is a Corporate Trust Officer of BankAmerica Trust Company of New York, described in and which executed the foregoing instrument; that he knows the corporate seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this _____ day of December, 1985.

(SEAL)

Notary Public
My commission expires: _____

EXHIBIT A
General Project Description

EXHIBIT B

LOAN AGREEMENT

by and between

ST. JOHNS COUNTY, FLORIDA

and

GENERAL DEVELOPMENT UTILITIES, INC.

Dated as of December 1, 1985

Securing
\$1,600,000
Variable Rate Demand Utility Revenue Bonds, Series 1985
(General Development Utilities, Inc. Project)

LOAN AGREEMENT

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LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of December 1, 1985, by and between **ST. JOHNS COUNTY, FLORIDA**, a political subdivision of the State of Florida (the "Issuer"), and **GENERAL DEVELOPMENT UTILITIES, INC.** ("the Borrower"), a Florida corporation in good standing under the laws of the State of Florida,

WITNESSETH:

WHEREAS, the Issuer is authorized under Chapter 159, Part II, Florida Statutes, and other applicable provisions of law (the "Act"), to make and execute financing agreements, contracts, deeds and other instruments necessary or convenient for the purpose of facilitating the financing of certain projects, including furnishings, machinery, equipment, land, rights in land and other appurtenances and facilities related thereto, to the end that the Issuer may be able to promote the economic development of the State of Florida, increase opportunities for gainful employment, improve health care and otherwise aid in improving the prosperity and welfare of said State and its inhabitants, and to provide such financing through the issuance of revenue bonds; and

WHEREAS, the Issuer has duly authorized the financing of the acquisition and construction of certain capital improvements constituting a "project" under the Act (the "Project" as hereinafter defined), to be acquired, constructed and equipped by and at the expense of the Borrower on the terms and conditions hereinafter set forth; and

WHEREAS, the Issuer has authorized the issuance of \$1,600,000 aggregate principal amount of its Variable Rate Demand Utility Revenue Bonds, Series 1985 (General Development Utilities, Inc. Project) (the "1985 Bonds" as hereinafter defined), the proceeds of the sale of which will be loaned to the Borrower to pay the costs of acquiring, constructing and equipping the Project; and

WHEREAS, the 1985 Bonds are issued under and secured by a Trust Indenture dated as of the date hereof (the "Indenture" as hereinafter defined), by and between the Issuer, and BankAmerica Trust Company of New York, New York, New York, as Trustee (the "Trustee" as hereinafter defined), whereby the Issuer and the Trustee have agreed that the Trustee shall receive the proceeds from the sale of the 1985 Bonds and disburse the same for the cost of the acquisition, construction, equipping and installation of the Project; and

WHEREAS, under and pursuant to the Indenture the Issuer has assigned to the Trustee, as security for the payment of the principal of and premium, if any, and interest on the Bonds and the fees, expenses, and advances of the Trustee, and any other sums payable by the Borrower pursuant to this Agreement, the Issuer's right, title and interest in and to the Trust Estate, as defined in the Indenture, which includes, inter alia, this Agreement (subject to certain reserved rights), all payments to be made by the Borrower to the Issuer under this Agreement and under the Note, and until applied as provided therein the proceeds received by the Issuer from the sale of the Bonds and the income earned by the investment of funds as provided in the Indenture; and

WHEREAS, General Development Corporation, a Delaware corporation (the "Guarantor", as hereinafter defined) has executed and delivered to the Trustee a Guarantee Agreement dated as of the date hereof (the "Guarantee" as hereinafter defined), pursuant to which the Guarantor has unconditionally guaranteed to the Trustee for the benefit of the Registered Owners of the Bonds, the payment of the principal of, premium, if any, and interest on the Bonds.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

That the parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, **DO HEREBY AGREE** as follows:

ARTICLE I

DEFINITIONS AND REPRESENTATIONS

Section 1.1 Definitions. The following words, terms or phrases, when used in this Agreement, have the following meanings, unless the context clearly indicates a different meaning:

"Act" means Chapter 159, Part II, Florida Statutes, and other applicable provisions of law and all future acts supplemental thereto or amendatory thereof.

"Act of Bankruptcy" means a filing of a petition of bankruptcy (or any other commencement of bankruptcy or similar proceedings) by or against the Borrower, the Guarantor or the Issuer, as the case may be, under any applicable bankruptcy, insolvency, reorganization or similar law, as now or hereafter in effect.

"Additional Bonds" means any Bonds issued, delivered and sold to a purchaser pursuant to Sections 2.4 and 3.3 of the Indenture.

"Administration Expenses" means the reasonable and necessary expenses incurred by the Issuer pursuant to this Loan Agreement and the Indenture, and the compensation and expenses paid to or incurred by the Trustee, Bond Registrar, Remarketing Agent, and Paying Agent under the Indenture, including, but not limited to, expenses and costs of the Issuer's attorney and bond counsel, all expenses and taxes (if any) applicable to or arising from any transfer of title or any creation or transfer of any lien or security interest provided for in or contemplated by the Indenture and any interest and penalties for nonpayment or delay in the payment of any such taxes and any costs incurred by the Issuer in connection with the financing, construction and administration of the Project, including without limitation, issuance costs and the costs of administering the Issuer's resolutions authorizing the Bonds, which shall not have been paid out of the proceeds from the sale of the Bonds or by the Borrower.

"Agreement" or "Loan Agreement" means this Loan Agreement dated as of the date hereof, between the Issuer and the Borrower.

"Alternate Letter of Credit" means a letter of credit delivered by the Borrower pursuant to Section 4.5 of this Loan Agreement.

"Amortization Installments" means, with respect to any Bond Year, the principal amounts of the Bonds, if any, required to be redeemed from the Bond Fund in such Bond Year pursuant to the provisions of Section 2.3B(d)(iv) of the Indenture.

"Authorized Borrower Representative" shall mean any person at the time designated to act on behalf of the Borrower by certificate signed on behalf of the Borrower by its President or Treasurer and furnished to the Issuer, the Remarketing Agent and the Trustee, containing the specimen signature of each such person.

"Available Moneys" means (a) with respect to any date for payment of principal of or interest on the Bonds occurring by redemption, maturity, or otherwise, and occurring during the term of the Letter of Credit, (i) moneys drawn under the Letter of Credit, or (ii) moneys deposited into the Bond Fund pursuant to Section 5.3(a) or 5.3(b) of the Indenture, or (iii) moneys deposited by the Borrower with the Trustee, which moneys have been on deposit with the Trustee for at least 123 days during and prior to which no Act of Bankruptcy shall have occurred, or (iv) the proceeds of the sale of refunding obligations, if, in the opinion of nationally recognized bankruptcy counsel, the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Act of Bankruptcy or (v) the proceeds from investment of moneys qualifying as Available Moneys under clause (i), (ii), (iii) or (iv) above, and (b) with respect to any such date not occurring during the term of the Letter of Credit, any moneys furnished to the Trustee and the proceeds from the investment thereof.

"Bank" means, as to the initial Letter of Credit, _____, its successors and assigns, and means, as to any Alternate Letter of Credit at the time in effect, the issuer thereof.

"Bonds" means the 1985 Bonds and, where the context so indicates, any Additional Bonds.

"Bond Fund" means the fund established by Section 5.2 of the Indenture as a trust fund under the Indenture for the payment of the principal of and interest on the Bonds.

"Bond Register" shall mean the books and records maintained by the Bond Registrar for the purpose of registering the ownership and transfers thereof of the Bonds.

"Bond Registrar" shall mean the Trustee.

"Bond Year" means the period beginning with each December 2 and extending through the next succeeding December 1.

"Borrower" means General Development Utilities, Inc., a Florida corporation.

"Business Day" means any day on which banking business is transacted, but not including any day on which banks are authorized or required to be closed, in the city in which the Trustee has its Corporate Trust Office or, so long as the Letter of Credit is in effect, the city in which the Principal Office of the Bank is located.

"Code" means the Internal Revenue Code of 1954, as amended.

"Completion Date" means the date upon which the Authorized Borrower Representative shall deliver to the Trustee the executed certificate evidencing completion of the Project and making the statements required by Section 3.6 of this Agreement.

"Conversion Date" means that date from and after which the interest rate on the Bonds is converted from the Variable Rate to the Fixed Interest Rate pursuant to the exercise by the Borrower of the Conversion Option or following the occurrence of the Mandatory Conversion Event.

"Conversion Index" shall mean an interest rate determined by the Remarketing Agent to be equal to 95% of the average yield of United States Treasury Bonds with a term approximately equal to the time remaining until the maturity of the 1985 Bonds.

"Conversion Option" means that option granted to the Borrower in Section 2.3 of the Indenture pursuant to which the interest rate on the Bonds is converted from the Variable Rate to the Fixed Interest Rate as of the Conversion Date.

"Corporate Trust Office" shall mean the office of the Trustee, at which at any particular time its corporate trust business shall be principally administered, which office as of the date hereof is located at Fourth Floor, 40 Broad Street, New York, New York 10004.

"Cost", when used in connection with the Project, shall be deemed to include, whether incurred prior to or after the date of this Agreement, (a) expenditures or obligations of the Issuer or the Borrower incurred for the acquisition of real property, for the acquisition and installation of equipment, and for labor, materials, supplies and other expenses paid or payable to contractors, builders and materialmen in connection with the acquisition, construction and erection of the Project and all other expenses incidental thereto; (b) interest on the Bonds prior to and during construction; (c) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction which is not paid by the contractor or contractors or otherwise provided for; (d) the expenses of test borings, surveys, test and pilot operations, estimates, Plans and Specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper erection, construction or installation of the Project; (e) compensation and expenses of the Issuer, the Trustee, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the issuance of the Bonds or the transactions financed thereby; (f) all other costs which the Issuer or the Borrower shall be required to pay under the terms of any contract or contracts for the acquisition, construction and equipping of the Project; (g) payment of the taxes, documentary stamp taxes, intangible taxes, assessments and other charges, if any, to the extent such taxes, assessments and charges may be properly chargeable to the Project's capital account or reimbursement thereof if paid by the Borrower; (h) payment of expenses incurred in enforcing any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project; and (i) any sums required to reimburse the Issuer or the Borrower for advances made by any of them for any of the above items, or for any other costs incurred and for work done by any of them, which are properly chargeable to the Project, and which are "costs" as defined in the Act.

"County" means St. Johns County, Florida.

"Custody Agreement" shall mean the Custody Agreement dated as of December 1, 1985 among the Borrower, the Bank as issuer of the Letter of Credit, and the Trustee acting as Custodian.

"Default Rate" means the lesser of (i) 15% per annum, or (ii) the maximum legal contract rate of interest per annum in the State.

"Determination of Taxability" means a Determination of Taxability as specified in Section 10.2 of this Agreement.

"Engineer" means a registered engineer (who may be in the regular employ of the Borrower) licensed to practice in the State and retained or designated by the Borrower to perform the duties required by this Loan Agreement and the Indenture of an Engineer.

"Event of Default" means any Event of Default specified in Section 9.1 of this Agreement.

"Expiration Date" means the expiration date of the Letter of Credit as set forth therein.

"Fiscal Year" means the 12 month period the Borrower establishes from time to time for accounting purposes.

"Fixed Interest Rate" shall mean the annual interest rate in effect on the 1985 Bonds from and after the Conversion Date as said rate is determined in the manner set forth in Section 2.3B(b) of the Indenture.

"Governmental Restrictions" shall mean applicable laws or regulations of governmental or administrative bodies or agencies affecting the Borrower, placing restrictions and limitations on the rates, fees and charges to be fixed, charged and collected by the Borrower for services and facilities provided by the Project.

"Guarantor" means General Development Corporation, a Delaware corporation which owns all of the outstanding capital stock of the Borrower.

"Guarantee" shall mean the Guarantee Agreement dated as of the date hereof, by and among the Issuer, the Trustee, and the Guarantor, guaranteeing payment of all amounts due under this Loan Agreement and the Indenture.

"Indebtedness" as to any Person, at any particular time, means (a) indebtedness for borrowed money or for the deferred purchase price of property or for services in respect of which such Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which such Person otherwise assures a creditor against loss, and (b) obligations under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases in respect of which obligations such Person is liable, contingently or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss.

"Indenture" shall mean the Trust Indenture (including any indenture supplemental hereto) as amended or supplemented from time to time in accordance with the terms of the Indenture.

"Independent Certified Public Accountant" shall mean an independent certified public accountant or firm of independent certified public accountants of recognized standing and reputation (who may be the accountant or firm of accountants who regularly audit the books and accounts of the Borrower) selected by the Borrower.

"Insurance Advisor" shall mean a person or firm (and who may be the Person who provides insurance to the Borrower) having a recognized expertise in the insurance requirements of facilities of the scope and nature of the Project.

"Interest Computation Date" shall mean the Tuesday in each Interest Computation Period, or if either or both such Tuesday or the preceding Monday is not a Business Day, the Wednesday in each Interest Computation Period.

"Interest Computation Period" shall mean a weekly period ending at 11:59 p.m., New York City time, on Monday of each week.

"Interest Index" shall mean an interest rate determined by the Remarketing Agent to be equal to 65% of the yield applicable to 13-week United States Treasury Bills determined on the basis of the average per annum discount rate on a bond equivalent yield basis at which such 13-week United States Treasury Bills shall have been sold at the weekly United States Treasury auction next preceding the Interest Computation Date.

"Interest Payment Date" shall mean the Conversion Date and, prior to the Conversion Date, the first Tuesday in March, 1986, and, thereafter, the first Tuesday of the months of March, June, September and December, and, on and after the Conversion Date, June 1 and December 1, of each year.

"Interest Period" shall mean the three or six month period, as applicable, ending on each Interest Payment Date.

"Investment Agreement" shall mean an investment agreement which may be entered into among the Trustee, the Issuer and a banking institution with a combined capital and surplus aggregating at least \$200,000,000, secured by the general credit of the banking institution, the securities of which are currently rated within the two highest rating categories assigned by a national rating agency.

"Investment Securities" shall mean and include any of the following investments, if and to the extent the same are at the time legal investments by the Issuer of the funds to be invested therein:

(1) Direct obligations of or obligations insured or guaranteed by the United States of America or agencies or instrumentalities of the United States of America;

(2) Bankers acceptances drawn on and accepted by banks or savings and loan associations (including the Trustee), and certificates of deposit or time deposits of banks or savings and loan associations (including the Trustee), or the international branches or banking subsidiaries thereof, with a combined capital and surplus aggregating at least \$200,000,000 and the securities of which are currently rated within the two highest rating categories assigned by a national rating agency;

(3) Interest-bearing time deposits, demand deposits or certificates of deposit of a bank or savings and loan association (including the Trustee) or trust company continuously secured and collateralized by obligations of the type described in paragraph (1) hereof, or by obligations of the State having a market value at least equal at all times to the amount of such deposit or certificate, to the extent such deposit or certificate is

not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or any successors thereto;

(4) Repurchase agreements or other similar obligations of a national or state bank (which may include the Trustee) or investment banking firms with respect to the sale and repurchase of any of the foregoing interest bearing obligations provided (a) such bank or firm, or parent company thereof, is rated in the two highest rating categories by S & P or Moody's or (b) the securities which are the subject of such agreement are delivered to the Trustee or his agent free and clear of all liens or rights of any third party and in which the Trustee has a perfected first security interest;

(5) Commercial paper currently rated in the two highest rating categories assigned by a national rating agency; or

(6) An Investment Agreement.

"Issuer" means St. Johns County, Florida.

"Letter of Credit" means that certain Letter of Credit dated as of the date of issuance of the 1985 Bonds issued by the Bank, securing the payment of principal of and interest on the 1985 Bonds. If an Alternate Letter of Credit is issued, the term "Letter of Credit" shall refer to such Alternate Letter of Credit at the time in effect and shall not then refer to any prior Letter of Credit or Alternate Letter of Credit not then in effect.

"Loan" shall mean the loan from Issuer to Borrower pursuant to this Loan Agreement.

"Mandatory Conversion Event" shall mean the event described in Section 2.3B(c) of the Indenture pursuant to which the interest rate on the 1985 Bonds shall be fixed at the Fixed Interest Rate.

"Moody's" means Moody's Investors Service.

"Net Proceeds", when used with respect to the sale or other disposition of the Project (including any insurance or condemnation award), means the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses (including reasonable attorneys' fees and any extraordinary fee of the Trustee) incurred in the collection of such gross proceeds.

"Note" means that Promissory Note in the form attached to this Loan Agreement as Exhibit "B" issued to the Issuer by the Borrower pursuant to Section 2.1 of this Loan Agreement, and any Supplemental Note.

"Outstanding" or "Bonds Outstanding" or any other similar term or terms shall mean any Bonds authenticated and delivered under the Indenture, except (a) Bonds cancelled by the Trustee, or delivered to the Trustee for cancellation, (b) Bonds for the payment of which provision shall have been made as provided in Article XII of the Indenture or (c) Bonds in lieu of which other Bonds shall have been authenticated and delivered pursuant to Article II of the Indenture.

"Paying Agent" shall mean any paying agent for the Bonds (and may include the Trustee) and its successor or successors appointed pursuant to the provisions of the Indenture.

"Payment," "Loan Payment" or "payments (or prepayments) upon the Loan (or the Note)" shall mean those installments payable to the Issuer pursuant to Section 4.2 of the Agreement.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"Plans and Specifications" shall mean the plans and specifications (which may be in summary form) prepared for the Project, certified by an Authorized Borrower Representative and filed with the Trustee at or prior to the date of issuance of the Bonds, as the same may be revised from time to time prior to the Completion Date in accordance with Section 3.2 of this Loan Agreement.

"Principal Office" shall mean, in the case of the initial Remarketing Agent, the office of Citibank, N.A., at 55 Water Street (47th Floor), New York, New York 10043 Attention: Capital Markets Group; and, in the case of the Bank, _____

"Project" means the industrial facilities for the furnishing of water and sewer services to members of the general public and the industrial facilities for the collection, storage, treatment, and final disposition of sewage, to be acquired, constructed and equipped substantially in accordance with the Plans and Specifications and more particularly described on Exhibit "A" hereto.

"Project Fund" shall mean the fund created by Section 4.1 hereof, from which funds are to be withdrawn to acquire, construct and equip the Project pursuant to the Plans and Specifications.

"Record Date" shall mean until the Conversion Date, the Interest Computation Date next preceding each Interest Payment Date, and after the Conversion Date, the date which is fifteen (15) days prior to any date on which principal of or interest on any Bond is due and payable, whether by reason of maturity, redemption, acceleration or otherwise.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of such redemption given in accordance with the Indenture.

"Redemption Price" means the price at which the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption by the terms of the Indenture.

"Registered Owner" means the Person in whose name a Bond is registered on the books of the Bond Registrar kept for that purpose in accordance with the Indenture.

"Reimbursement Agreement" means the agreement among the Borrower, the Guarantor and the Bank providing for repayment to the Bank of sums drawn under the Letter of Credit.

"Remarketing Agent" shall mean the Remarketing Agent appointed in accordance with Section 7.1 of the Indenture.

"Remarketing Agreement" means the agreement pursuant to which the Remarketing Agent is appointed and assumes its duties hereunder and thereunder.

"S & P" shall mean Standard and Poor's Corporation.

"Special Redemption Fund" means the fund established under Section 4.3 of the Indenture to provide for the redemption of the Bonds from surplus moneys in the Project Fund.

"State" means the State of Florida.

"Supplemental Note" means a promissory note given to the Issuer by the Borrower evidencing the Borrower's obligation to repay any loan derived from the issuance of Additional Bonds.

"System" shall mean the complete utility system or systems operated by the Borrower as a single unit, of which the Project forms a part.

"Trust Estate" shall mean all interests conveyed to the Trustee by the Indenture.

"Trustee" means the trustee at the time serving as such under the Indenture.

"Variable Rate" means that annual interest rate (computed weekly in the manner required by Section 2.3A(b) of the Indenture, and paid quarterly) in effect for the 1985 Bonds from the date of issuance thereof until (but not including) the Conversion Date.

"1985 Bonds" shall mean the Issuer's Variable Rate Demand Utility Revenue Bonds, Series 1985 (General Development Utilities, Inc. Project).

Section 1.2 Representations of the Issuer. The Issuer makes the following representations as the basis for the undertakings on the part of the Borrower herein contained:

(a) the Issuer is a political subdivision of the State of Florida;

(b) the Issuer has full power and authority under the Act to engage in the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder and thereunder;

(c) the Issuer is not in default under any provision of federal or State law which would impair its ability to perform under this Agreement;

(d) the Issuer has been duly authorized to execute and deliver this Agreement and the Indenture and by proper official action has duly authorized the execution and delivery of this Agreement and the Indenture;

(e) the Issuer has determined that it is able to cope satisfactorily with the impact of the Project, and all the necessary public facilities, utilities and services that will be necessary for the construction, operation, repair, and maintenance of the Project and on account of any increase in population or other circumstances resulting by reason of the location of the Project within the area of operation of the Issuer are available now or can be provided when needed; and

(f) in order to enable the Borrower to defray the Cost of the Project, the Issuer will issue \$1,600,000 aggregate principal amount of the 1985 Bonds, the proceeds of which will be loaned to the Borrower pursuant to this Agreement.

Section 1.3 Representations and Warranties of the Borrower The Borrower represents and warrants, as the basis for the undertakings on the part of the Issuer herein contained and as an inducement for the purchase of the 1985 Bonds, as follows:

(a) The Borrower is a business corporation, duly incorporated and in good standing under the laws of the State of Florida, and has all requisite power and authority to enter into and fully perform this Agreement. All proper corporate action on the part of the Borrower relating to the authorization of its execution and delivery of this Agreement and the Note, and its performance of its duties and obligations contained therein and herein have been duly taken, and this Agreement and the Note (including the interests therein purported to be conveyed) when executed and delivered, will be valid and binding upon the Borrower in accordance with their respective terms.

(b) The Borrower has furnished to the Issuer and to the Trustee a consolidated financial statement as of _____, of the Guarantor, including the Borrower, which financial statement accurately reflects the financial condition of the Borrower and the Guarantor as of its date.

(c) Since the date of the consolidated financial statement referred to above, there have been no changes in the assets or liabilities or financial condition of the Borrower or the Guarantor, other than changes in the ordinary course of business, which in the aggregate are materially adverse with respect to the Borrower's ability to perform its obligations under this Agreement. There were no material liabilities, contingent or otherwise, of the Borrower or the Guarantor which were not reflected in such financial statements as of the respective dates thereof, and neither the Borrower nor the Guarantor has entered into any commitments or contracts since the date of the financial statements as of the latest date referred to above which are not reflected in such financial statements other than in the ordinary and normal course of its business, which might, in light of any fact or condition presently known to the Borrower have a materially adverse effect upon the financial condition, operations or business of the Borrower or the Guarantor or the Borrower's ability to perform its obligations hereunder.

(d) Since the date of the financial statement referred to above, the Borrower has not sustained any material loss or interference with its business from fire, explosion, flood, or other calamity, whether or not covered by insurance, or from any labor dispute or governmental action, order or decree, which has had a materially adverse effect on the value of its assets, the results of its operations or its income.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality which would have a materially adverse effect on the value of its assets, the results of its operations or its income.

(f) The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any evidence of Indebtedness or in any contract or lease to which it is a party, which would, individually or in the aggregate, have a materially adverse effect on the value of its assets, the results of its operations or its income. Neither the execution and delivery of this Agreement, nor the consummation of the transactions herein contemplated, nor compliance with the terms and provisions of this Agreement will violate the provisions of any applicable law or of any applicable order or regulation of any governmental authority having jurisdiction over the Borrower and will not conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or of any agreement or instrument to which the Borrower is now a party, or constitute a default thereunder, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Borrower.

(g) Upon completion of the acquisition, construction and installation of the Project, the Project will constitute facilities for the provision of water and/or sewage services, and so long as any of the Bonds shall be Outstanding, the Borrower will not take any action, or fail to take any action, which would (i) change the function or the character of the Project, or (ii) adversely affect the tax-exempt status of the interest payable on any of the Bonds then Outstanding.

(h) Neither construction nor acquisition of the Project commenced prior to _____, 1985, the date upon which the Issuer adopted a resolution of intention to issue the Bonds for the purpose of financing the Cost of the Project.

(i) The Project will provide facilities for the furnishing of water which will be made available to members of the general public (including electric utility, industrial, agricultural, or commercial users) and which will be furnished pursuant to a rate schedule or schedules which will be established or approved by the State or political subdivision thereof, or by a public service, or public utility commission, or other similar body of the State or political subdivision thereof, or the Project will provide facilities for the collection, storage, treatment, utilization, processing, or final disposal of sewage.

(j) All information furnished by the Borrower and used by the Issuer in preparing an information report on Form 8038 for filing with the Internal Revenue Service was true and complete as of the date of issuance of the 1985 Bonds.

(k) At least ninety percent (90%) of the proceeds of the sale of the 1985 Bonds (exclusive of amounts disbursed to pay or reimburse costs incurred in connection with the issuance of the 1985 Bonds) will be used to acquire, construct, and install facilities for the furnishing of water or sewage disposal. No part of the Bond proceeds will be used, directly or indirectly, as working capital or to finance inventory of the Borrower or the Guarantor.

(l) No part of the Project was placed in service more than one year prior to the date of issue of the Series 1985 Bonds. For purposes of this representation, the date on which the Project shall be deemed to have been "placed in service" shall be not earlier than the date on which (i) it has reached a degree of completion which would permit operation at substantially the level for which it was designed, and (ii) it was in fact, in operation at such level.

(m) The Project is located wholly within or providing service to the Issuer. The Project will provide a substantial and direct benefit to persons residing within the Issuer.

(n) The Borrower has not incurred any material accumulated funding deficiency within the meaning of the Employee Retirement Income Securities Act of 1974 nor incurred any material liability to the Pension Benefit Guaranty Corporation established under such Act (or any successor thereto under such Act) in connection with any employee benefit plan established or maintained by the Borrower, which deficiency or liability, together with all other such deficiencies and liabilities, would have a materially adverse effect on the value of the Borrower's assets, the results of its operations, or its income.

(o) The Borrower is not aware of any action impending or threatened by any person, firm, corporation or other legal entity which, if taken, would adversely affect the Borrower's financial condition, the success of its business or its ability to perform its obligations hereunder.

(p) The Project complies or will comply with all applicable building and zoning ordinances.

Section 1.4 Use of Words and Phrases. "Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter," and other equivalent words refer to this Agreement as a whole and not solely to the particular portion thereof in which any such word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders. Any percentage of Bonds, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then Outstanding.

ARTICLE II

THE LOAN

Section 2.1 Principal Amount of the Loan. The Issuer agrees to make and the Borrower agrees to accept and repay a loan in the aggregate principal amount of \$1,600,000. The Loan shall be evidenced by the Note in the aggregate principal amount of \$1,600,000 in the form attached hereto as Exhibit "B". The Borrower shall make payments in satisfaction of said Note as hereafter set forth in Section 4.2 and as provided in the Indenture. The proceeds of the Loan shall be applied as provided in Section 3.1 hereof.

Section 2.2 Total Loan Payment. The aggregate amount of the loan payments to be made by the Borrower in each Bond Year shall be the aggregate of the payment for principal (including such Amortization Installments as may be provided in the Indenture), redemption or other premiums, if any, on the Outstanding Bonds, plus the interest at the same rate or rates per annum as that payable on the Bonds issued by the Issuer accruing or becoming due for such Bond Year as provided by the Indenture, Administration Expenses not theretofore provided for accruing and becoming payable, plus any additional sums which become payable to the Issuer or Trustee under the terms of this Agreement or the Indenture.

Section 2.3 Issuance of Supplemental Notes. The Borrower shall issue Supplemental Notes in such principal amounts as shall be necessary to evidence further borrowings from the proceeds of any Additional Bonds issued in accordance with this Agreement and the Indenture to provide funds to pay any one or more of the following: (i) the costs of completing the acquisition, construction, improving and equipping of the Project (including payment of costs referred to in Section 3.4 hereof), (ii) the costs of making at any time or from time to time such substitutions, additions, modifications and improvements in, on or to the Project as authorized by the Act and as the Borrower may deem necessary or desirable, (iii) the costs of refunding, to the extent permitted by law, any Bonds Outstanding, and (iv) the costs of the issuance and sale of the Additional Bonds and capitalized interest and other costs reasonably related to the financing as shall be agreed upon by the Borrower and the Issuer; provided that the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds therefrom are to be disbursed shall have been approved in writing by the Borrower; and provided further that the Issuer is not in default under the Indenture and the Borrower is not in default under this Agreement or any provision hereof or the Letter of Credit, and the issuance of Additional Bonds will not constitute a default under this Agreement or cause any violation of the covenants or representations of the Borrower in this Agreement or the Letter of Credit; and provided further that the Borrower and the Issuer shall have entered into an amendment to this Agreement to provide that, for all purposes of this Agreement, the Project shall include any facilities being financed by the Additional Bonds, to provide for such increase in the installment payments to be paid by the Borrower to the Issuer in such amounts as shall be necessary to pay the principal of, premium, if any, and interest on the Additional Bonds as provided to be paid in the supplemental indenture with respect to the Additional Bonds required by Section 3.3 of the Indenture, and to extend the term of this Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of this Agreement; and provided further that the Issuer shall have otherwise complied with the provisions of Sections 2.4 and 3.3 of the Indenture with respect to the issuance of such Additional Bonds.

ARTICLE III.

ISSUANCE OF BONDS; ACQUISITION OF THE PROJECT; DISBURSEMENT OF FUNDS

Section 3.1 Agreement to Issue 1985 Bonds; Additional Bonds; Application of Bond Proceeds. In order to provide funds to make the Loan to the Borrower for the purpose of reimbursing to the Issuer all its reimbursable costs of issuing the 1985 Bonds and all other costs and for paying the Project Costs, the Issuer agrees that it will sell and cause to be delivered to the purchasers thereof, \$1,600,000 aggregate principal amount of 1985 Bonds. The proceeds from such sale shall be received by the Trustee for deposit to the various funds as required by the Indenture. The Issuer shall be reimbursed for advances heretofore made for costs as provided in Section 3.3 hereof.

The Issuer may hereafter agree to authorize and issue *pari passu* Additional Bonds in one or more series in accordance with applicable provisions of the Indenture, upon adoption of a resolution of the Issuer containing a finding that the issuance of the Additional Bonds is in the public interest, and further containing findings with respect to the financial ability of the Borrower and other matters as required by the Indenture and the Act. The Issuer shall thereafter issue such Additional Bonds in one or more series, in accordance with the applicable provisions of the Indenture; provided, however, that the inability or unwillingness of the Issuer to issue Additional Bonds shall not release the Borrower from any of the provisions of this Agreement, regardless of the reason therefor. Nothing herein shall be deemed to require or obligate the Issuer to issue Additional Bonds.

Section 3.2 Acquisition and Construction of Project. (a) From the proceeds derived from the sale of the Bonds and herein loaned to the Borrower and other funds of the Borrower available therefor, the Borrower will pay the Cost of the applicable portion of the Project in accordance with Section 3.3 hereof.

The Borrower will complete the acquisition, construction and installation of the Project substantially in accordance with the Plans and Specifications as promptly as practicable, will continue construction, acquisition and installation with all reasonable dispatch and shall cause the Project to be equipped, installed and completed substantially in accordance with the Plans and Specifications as soon as practicable notwithstanding any insufficiency of the Note proceeds for that purpose. (The date of such completion shall hereafter be referred to as the "Completion Date").

The Borrower shall cause construction and installation of the Project to be performed under a construction contract or contracts with reputable contractors licensed to do business in the State. Any and all amounts received by the Borrower from any of the construction contractors or other suppliers of materials and equipment, by way of damages for breach of contract, refunds or adjustments, shall become part of and be deposited in the Project Fund.

The Borrower may, with the prior approval of the Engineer, revise the Plans and Specifications for the construction of the Project at any time and from time to time prior to the completion of construction of the Project provided that any such revision shall not extend the time for completion nor increase the Cost of the Project beyond the sums available for completion thereof. No material revision in such Plans and Specifica-

tions shall be made unless a copy of each such revision, duly certified by the Authorized Borrower Representative, shall be filed with the Trustee, accompanied by a certificate of the Engineer stating that such proposed revision will not cause the Project or a significant portion thereof to serve a materially different purpose from that which will be served by construction of the Project pursuant to the original Plans and Specifications, and an opinion from nationally recognized bond counsel that such revision and the expenditure of moneys from the Project Fund to pay the cost of the Project in accordance with such revision will not impair the validity of the Outstanding Bonds and the exemption of interest thereon from federal income taxation.

(b) The Borrower shall from time to time appoint by written instrument an Authorized Borrower Representative authorized to act for the Borrower in any or all matters relating to the acquisition or construction of the Project, and payments to be made out of the Project Fund and for taking all actions and making all certificates required or permitted to be taken or made pursuant to any provision hereof. The Borrower may from time to time, by written notice filed with the Trustee, revoke, amend or otherwise limit the authorization of any Authorized Borrower Representative appointed by it to act on its behalf, provided that there shall be at all times at least one agent authorized to act on behalf of the Borrower (who shall be the Project supervisor) with reference to all the foregoing matters.

(c) The Borrower shall cause to be submitted to the Trustee monthly progress reports concerning the construction of the Project and shall deliver to the Trustee, the Issuer (upon its request therefor) and any Registered Owners of the Bonds who shall have filed a written request therefor with the Trustee, within 90 days after the completion of the Project, the following:

1. A certificate of the Engineer (the "Final Certificate") stating:

a. that the Project has been fully completed in accordance with the Plans and Specifications then in effect and on file with the Trustee, and the date of completion; and

b. that it has made such investigation of such sources of information as are deemed by it to be necessary, including pertinent records of the Borrower, and is of the opinion that the Project has been fully paid and no claim or claims exist against the Borrower or against its property out of which a lien based on furnishing labor or material exists or might ripen; provided, however, that there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might ripen in the event that the Borrower intends to contest such claim or claims, in which event such claim or claims shall be described and it shall be stated that adequate funds have been set aside or reserved by the Borrower to make payment of the full amount which might in any event be payable in order to satisfy such claim or claims.

2. In the event the Final Certificate filed with the Trustee shall state that there is a claim or claims in controversy which create or might ripen into a lien, there shall be filed with the Trustee an additional certificate of the Engineer when and as such claim or each of such claims shall have been fully paid.

Section 3.3 Disbursements from the Project Fund. The Issuer has, in the Indenture, authorized and directed the Trustee to use the moneys in the Project Fund for the payment of the Cost of the Project. Each such payment shall be made only in accordance with Section 4.1 of the Indenture. The Issuer shall have no responsibility or liability arising out of the use of the moneys in the Project Fund.

Section 3.4 Warranty of Suitability by Borrower; Borrower Required to Complete Project in Certain Events. The Borrower recognizes that since the Plans and Specifications for constructing and completing the Project are furnished by it, and since the equipment is selected by it and is to be installed in accordance with its directions, the Borrower warrants to the Issuer that the Project will be suitable for the purposes intended, and that the proceeds derived from the sale of the 1985 Bonds will be applied in full to pay Project Costs. In the event the proceeds derived from the sale of the 1985 Bonds including proceeds, if any, from Additional Bonds, are insufficient to pay in full all Project Costs, the Borrower shall be obligated to complete the Project at its own expense and the Borrower shall pay any such deficiency and shall save the Issuer whole and harmless from any obligation to pay such deficiency. The Borrower shall not by reason of the payment of such deficiency from its own funds be entitled to any diminution or postponement or abatement of the Loan Payments hereunder nor shall the Borrower be entitled to any reimbursement from the Issuer, the Trustee or the Registered Owners of any of the Bonds for any such payment.

Section 3.5 Borrower to Pursue Remedies Against Contractors and Subcontractors and Their Sureties. In the event of default of any contractor or subcontractor under any contract made by it for acquisition, construction or installation of any part of the Project, the Borrower will promptly proceed either separately or in conjunction with others, to exhaust the remedies of the Borrower against the contractor or subcontractor so in default and against his surety (if any) for the performance of such contract. The Borrower will advise the Trustee of the steps it intends to take in connection with any such default. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing shall be paid into the Project Fund.

Section 3.6 Completion of the Project. Promptly upon completion of the Project the Authorized Borrower Representative shall execute and deliver to the Trustee a certificate stating that (i) acquisition, construction and installation of the Project has been completed in accordance with the Plans and Specifications, (ii) all labor, services, materials, equipment, machinery and supplies in connection with such construction, acquisition and installation have been paid for, (iii) all facilities necessary in connection with the Project have been constructed, acquired and installed and all costs and expenses incurred in connection therewith have been paid, and (iv) the equipment has been acquired and installed to the satisfaction of the Borrower and all costs and expenses incurred in the acquisition and installation of the equipment and such other machinery, equipment or other personal property have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against any contractor or other person not a party to this Agreement which exist at the date of such certificate or which may subsequently come into being.

The date upon which the executed certificate, in the form herein specified, is delivered to the Trustee shall be known as the "Completion Date." Upon the delivery of the aforesaid certificate to the Trustee, the Trustee shall transfer all moneys remaining

in the Project Fund in the manner directed by and set forth in Section 4.3 of the Indenture.

ARTICLE IV

TERMS OF LOAN; SECURITY FOR REPAYMENT

Section 4.1 Duration of Term. The term of this Agreement and of the Loan herein made shall begin on the date of the delivery of this Agreement, and subject to the provisions of this Agreement, shall continue until the indebtedness secured or evidenced hereby and by the Indenture shall have been discharged and paid. Upon expiration of this Agreement, and if the Borrower is not in default hereunder and has fully complied with every provision hereof, the Trustee, as assignee of the Issuer, shall execute any documents necessary to evidence cancellation, satisfaction or return of all instruments or property given as security to the Issuer in connection herewith.

Section 4.2 Repayment of Loan. (a) The Borrower agrees to pay (or to cause to be paid) to the Issuer on or before each Interest Payment Date, or the date any other payment, such as Administration Expenses, may be required pursuant to its terms to be made with respect to the 1985 Bonds or under this Agreement or the Indenture (each of which is herein called a Payment Date), in Federal or other funds immediately available on such date, the sum which, together with any Available Moneys on deposit in the Bond Fund available for such purpose, will equal the sum of the following:

(i) The interest to be paid on the 1985 Bonds on such Payment Date in accordance with the terms thereof; and

(ii) The principal amount of all 1985 Bonds (including Amortization Installments) which shall mature or become due on such Payment Date whether by maturity, redemption, acceleration or otherwise; and

(iii) Any redemption premium or other premium which shall become due on such Payment Date; and

(iv) Any amounts as necessary to enable the Trustee to pay the purchase price of the 1985 Bonds required to be purchased under Section 2.3 and Article VII of the Indenture, reduced, however, by the amount of moneys available for such payment described in subsection (i) of Section 7.4 of the Indenture; and

(v) The amount of Administration Expenses not theretofore paid or provided for in accordance with the provisions of the Indenture or this Agreement, and which shall have then accrued and have been presented for payment; and

(vi) Any other amounts which will become due and payable to the Issuer or the Trustee on such date under this Agreement or the Indenture.

(b) The obligation of the Borrower to make any payment described in subsection 4.2(a) shall be deemed satisfied and discharged to the extent of the corresponding payment made by the Bank to the Trustee under the Letter of Credit. It is understood and agreed that all payments payable under Section 4.2(a) by the Borrower are assigned by the Issuer to the Trustee for the benefit of the Registered Owners of the 1985 Bonds. The Borrower assents to such assignment. The Issuer hereby directs the Borrower

and the Borrower hereby agrees to pay to the Trustee at the Trustee's Corporate Trust Office all payments payable by the Borrower pursuant to Section 4.2(a).

(c) The Borrower will also pay the reasonable expenses of the Issuer related to the issuance of the 1985 Bonds and incurred upon the written request of the Issuer.

(d) The Borrower will also pay the reasonable fees and expenses of the Trustee and any Paying Agents under the Indenture, such reasonable fees and expenses to be paid directly to the Trustee or any Paying Agents for the Trustee's or any such Paying Agent's own account as and when such reasonable fees and expenses become due and payable, and any reasonable expenses in connection with any redemption of the 1985 Bonds.

(e) In the event the Borrower should fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon to the extent permitted by law, from the date thereof at the Default Rate.

(f) The Note is subject to mandatory and optional prepayment upon the same terms and conditions as the 1985 Bonds.

(g) Note payments have been calculated on the basis of providing funds sufficient to pay the principal of and interest on the Bonds as the same mature and come due and to redeem the Bonds according to provisions for redemption set forth in the Indenture and in this Agreement and to provide funds for the payment of the purchase price of Bonds by the Remarketing Agent and the payment of Administration Expenses, and other amounts which may become payable to the Issuer or the Trustee or with respect to the Bonds pursuant to the Indenture and this Agreement. The Borrower recognizes, understands and acknowledges that it is the intention of the parties that the proceeds from the Note payments be available exclusively for the purposes aforesaid. This Agreement shall be construed to effectuate this intent. If for any reason the above payments are not sufficient for all such purposes, the amount of such deficiency shall, immediately upon notification by the Trustee that such a deficiency exists, be paid by the Borrower to the Trustee as an additional Payment hereunder. The payments in the amounts set forth above shall be made irrespective of any breach or any failure of compliance by the Issuer with any requirement of this Agreement. All payments required to be made by the Borrower pursuant to this Agreement shall be promptly made as herein set forth, and any sums not so paid promptly on the date when due shall bear interest at the Default Rate from the due date thereof until paid. Likewise, all payments made by or on behalf of the Borrower with respect to the Bonds shall be credited against sums due under the Note.

Section 4.3 Payment to Trustee The Issuer hereby directs the Borrower and it is understood and agreed by the Borrower, that all payments by the Borrower under this Agreement are to be paid to the Trustee at the Corporate Trust Office. The Borrower further agrees that its obligations to make mandatory payments shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of setoff, counterclaim or recoupment arising in any manner or for any reason including, but not limited to, any breach by the Issuer of any obligations to the Borrower,

whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Borrower by the Issuer, or otherwise. All payments made hereunder by the Borrower to the Trustee shall be deemed to be payments to the Issuer.

Section 4.4 Trustee to Furnish Itemized Statements. Not later than five (5) days prior to each Payment Date the Trustee shall furnish to the Borrower by telephone, confirmed in writing, an itemized statement of the payments due under this Agreement and the Indenture on the next succeeding Payment Date. The Trustee's failure to furnish such statement shall not affect the Borrower's unconditional obligation to pay on each Payment Date the sums required under the provisions of Section 4.2. Such statement shall report also the amount of moneys on deposit under the Indenture which are not held for payments then due and which are available to apply to the payment of the amounts itemized on such statement as due to be paid by the Borrower.

Section 4.5 Letter of Credit. (a) The Borrower shall cause the Letter of Credit to be delivered to the Trustee simultaneously with the issuance of the 1985 Bonds.

(b) At any time prior to the 60th day before the Interest Payment Date next preceding the expiration of the Letter of Credit, or at such other times as may be permitted under the Reimbursement Agreement or the Letter of Credit, the Borrower may, at its option, provide for the delivery to the Trustee of an irrevocable Alternate Letter of Credit or another credit facility issued by a commercial bank or financial institution other than the Bank, the terms of which shall in all material respects be the same as the Letter of Credit and which shall have a duration of not less than one year; provided that the Borrower must furnish to the Trustee written evidence from Moody's, if the 1985 Bonds are rated by Moody's, or S & P if the 1985 Bonds are rated by S & P, in each case to the effect that such rating agency has reviewed the proposed Alternate Letter of Credit and that the substitution of the proposed Alternate Letter of Credit for the Letter of Credit will not, by itself, result in a reduction of its ratings of the 1985 Bonds.

Section 4.6 Mortgage. Simultaneously with the execution and delivery of this Agreement, the Borrower shall deliver to Issuer or its assigns, as additional security for the Bonds, a first mortgage interest in that portion of the Project constituting water and sewer treatment plants, together with title insurance insuring such mortgage lien, or at the option of the Borrower, an opinion of counsel acceptable to the Issuer as to title. The requirements of this Section may be waived in writing by the Issuer.

ARTICLE V

INDEMNIFICATION OF ISSUER; INSURANCE

Section 5.1 Release and Indemnification Covenants. The Borrower releases the Issuer and the Trustee from, and covenants and agrees that, the Issuer and each and every member of the governing body, officer, official, employee or agent thereof, past, present and future, and the Trustee, shall not be liable for, and covenants and agrees to defend, indemnify and hold harmless such parties, and each of them, from and against (a) any liability for loss or damage to property or any injury to or death of any person occurring at or resulting from the Project or any defect therein, the ownership thereof, the acquisition, construction or equipping thereof, or the possession, occupancy, use or operation thereof, or resulting from any act or omission of the Borrower or any of its agents, contractors, servants, employees, or licensees, and without limiting the foregoing, any and all actions, suits, proceedings, allegations, claims and liabilities in any way arising out of or predicated upon any of the foregoing or this Agreement, the Indenture or any instrument or document contemplated hereby or by the Indenture, including any expenses incurred by the Issuer in connection with the defense of any claim against it arising out of any such loss, damage, injury or death; provided, however, that such indemnity shall not be effective with respect to the Issuer or the Trustee, as the case may be, to the extent of the Issuer's or the Trustee's own gross negligence or intentional misconduct; (b) any loss, damage, cost or expense (including attorneys' fees) arising out of any breach or default on the part of the Borrower in the performance of any of its obligations under this Agreement; (c) all claims arising from the negligent or intentional misconduct of the Borrower or any of its permitted assignees, lessees, sublessees or transferees, or the agents, contractors, servants, employees or licensees of any of the foregoing parties; and (d) any cost or expense (including attorneys' fees) incurred by the Issuer under the Indenture.

Notwithstanding the fact that it is the intention of the parties that the Issuer shall not incur pecuniary liability by reason of the terms of this Agreement, or the undertakings required of the Issuer hereunder, by reason of the issuance of the Bonds, by reason of the adoption of the Indenture, by reason of the performance of or failure to perform any act required of it by this Agreement or the Indenture, or by reason of the performance of or failure to perform any act requested of it by Borrower, the Trustee or the Registered Owners of the Bonds, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing; nevertheless, if the Issuer should incur any pecuniary liability, then in such event Borrower shall indemnify and hold harmless the Issuer (including any person at any time serving as a member of the governing body, officer, official, employee, or agent of the Issuer), against all claims by or on behalf of any person, firm, corporation or entity of any kind, arising out of the same, and all costs and expenses (including attorneys' fees) incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, Borrower shall defend the Issuer (including any person serving at any time as a member of the governing body, officer, official, employee, or agent of the Issuer) in any such action or proceeding.

The release and indemnification covenants and agreements contained in this Section shall survive the termination of this Agreement. The Issuer will not, without the prior written consent of the Borrower, settle or consent to the settlement of any prospective or pending litigation for which the Borrower is obligated under the provisions of this Section to indemnify the Issuer.

The Borrower agrees to undertake and perform, on behalf of the Issuer, all obligations and duties of the Issuer under the Indenture, as may be from time to time delegated to Borrower by the Issuer.

Section 5.2 No Personal Liability. (a) Notwithstanding anything to the contrary contained herein or in any of the Bonds, or the Indenture, or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement, or obligation of any present or future member of the governing body, officer, employee or agent of the Issuer, or of any incorporator, member, director, trustee, officer, employee or agent of any successor to the Issuer, in any such person's individual capacity, and no such person, in his individual capacity, shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or on any such stipulation, covenant, agreement, or obligation, against any such person, in his individual capacity, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such person, in his individual capacity, is hereby expressly waived and released. The provisions of this Section shall survive the termination of this Agreement.

(b) Notwithstanding anything to the contrary contained herein or in any of the Bonds, the Indenture, or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, (i) the Issuer shall have no obligation to take action under this Agreement, the Indenture, the Bonds or such other instruments or documents, unless the Issuer is reasonably requested in writing by an appropriate person to take such action and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any expenses (including attorneys' fees) in such action, (ii) neither the Issuer nor any member of the Issuer or any officer, employee or agent of the Issuer shall be personally liable to Borrower, the Trustee or any other person for any action taken by the Issuer or by its officers, agents or employees or for any failure to take action under this Agreement, the Indenture, the Bonds or such other instruments or documents, except that the Issuer agrees to take, or to refrain from taking, any action if so required by an injunction or if required to comply with any final judgment for specific performance; and (iii) any judgment rendered against the Issuer for breach of its obligations under this Agreement, the Indenture, the Bonds or such other instruments or documents, shall be payable solely from the Trust Estate under the Indenture, and no personal liability or charge payable directly or indirectly from the general funds of the Issuer shall arise therefrom.

(c) In acting under this Agreement, the Indenture, the Bonds or such other instruments or documents, or in refraining from taking such action, the Issuer may conclusively rely on the advice of its counsel.

Section 5.3 Insurance on System. Commencing with the start of construction, the Borrower shall take out and continuously maintain in effect while any of the Bonds shall be outstanding and unpaid, insurance on the System against such risks as are customarily insured against by businesses of like size and type, and pay as the same shall become due and payable all premiums with respect thereto. In lieu of separate insurance policies, such insurance may be in the form of a blanket insurance policy or policies of the Borrower, which policy or policies may contain deductible amounts and exceptions and exclusions comparable to those contained in policies customarily obtained by businesses of like size and type as that of the Borrower.

Without limiting the generality of the foregoing, the Borrower shall at all times carry or cause to be carried the following insurance coverage:

(a) Insurance against loss and/or damage to the System under a policy or policies in form and amount covering such risks as are ordinarily insured against by owners of similar facilities, including, without limiting the generality of the foregoing, fire, hurricane, flood, hazard, windstorm and uniform standard extended coverage and vandalism and malicious mischief endorsements, limited only as may be provided in the standard form of such endorsements at the time in use in the State. Such insurance shall cover the System during the construction of the Project and shall insure the Borrower, Issuer and the Trustee, as their interests appear. Such insurance shall be for the amount of (i) the full replacement value (less the value of the land) of the System, or (ii) the amount required to pay principal and interest on Bonds as they mature, whichever is less. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence.

(b) Comprehensive general public liability protecting the Borrower, Issuer and Trustee as their interests may appear, against liability for injuries to persons and/or property, occurring in or about the System, in the minimum amount of \$1,000,000 liability to any one person for personal injury, \$1,000,000 liability to any one person for property damage and \$1,000,000 annual aggregate liability for any one accident.

(c) Fidelity bonds on all officers and employees of the Borrower who collect or have custody of or access to cash, such bonds to be in such amounts as are customarily carried by like organizations engaged in like activities of comparable size and having comparable revenues.

(d) Use and occupancy insurance, covering loss of revenues by reason of the total or partial suspension of, or interruption in, the operation of the System caused by the damage to or destruction of any part of the System, with such exceptions as are customarily imposed by the insurers covering a period of suspension or interruption, and in such amount as will provide revenues equal to 20% of the Outstanding Bonds together with an amount, determined by the Borrower, required to pay salaries of key personnel of the Borrower during any twelve (12) month period.

Each policy of insurance and each fidelity bond shall be issued by a recognized, responsible insurance or fidelity bonding company, qualified under the laws of the State to assume the risks covered by such policy or policies or bonds.

All policies of insurance required under subparagraph (a) above shall be for the benefit of the Borrower, the Issuer and the Trustee, as their respective interests may appear, shall be made payable to the Trustee, and shall be deposited with the Trustee and shall be noncancellable by the insurer except on thirty (30) days notice to the Trustee. The Trustee shall have the exclusive right to receive the proceeds from such insurance and receipt for claims thereunder subject to application thereof pursuant to Article VI hereof.

All policies evidencing the insurance or bonds required to be carried by this Section shall be deposited with the Trustee; provided, however, that in lieu thereof the Borrower may deposit with the Trustee a certificate or certificates of the respective insurers attesting the fact that such insurance or bond is in effect, and, at least thirty (30) days prior to the expiration of any such insurance policy or bond, the Borrower will furnish to the Trustee evidence reasonably satisfactory to the Trustee that such policy or bond has been renewed or replaced by another policy or bond.

The Borrower may voluntarily settle or consent to the settlement of any prospective or pending claim under any insurance policy referred to in this Agreement without the consent of the Trustee or the Issuer, but notice of any such settlement shall be given to the Issuer and the Trustee; provided, however, in no event will the Issuer or the Trustee voluntarily settle or consent to the settlement of any such claim without the written consent of the Borrower.

Section 5.4 Inability to Obtain Required Insurance or Bonds. If at any time the Insurance Advisor shall determine that the Borrower is unable reasonably to obtain such insurance or bonds to the extent above required, either as to the amount of such insurance or bonds or as to the risks covered thereby or the deductible provision thereof, it will not constitute an Event of Default under this Agreement if the Borrower shall carry or cause to be carried such insurance and bonds as in the opinion of the Insurance Advisor is reasonably obtainable.

Section 5.5 Advances by Issuer or Trustee. In the event that the Borrower fails to pay the premiums on policies or bonds to provide the full coverage required by this Article of this Agreement, fails to pay the taxes and other charges required to be paid by the Borrower at or prior to the time they are required to be paid, or fails to keep the System in good order and repair and in as reasonably safe condition as its operations permit, the Issuer or the Trustee, after first notifying the Borrower of any such failure on its part, may (but shall not be obligated to) pay the premiums on such insurance, or such bond, or pay such taxes or other charges, or make such repairs, renewals and replacements as may be necessary to maintain the System in as reasonably safe condition as the Borrower's operations permit and the System in good order and repair, respectively; and all amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Borrower to the Issuer or to the Trustee, as the case may be, which amounts, together with interest thereon at the Default Rate from the date thereof, the Borrower will pay upon demand. Any remedy herein vested in the Issuer or the Trustee for the collection of the Loan Payments shall also be available to the Issuer and the Trustee for the collection of all such amounts so advanced.

ARTICLE VI

PROVISIONS RESPECTING DAMAGE, DESTRUCTION AND CONDEMNATION

Section 6.1 Damage and Destruction. If the Project or the System is destroyed (in whole or in part) or is damaged by fire or other casualty, the Borrower will continue to pay the sums required to be paid hereunder and will promptly give written notice of such damage and destruction to the Trustee and the Issuer. All Net Proceeds of insurance resulting from claims for such losses shall, to the extent necessary to enable the Borrower to repair, rebuild or restore the property, be paid by the Trustee to the Borrower, whereupon the Borrower will proceed promptly to repair, rebuild or restore the property damaged or destroyed to substantially the same condition as it existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Borrower and as will not impair either the value of the Project or the System or its utility for the purpose for which it is held by the Borrower, and the Borrower will pay the costs of such repair, rebuilding or restoration, either on completion thereof, or as the work progresses. The balance, if any, of the Net Proceeds remaining after the payment of all of the costs of such repair, rebuilding or restoration may be paid into the Bond Fund and shall to the extent of such amount so deposited abate the sums payable into the Bond Fund hereunder.

In the event the Net Proceeds of insurance are not sufficient to pay in full the costs of repairing, rebuilding and restoring the Project or the System as provided in this Section, the Borrower will nonetheless complete the work thereof and will pay that portion of the costs thereof in excess of the amount of said proceeds. The Borrower shall not, by reason of the payment of such excess costs (whether by direct payment thereof or payment to the Trustee therefor), be entitled to any reimbursement from the Issuer or any postponement, abatement or diminution of the sums due and payable hereunder.

Alternatively, the Net Proceeds of insurance may at the option of the Borrower be applied to the prepayment of the Note and application of such sums on the next Redemption Date to redemption of Bonds including accrued interest thereon to the date of redemption, provided, that no part of any such Net Proceeds may be applied to the redemption of 1985 Bonds at par unless all of the Outstanding 1985 Bonds are to be redeemed; provided further however, that if the Borrower has furnished to the Trustee a certificate of an Engineer stating (i) that all portions of the Project or the System not replaced following the destruction thereof are not essential to the Borrower's use or occupancy of the System, or (ii) that the System has been restored to a condition substantially equivalent to its condition prior to such destruction, so much of the Net Proceeds necessary to restore the System to the extent desired shall be so applied and any remaining Net Proceeds may be deposited in the Bond Fund and be used to purchase or redeem fewer than all of the Outstanding Bonds on the next Redemption Date.

Any balance of such Net Proceeds remaining after the application thereof as provided in this Section shall be applied at the direction of the Borrower.

The proceeds of any property insurance not applied within eighteen (18) months after their receipt to repairing, replacing or reconstructing the damaged or

destroyed property, unless the Borrower shall advise the Trustee in writing that it has been prevented from so doing because of conditions beyond its control, or unless the Borrower shall otherwise direct, shall be deposited in the Bond Fund and applied by the Trustee to the payment of the principal of and interest on the Bonds.

Section 6.2 Condemnation. In the event that title to, or the use of, the Project or the System, or any part thereof shall be taken under the exercise of the power of eminent domain, the Borrower shall be obligated to continue to make the Payments required to be paid under this Agreement, and the entire Net Proceeds shall be applied in one or more of the following ways as shall be directed in writing by the Borrower:

(a) To the restoration of the remaining Project or the System to substantially the same condition as existed prior to the exercise of the said power of eminent domain.

(b) To the acquisition, by construction or otherwise, by the Borrower of other lands or improvements suitable for the Borrower's operations at the Project or the System, which land or improvements shall be deemed a part of the System and available for use and occupancy by the Borrower without the payment of any Loan Payment other than herein provided to the same extent as if such land or other improvements were specifically described herein.

(c) To the prepayment of the Note and application of such sums to redemption of Bonds including accrued interest thereon to the date of redemption and the applicable premium, if any.

(d) To the Borrower for such uses and purposes as it may determine.

Any balance of such Net Proceeds remaining after the application thereof as provided in subsections (a), (b) and (c) of this Section shall be paid to the Borrower.

Section 6.3 Condemnation of Borrower-Owned Property. The Borrower shall be entitled to the Net Proceeds of any award or portion thereof made for damage to or takings of its own property not included in the Project or the System, provided that any Net Proceeds resulting from the taking of all or any part of the Project or the System, or severance damages attributable thereto, shall be paid and applied in the manner provided in the foregoing Section of this Agreement.

Section 6.4 Property Substituted in System. All property substituted and/or added to the System for the purpose of restoring the same to a condition substantially equivalent to its condition prior to any damage, destruction or taking under the exercise of the power of eminent domain, or to a condition fully adequate for the Borrower's operation at the Project, shall become a part of the System.

Section 6.5 Temporary Disruption of System Operations by Eminent Domain. In the event the operation of the System or any part thereof shall be disrupted as a result of the exercise of the power of eminent domain, the proceeds derived from any condemnation award shall promptly be deposited to the credit of the Bond Fund and applied, to the extent available in lieu of the Borrower's payments, upon the next succeeding installments of the Loan Payments coming due during the period of the taking

in the same manner as payments thereof by the Borrower are applied pursuant to the provisions of Section 4.2 of this Agreement, and the excess, if any, may be retained by the Borrower. To the extent that any such condemnation award shall be insufficient to pay any such installment or installments upon the Loan Payments while the Borrower shall be experiencing any loss of use of the System or any part thereof, such deficiency shall be fully paid by the Borrower to the Trustee, with no resulting abatement, diminution or delay in subsequent payments of the installments upon the Loan Payments in the manner required by Section 4.2 of this Agreement. The expression "disruption" shall be deemed to mean for the purpose of this Section 6.5, impairment of use for a period of less than twelve (12) months, in the determination of the Borrower at the time of the taking.

Section 6.6 Operation, Maintenance and Repair. The Borrower shall keep and maintain the Project in good repair and operating condition, reasonable wear and tear excepted, and shall operate the Project, all at its own expense in each instance.

ARTICLE VII

PLEDGE OF AGREEMENT; PROJECT EXPANSION

Section 7.1 Pledge of Agreement Under Indenture; Trustee's Rights in Event of Default; Borrower's Right to Remedy Default Under Indenture; Amendment of Agreement and Indenture. The Issuer shall pledge and assign this Agreement (except for certain enumerated reserved rights) and the Note, to the Trustee as security for the Bonds under and pursuant to the Indenture and, upon the occurrence of an Event of Default hereunder, the Trustee shall have all rights and remedies herein accorded to the Issuer as well as those accorded to the Trustee. The Trustee shall have the right to make any election which the Issuer has the right to make upon an Event of Default under this Agreement and to exercise any remedy herein provided to the Issuer and the decision or action of the Trustee in respect of any such election upon an Event of Default shall supersede and control that of the Issuer so long as the Bonds are Outstanding. Whenever the Bonds and all sums due the Issuer and the Trustee shall have been paid in full, all rights and remedies provided herein or in the Indenture upon the occurrence of an Event of Default hereunder, including those granted to the Trustee hereunder or under the Indenture shall be exclusively those of the Issuer. The Borrower shall have the privilege of remedying any default by the Issuer under the Indenture within 30 days after notification of the occurrence thereof and upon the payment of all costs and expenses incurred in the exercise of remedies under the Indenture prior to the time such default was so remedied. Prior to the payment in full of the Bonds, the Issuer and the Borrower shall have no power to modify, alter, amend or terminate this Agreement without the prior written consent of the Trustee and then only as provided in the Indenture. The Issuer will not amend the Indenture or any indenture supplemental thereto without the prior written consent of the Borrower. Neither the Issuer nor the Borrower will unreasonably withhold any consent herein or in the Indenture required of either of them.

Section 7.2 Project Expansion. Provided that the tax-exempt status of the Bonds shall not be adversely affected, the Borrower shall be entitled to select any portion of the Project site adjacent to the then existing Project for the purpose of enlarging or constructing an annex to the Project at its own expense, with or without outside financing or from the proceeds of Additional Bonds issued in accordance with Section 3.1 hereof, and may attach the new construction to the existing walls, pipes and foundations of the existing structures of the Project and make openings in the walls of the existing structures of the Project between such structures and the additions or enlarged portions, all in accordance with approved architectural and engineering practice. The Borrower shall be obligated to repair any damage resulting from the exercise of its rights hereunder.

Section 7.3 References to Bonds Ineffective after Bonds Paid. Upon full payment of the Bonds, all references in this Agreement to the Bonds, the Indenture and the Trustee shall be ineffective and neither the Trustee nor the Registered Owners of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested. For purposes of this Agreement, the Bonds shall be deemed fully paid when they are deemed no longer Outstanding under the provisions of Section 12.1 of the Indenture.

ARTICLE VIII

PARTICULAR COVENANTS OF THE BORROWER

Section 8.1 General Covenants. The Borrower will not do or permit anything to be done on or about the Project that will affect, impair or contravene any policies of insurance that may be carried on the Project or any part thereof against loss or damage by fire, casualty or otherwise. The Borrower will, in the use of the Project and the public ways abutting the same comply with all lawful rules, regulations and requirements of all federal, state and local governments and agencies and departments thereof which are applicable to it or to the Project; provided, however, the Borrower may, at its own expense in good faith contest the validity or applicability of any such requirement.

Section 8.2 Examination of Project and Books and Records of the Borrower. The Trustee, the Issuer, or the Registered Owners of 5% or more of the principal amount of the Bonds Outstanding or their agents or attorneys shall have the right at all reasonable times to enter upon, examine, inspect and photograph the Project; and upon the occurrence of an Event of Default hereunder, the Trustee, the Issuer, or the Registered Owners of 5% or more of the principal amount of the Bonds Outstanding and their respective agents, attorneys and accountants shall have access to and the right to inspect, examine and make copies of the books and records, accounts, data, and all or any other records or information of the Borrower.

Section 8.3 Books and Records; Financial Statements. The Borrower shall install and maintain proper books of record and account in which full and correct entries shall be made in accordance with standard accounting practice, of all its business and affairs. The Borrower shall furnish to the Issuer and the Trustee the following financial statements, financial data and certificates:

(a) As soon as practicable, and in any event within 90 days after the end of each Fiscal Year, financial statements, covering the operations of the Borrower for such Fiscal Year, including consolidated statements of income, consolidated balance sheets and statements of changes in financial position, each accompanied by an opinion issued in accordance with generally accepted accounting practices as approved by the American Institute of Certified Public Accountants and signed by an Independent Certified Public Accountant.

(b) As soon as practicable, and in any event within 90 days after the end of each Fiscal Year, a special report issued and signed by the Independent Certified Public Accountant referred to in paragraph (a) above, stating that during the performance of his examination of the financial statements referred to in paragraph (a) above, no Events of Default were noted, or, if any Events of Default were noted, specifying the nature thereof and the period of existence thereof.

(c) Quarterly unaudited statements of income, consolidated balance sheets and statements of changes in financial position within 60 days after the last day of each fiscal quarter.

(d) Together with each delivery of reports and financial statements required by paragraphs (a) and (b) above, a certificate of an Authorized Borrower Representative setting forth that there exists no default or defaults with respect to any Indebtedness involving a liability of \$1,000,000 or more of the Borrower then outstanding, or, if any default or defaults exist, specifying the nature thereof, the period of existence thereof and what action the Borrower proposes to take with respect thereto.

Section 8.4 Borrower to Maintain Local Agent. The Borrower will at all times keep an office or agency in the territorial limits of the Issuer where notices, requests and demands in respect of this Agreement may be served, and it will in writing notify the Issuer and the Trustee of the location of each such office or agency. If the Borrower fails to maintain such an office or agency or fails to so notify the Issuer and the Trustee of the location thereof, the Borrower hereby agrees and consents that the Trustee shall be the agent of the Borrower for the purpose of accepting service of the same upon the Borrower and all such notices, requests and demands may be served upon the Trustee, as such agent, at the principal office of the Trustee.

Section 8.5 Borrower to Maintain its Corporate Existence; Conditions Under Which Exceptions Permitted. The Borrower covenants that, so long as any Bond shall be Outstanding, it will maintain its corporate existence, but nothing contained herein shall prevent any consolidation or merger of the Borrower with or into any other corporation or corporations, or successive consolidations or mergers in which the Borrower or its successor or successors shall be a party or parties, or shall prevent any sale or conveyance of all or substantially all the property of the Borrower to any other person authorized to acquire and operate the same; provided, that the written consent of the Issuer is first obtained, which consent shall not be unreasonably withheld; and provided further, however, and the Borrower hereby covenants and agrees, that upon any such consolidation, merger, other than a consolidation or merger in which the Borrower is the continuing corporation, or upon any such sale or conveyance, the due and punctual performance and observance of all the covenants and conditions of this Agreement to be performed by the Borrower shall be expressly assumed in writing satisfactory to the Trustee and the Issuer, by the corporation formed by such consolidation, or into which the Borrower shall have been merged, or by the person which shall have acquired such property.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1 Events of Default Defined. The following shall be events of default under this Agreement and the terms "Event of Default" or "Default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure to make any payment with respect to the Note (including the payments under Section 4.2 hereof) that has become due and payable by the terms of this Agreement.

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed pursuant to this Agreement, other than as referred to in subsection (a) of this Section, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, given to the Borrower by the Issuer or the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration, provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower promptly upon receipt of the written notice and is diligently pursued until the default is corrected.

(c) The dissolution or liquidation of the Borrower or the filing by the Borrower of a voluntary petition in bankruptcy, or failure by the Borrower promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Project; the Borrower's seeking of or consenting to or acquiescing in the appointment of a receiver of all or substantially all its property or of the Project; or the commission by the Borrower of any Act of Bankruptcy; or adjudication of the Borrower as a bankrupt or insolvent; or any assignment by the Borrower for the benefit of its creditors; or the entry by the Borrower into an agreement of composition with its creditors; or the approval by a court of competent jurisdiction as having been filed in good faith of a petition applicable to the Borrower in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Borrower" as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another corporation or a dissolution or liquidation of the Borrower following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such actions as herein provided.

(d) The occurrence of any of the foregoing as to the Guarantor.

(e) The occurrence of an event which constitutes an Event of Default under the Indenture which has the effect of accelerating payment of the Bonds or the occurrence of an Event of Default under the Guarantee.

(f) The Borrower or the Guarantor shall (i) fail to make any payment of any Indebtedness involving a liability of \$1,000,000 or more or to make any payment of any interest or premium thereon, when due (whether by scheduled maturity, required

prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness involving a liability of \$1,000,000 or more, or (ii) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any Indebtedness when required to be performed or observed, and such failure shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate, or to permit the acceleration of, the maturity of any Indebtedness.

(g) Any representation or warranty made by the Borrower herein or in any writing furnished in connection with or pursuant to this Agreement shall be false in any material respect on the date as of which made.

(h) Receipt by Trustee of notice from the Bank that an Event of Default has occurred under the Reimbursement Agreement.

(i) The foregoing provisions of Section 9.1 (b) are subject to the following limitations: If by reason of acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Florida or any department, agency, political subdivision or official of either of them, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery; partial or entire failure of utilities; or any cause or event not reasonably within the control of the Borrower; the Borrower is unable in whole or in part to carry out its agreements herein contained, the Borrower shall not be deemed in Default during the continuance of such inability; provided that the Borrower uses its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, further, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Borrower and the Borrower shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Borrower unfavorable to the Borrower. Notwithstanding the foregoing, any failure of the Borrower to perform its obligations under Sections 4.2 and 8.3 hereof shall constitute an Event of Default regardless of the reason for such failure to perform.

Section 9.2 Remedies on Default. Whenever any Event of Default shall have happened and be subsisting:

(a) The Trustee may declare the Note in default and may declare same immediately due and payable, and take any action or commence or prosecute any available proceedings against any party liable therefor, including any guarantor of the Borrower's obligations. Additionally, the Trustee may, and upon written request of the Registered Owners of not less than fifty-one percent (51%) in principal amount of the Bonds then Outstanding shall, by notice in writing delivered to the Issuer, declare the principal of all of the Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable, anything in the Indenture or the Bonds to the contrary

notwithstanding. The foregoing rights and duties shall, however, be subject to the discretionary right of the Trustee to, and upon written notice to the Trustee by the Registered Owners of a majority in principal amount of the Outstanding Bonds the Trustee shall, annul such declaration and destroy its effect at any time, if all covenants with respect to which a default shall have occurred shall be fully performed, and all arrears of interest upon all Bonds Outstanding hereunder and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other payments required by the Indenture (except the principal of any Bonds not then due by their terms) shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

(b) The Trustee may proceed to protect and enforce its rights and the rights of the Registered Owners of the Bonds hereunder and under the Bonds, by a suit or suits, whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power granted herein or for the collection of all amounts due under the Guarantee or for the enforcement of any other proper, legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce its rights and the rights of the Registered Owners of the Bonds.

(c) The Trustee may enforce the provisions of the Letter of Credit for so long as it is in effect.

Section 9.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient. The Issuer's exercise of the remedies set forth herein shall be subject to the provisions of Section 6.4 of the Indenture.

Section 9.4 Agreement to Pay Attorneys' Fees and Expenses. In the event the Borrower should default under any of the provisions of this Agreement and the Issuer or the Trustee should employ attorneys or incur other expenses for the collection of the Note or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower will on demand therefor pay to the Issuer or the Trustee (as the case may be) the reasonable fee of such attorneys and such other expenses so incurred which fees, costs and expenses shall be deemed Administration Expenses hereunder.

Section 9.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE X

INTERNAL REVENUE CODE, SECTION 103

Section 10.1 Covenants with Respect to Section 103(c) of the Internal Revenue Code. The parties hereto recognize that the Bonds are being sold on the basis that the interest payable on the Bonds is excludable from gross income of the Registered Owner thereof (other than a Registered Owner who is a "substantial user" or "related person" as used in Section 103(b)(13) of the Code) under Section 103 of the Code. The Borrower hereby covenants and agrees for the benefit of the Trustee and the Registered Owners of the Bonds that it shall not or shall not cause the proceeds of the Bonds to be used or applied in such manner as to constitute any Bond an "arbitrage bond" as that term is defined in Section 103(c) of the Code. The Issuer covenants and agrees for the benefit of the Trustee and the Registered Owners of the Bonds that it will not exercise any powers granted to it in this Agreement or in the Indenture in such manner as to constitute any Bond an "arbitrage bond" as that term is defined in Section 103(c) of the Code.

Section 10.2 Requirements of Tax Exemption (a) The Borrower covenants and agrees that, unless no Bonds shall remain Outstanding under the terms of the Indenture, the Borrower will not take or permit any action to be taken by the Borrower or any corporation owned or controlled by it, which will cause the interest on the Bonds to be included in the gross income of the Registered Owners of the Bonds (other than a Registered Owner who is a "substantial user" or "related person" as used in Section 103(b)(13) of the Code).

(b) The Borrower agrees that it will prepare and file, with copies to the Trustee, any statements required to be filed by it in order to maintain the tax exempt status of the interest on the Bonds.

(c) An event of taxability ("Event") shall mean a failure by the Borrower to observe any covenant, agreement or representation in this Agreement or any change in any constitution, statute or ruling or interpretation thereof which causes the interest on the Bonds to be or to become includable in the gross income of the Registered Owners of the Bonds (other than a Registered Owner who is a "substantial user" or a "related person" as such terms are used in Section 103(b)(13) of the Code).

(d) A "Determination of Taxability" shall mean a final determination by the Internal Revenue Service or a court of competent jurisdiction in a proceeding in which the Borrower has been afforded an opportunity to participate, that an Event has occurred. Any such determination will not be considered final for this purpose unless the Borrower has been given written notice and, if it so desires, has been afforded the opportunity to contest the same, either directly or in the name of any Registered Owner of a Bond, and until the conclusion of any appellate review, if sought.

(e) The amount payable by the Borrower as a prepayment of a portion of the Note and with respect to the Bonds upon the occurrence of a Determination of Taxability as a result of an Event shall be the sum of the principal amount of all Bonds then Outstanding, plus accrued interest to the date of redemption.

The obligation of the Borrower to pay the amounts required to be paid in this Section 10.2 provided herein shall survive the termination of this Agreement.

(f) The Borrower shall give prompt written notice to the Issuer and the Trustee of its receipt of any oral or written advice from the Internal Revenue Service or a court that an Event shall have occurred.

The Trustee shall, promptly upon learning of a Determination of Taxability cause notice thereof to be given to the Registered Owners of the Bonds in the same manner as is provided in the Indenture for notices of redemption, which notice shall state a redemption date (the "Tax Redemption Date") which shall be within 180 days from the occurrence of the Determination of Taxability. The Trustee may, in such notice to Registered Owners of the Bonds, make provision for obtaining advice from Registered Owners of the Bonds, in such form as shall be deemed appropriate, respecting relevant assessments made on Registered Owners of the Bonds by the Internal Revenue Service, so as to be able, if appropriate, to verify the existence, present or future, of a Determination of Taxability.

On or before the Tax Redemption Date, the Borrower shall pay, in immediately available funds, to the Trustee as the balance of the Loan the sums provided for pursuant to this Section, together with any sum due pursuant to any other Section of this Agreement or under the Indenture to be paid prior to the Tax Redemption Date herein provided. After the Borrower's payment of the balance of the Loan and the required notice of redemption having been given under the Indenture, the Trustee shall apply such funds to the redemption of Bonds and to payment to the Registered Owners of Bonds on the Tax Redemption Date, all in accordance with the requirements hereinbefore set forth in this Section.

Upon the Tax Redemption Date, and provided there has been deposited with the Trustee the total amount as required, such amount shall constitute the total sum due as a result of an occurrence of a Determination of Taxability and of an Event, if any, and the Borrower shall not be deemed to be in default under this Agreement by reason of the occurrence of such Determination of Taxability and Event.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Execution Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.2 Binding Effect. This Agreement shall inure to the benefit of, and shall be binding upon, the Issuer, the Borrower and their respective successors and assigns.

Section 11.3 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.4 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

Section 11.5 Obligation of the Parties to Cooperate in Furnishing Documents to Trustee. The Issuer agrees at the sole cost and expense of the Borrower to cooperate with the Borrower in furnishing to the Trustee all documents required by this Agreement or the Indenture.

Section 11.6 Governing Law. This Agreement is made and entered into under, and shall be construed in accordance with, the laws of the State.

Section 11.7 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be effective when received by registered or certified mail, postage prepaid by receipted hand delivery, or by telecopier or telex, addressed as follows: if to the Issuer, St. Johns County, Florida, c/o Clerk of Courts, St. Johns County Courthouse, St. Augustine, Florida 32084, Attention: Chairman, Board of County Commissioners; if to the Borrower, General Development Utilities, Inc., 1111 South Bayshore Drive, Miami, Florida 33131, Attention: Treasurer, with a copy to Guarantor, General Development Corporation, 1111 South Bayshore Drive, Miami, Florida 33131, Attention: Legal Department; and if to the Trustee, as provided in the Indenture. A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Borrower, to the other shall also be given to the Trustee. The Issuer, the Borrower and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Agreement to be executed and their official seals to be hereunto affixed and attested by their undersigned duly authorized officers, as of the day and year first above written.

ST. JOHNS COUNTY, FLORIDA

By: _____
Chairman
Board of County Commissioners

Attest:

Clerk of the Circuit Court
ex officio Clerk to the
Board of County Commissioners

STATE OF FLORIDA

COUNTY OF ST. JOHNS

On the ____ day of December, 1985, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that he is Chairman of the Board of County Commissioners of the Issuer, described in and which executed the foregoing instrument; that he knows the seal of said Issuer; that the seal affixed to said instrument is such seal; that it was so affixed by authority of the Issuer; and that he signed his name thereto by like authority.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this ____ day of December, 1985.

(SEAL)

Notary Public
My Commission Expires: _____

GENERAL DEVELOPMENT UTILITIES, INC.

By: _____
Treasurer

(SEAL)

ATTEST:

By: _____
Secretary

STATE OF FLORIDA

COUNTY OF DADE

On the ____ day of December, 1985, before me personally came Gerald A. Stilwell, to me known, who, being by me duly sworn, did depose and say that he is Treasurer of General Development Utilities, Inc., described in and which executed the foregoing instrument; that he knows the corporate seal of the Borrower, that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Borrower; and that he signed his name thereto by like authority.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this ____ day of December, 1985.

(SEAL)

Notary Public
My commission expires: _____

EXHIBIT A
General Project Description

EXHIBIT "B"

PROMISSORY NOTE

Date: December ____, 1985

For value received, **GENERAL DEVELOPMENT UTILITIES, INC.** ("Borrower") promises to pay to the order of **ST. JOHNS COUNTY, FLORIDA**, a political subdivision of the State of Florida (the "Issuer"), the principal sum of One Million Six Hundred Thousand Dollars (\$1,600,000), together with interest and other amounts from the date hereof as specified in the Loan Agreement dated as of December 1, 1985 between the Borrower and the Issuer (the "Loan Agreement") and as specified in the Trust Indenture (the "Indenture") of even date between the Issuer and BankAmerica Trust Company of New York, as Trustee under the Indenture.

This Note is secured by the Loan Agreement and is further secured by the Indenture, all of which is provided for and set forth in the Loan Agreement and the Indenture. It is expressly agreed that all definitions, covenants, conditions and agreements contained in the Loan Agreement and the Indenture executed in connection herewith are hereby incorporated by reference in this instrument as though fully set forth at length herein. In the event of conflict between this Note and the Loan Agreement or Indenture, the terms and conditions of the Loan Agreement and the Indenture shall control. This Note shall be deemed to be in default upon the occurrence of any event which under the terms of the Loan Agreement or Indenture securing this Note has been declared to constitute an Event of Default. Upon the occurrence of a declaration of an Event of Default the holder of this Note may, at its option, declare all unpaid indebtedness evidenced by this Note and any modifications thereof immediately due and payable without notice regardless of the date of maturity and shall have all other rights and remedies as provided in the Loan Agreement and the Indenture. Failure at any time to exercise this option shall not constitute a waiver of the right to exercise the same at any other time.

Borrower hereby waives presentment, protest and demand, notice of protest, demand and of dishonor and nonpayment of this Note.

This Note is assignable to the Trustee as aforesaid.

This Note shall be governed by the laws of the State of Florida, which laws shall be applicable in the interpretation, construction and enforcement hereof.

GENERAL DEVELOPMENT UTILITIES, INC.

By: _____
Treasurer

(SEAL)

ATTEST:

Secretary

ASSIGNMENT TO TRUSTEE

For value received the undersigned hereby sells, assigns and transfers unto BankAmerica Trust Company of New York, Trustee, without recourse, the within Note and all rights thereunder, pursuant to that certain Trust Indenture between St. Johns County, Florida and Trustee, dated as of December 1, 1985.

ST. JOHNS COUNTY, FLORIDA

By: _____
Chairman
Board of County Commissioners

Attest:

Clerk of the Circuit Court
ex officio Clerk to the
Board of County Commissioners

EXHIBIT C

GUARANTEE AGREEMENT

by

GENERAL DEVELOPMENT CORPORATION

to

BANKAMERICA TRUST COMPANY OF NEW YORK
Trustee

and

ST. JOHNS COUNTY, FLORIDA

Dated as of December 1, 1985

In connection with the issuance of
\$1,600,000 St. Johns County, Florida
Variable Rate Demand Utility Revenue Bonds, Series 1985
(General Development Utilities, Inc. Project)

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GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT, made as of the 1st day of December, 1985, from **GENERAL DEVELOPMENT CORPORATION**, a Delaware corporation (the "Guarantor"), to **BANKAMERICA TRUST COMPANY OF NEW YORK**, a trust company organized under the laws of the State of New York, acting as Trustee under the Indenture (hereinafter defined) with its principal office and place of business in New York, New York (the "Trustee"), and **ST. JOHNS COUNTY, FLORIDA**, a political subdivision of the State of Florida, organized and existing under the laws of such State (the "Issuer"),

WITNESSETH:

WHEREAS, the Issuer is authorized and empowered by Part II of Chapter 159, Florida Statutes, as amended, and other applicable provisions of law (collectively, the "Act"), to finance capital projects for industrial facilities, and to issue and sell its revenue bonds in order to provide funds for such financing; and

WHEREAS, the Issuer has agreed, under the Loan Agreement (hereinafter identified), to finance all or part of the cost of the acquisition, construction and equipping of certain capital improvements to the utility system of the Borrower mentioned below (the "Project"), for use by General Development Utilities, Inc. (the "Borrower"), and to issue a series of its revenue bonds to be designated Variable Rate Demand Utility Revenue Bonds, Series 1985 (General Development Utilities, Inc. Project), in an aggregate principal amount of \$1,600,000 (the "1985 Bonds"), to be issued under a Trust Indenture dated as of the date hereof between the Issuer and the Trustee (the "Indenture"), for the purpose of providing funds to finance the cost of the Project; and

WHEREAS, contemporaneously herewith the Issuer and the Borrower are entering into a Loan Agreement dated as of the date hereof (the "Loan Agreement"), under which the Issuer is lending and the Borrower is borrowing the proceeds from the sale of the 1985 Bonds, in an aggregate principal amount of \$1,600,000 and under which the Borrower is agreeing to complete the Project, to repay said loan in installments at the times and in amounts sufficient to pay the principal of, premium, if any, and interest on the outstanding 1985 Bonds and to pay certain other amounts described in the Loan Agreement when and as the same become due, to operate, repair, maintain and insure the Project at its own expense and to pay all costs incurred by the Issuer in connection with the Project, if any, which are not paid out of the proceeds of the 1985 Bonds; and

WHEREAS, contemporaneously herewith, all right, title and interest of the Issuer in, to and under the Loan Agreement (subject to certain reserved rights) and in and to the loan repayments and other revenues and proceeds derived by the Issuer from the Project, are being transferred and assigned by the Issuer to the Trustee in trust as provided in the Indenture as security for the payment of the principal of, premium, if any, and interest on the 1985 Bonds and any Additional Bonds (as defined in the Loan Agreement) which may hereafter be issued pursuant to the Indenture (the 1985 Bonds and any such Additional Bonds being hereinafter collectively called "Bonds"), and for the payment of other amounts payable thereunder, all for the benefit and protection of those Persons who from time to time shall be the Registered Owners of the Bonds until all of

the Borrower's obligations under the Agreement shall have been fully performed, and the Bonds and all fees, charges, expenses and any advances of the Trustee shall have been paid in full (or provision for full payment thereof shall have been made as provided in the Indenture); and

WHEREAS, the Guarantor acknowledges that the 1985 Bonds are being issued by the Issuer at the request of the Guarantor for its economic benefit;

NOW, THEREFORE, in consideration of the premises, in order to induce the Issuer to issue and sell the 1985 Bonds and to loan the proceeds of the 1985 Bonds to the Borrower, in order to induce the purchase of the 1985 Bonds by the purchasers thereof and by all other persons who from time to time shall become Registered Owners of the 1985 Bonds, in order to enhance the marketability of the 1985 Bonds, and thereby obtain a lower interest rate on the 1985 Bonds and a lower interest rate on the Borrower's Loan from the Issuer, the parties hereto do hereby covenant and agree as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. Definitions.

(a) For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Agreement have the meanings assigned to them herein, and include the plural as well as the singular;

(2) all accounting terms not otherwise defined herein, in the Loan Agreement or in the Indenture have the meanings assigned to them in accordance with generally accepted accounting principles;

(3) the words "herein", "hereof" and "hereunder" and other words of similar import, refer to this Agreement as a whole and not to any particular article, section or subdivision; and

(4) all capitalized terms used herein which are not defined herein shall have the meanings assigned to them in the Loan Agreement or in the Indenture.

(b) "Guaranteed Bonds" shall mean the Series 1985 Bonds and shall also include any one or more series of Additional Bonds hereafter issued.

Section 1.02. Notice to Trustee, Guarantor and Issuer.

All notices, requests or other communications to be given to the Borrower, the Trustee or the Issuer hereunder shall be sufficiently given and shall be effective when received by registered or certified mail, postage prepaid, or by receipted hand delivery, telecopier or telex, addressed as follows:

- | | |
|--------------------------|--|
| (1) If to the Trustee, | BankAmerica Trust Company of New York
Fourth Floor, 40 Broad Street
New York, New York 10004
Attn: Corporate Trust Office |
| (2) If to the Guarantor, | General Development Corporation
1111 South Bayshore Drive
Miami, Florida 33131
Attn: Senior Vice President -
Planning and Finance
copy: Legal Department |
| (3) If to the Issuer: | St. Johns County, Florida
c/o Clerk of Courts
St. Johns County Courthouse
St. Augustine, Florida 32084
Attention: Chairman, Board of County
Commissioners |

The Guarantor, the Trustee and the Issuer may, by notice given under this Section 1.02, designate any further or different addresses to which subsequent notices, requests or other communications shall be sent.

Section 1.03. Waivers of Notice.

Where this Agreement provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice shall be given in the manner provided for the giving of notice.

Section 1.04. No Third Party Beneficiaries.

This Agreement shall inure to the benefit of the (i) Trustee, (ii) the Registered Owners from time to time of the Guaranteed Bonds (the "Bondholders") and (iii) the Issuer. This Agreement is for the exclusive benefit of the foregoing persons, and shall not be deemed to be made for the benefit of any other persons not so specified. The Guarantor hereby expressly waives notice from the Trustee, the Bondholders and the Issuer of their reliance upon or acceptance of this Agreement.

Section 1.05. Amendments to Agreement.

This Agreement may not be amended, changed, modified, altered or terminated so as to affect the interest of the Registered Owners of Bonds Outstanding (as defined in the Indenture), without the prior written consent of the Registered Owners of Outstanding Guaranteed Bonds of not less than that percent in principal amount of the Outstanding Guaranteed Bonds adversely affected thereby which would be necessary to make an amendment to the Indenture of the type requiring consent of the Bondholders, provided, however, that no such amendment shall modify or reduce the obligations of the parties under Article III hereof without the prior written consent of the Registered Owners of all Outstanding Guaranteed Bonds.

No amendment hereto shall be effective unless executed in writing by the Trustee.

Section 1.06. Parties Accept the Loan Agreement, the Indenture and the Series 1985 Bonds.

The parties hereto accept the terms and provisions of the Loan Agreement, the Indenture and the Series 1985 Bonds.

Section 1.07. Guarantee of Additional Bonds.

If one or more series of Additional Bonds shall hereafter be issued as provided in the Loan Agreement and in the Indenture, the consent thereto of any party shall constitute an acceptance by such party of such series of Additional Bonds and any amendments and supplements to the Loan Agreement and/or the Indenture executed in connection therewith and shall extend the scope of such party's liability hereunder (i) to such series of Additional Bonds (which series of Additional Bonds shall be "Guaranteed Bonds" hereunder) and (ii) to the Loan Agreement and the Indenture as so amended and supplemented.

Section 1.08. Payments.

All payments required hereby shall be paid in lawful money of the United States of America. Each and every default in payment of the principal of, premium, if any, or interest on any Guaranteed Bond shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder by the Trustee, and to the extent permitted by the Indenture, by the Bondholders as a class, or by any Bondholder individually, as each cause of action arises.

All payments hereunder shall be made free and clear of, and without deduction for, any and all present and future taxes, levies, imposts, deductions, charges, withholdings, and all liabilities with respect thereto (all such taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). Within thirty (30) days after the date of each payment hereunder, any party making such payment will also furnish to the Trustee the original or a certified copy of either a receipt for payment of each of the Taxes payable in respect of such payment hereunder or, if no Taxes are payable in respect of such payment, a certificate from each appropriate taxing authority, or an opinion of counsel acceptable to the Trustee, in either case stating that such payment is exempt from or not subject to Taxes.

Section 1.09. Return of Payments.

This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment made hereunder is rescinded or must otherwise be returned by the Trustee or any Bondholder upon the insolvency, bankruptcy or reorganization of the Issuer, the Borrower, or otherwise all as though such payment had not been made.

Section 1.10. Counterparts.

This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 1.11. Severability Clause.

If any clause, provision or section of this Agreement shall be held to be illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein.

Section 1.12. Consent to Jurisdiction and Waiver, Waiver of Immunities.

(a) The Guarantor hereby irrevocably submits to the jurisdiction of any state or federal court in the State of Florida in any action or proceeding arising out of or relating to this Agreement and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such court. Each party further agrees that venue of any action to enforce this Agreement shall lie in the county in which

the Trustee's Corporate Trust Office is located at the time of the filing of such action, in the county in which any security for the Bonds is located or in any other county where venue is proper. Each party agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Nothing in this Section shall affect the right of the Trustee or any Registered Owner of Bonds to serve legal process in any other manner permitted by law or affect the right of the Trustee or any such Registered Owner to bring any action or proceeding against any party or its (or his) property in the courts of any other jurisdiction or venue.

(c) To the extent that any party has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself (or himself) or its (or his) property, such party hereby irrevocably waives such immunity in respect of its (or his) obligations under this Agreement.

Section 1.13. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Florida.

Section 1.14. Headings Not a Part Hereof.

The headings preceding the several articles and sections hereof (and any table of contents hereto) are solely for convenience of reference, do not constitute a part of this Agreement and shall not affect its meaning, construction or effect.

Section 1.15. Termination.

This Agreement shall remain in full force and effect so long as any of the Guaranteed Bonds and any amounts payable to the Trustee or the Issuer under the Indenture or hereunder shall remain unpaid and, subject to the provisions of Section 1.09 hereof, shall terminate at such time as none of the Guaranteed Bonds and no amounts payable to the Trustee and the Issuer under the Indenture or hereunder shall remain unpaid. Alternatively, subject to the provisions of Section 1.09 hereof, this Agreement shall terminate at such time as all Guaranteed Bonds have been purchased by the Borrower and all amounts payable to the Trustee and the Issuer under the Indenture and hereunder shall have been paid.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE GUARANTOR

Section 2.01. Representations and Warranties as to Consideration.

The Guarantor represents and warrants that it has received good, valuable and sufficient consideration for entering into this Agreement.

Section 2.02. Other Representations and Warranties.

The Guarantor hereby represents and warrants as follows:

(a) the execution, delivery and performance by the Guarantor of this Agreement does not contravene any law or any contractual restriction binding on or affecting it and does not result in or require the creation of any lien, security interest or other charge or encumbrance (other than pursuant hereto) upon or with respect to the Guarantor's properties; and

(b) no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Guarantor of this Agreement; and

(c) this Agreement is a legal, valid and binding obligation of the Guarantor; and

(d) the financial statements provided by the Guarantor to the Issuer and the Trustee accurately reflect the financial condition of the Guarantor as of their respective dates.

Section 2.03. Affirmative Covenants.

The Guarantor covenants and agrees that, unless the Trustee shall otherwise consent in writing:

(a) it will and will cause the Borrower to comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon them or upon their property except to the extent contested in good faith; and

(b) it will cause the Borrower to comply with the terms and conditions set forth in the Loan Agreement.

ARTICLE III

SCOPE OF GUARANTEE AND INDEMNIFICATION

Section 3.01. Guarantee of Payment of Principal of, Premium, and Interest on the Bonds.

The Guarantor hereby irrevocably and unconditionally guarantees, unto the Trustee, for the benefit of the Issuer, the Trustee and the Bondholders (i) the full and prompt payment of the principal of and premium, if any, on each of the Guaranteed Bonds, including any renewals, modifications or extensions thereof, when and as the same shall become due, whether at the stated maturity thereof, by acceleration, by call for redemption or otherwise, (ii) the full and prompt payment of any interest on each of the Guaranteed Bonds when and as the same shall become due (including scheduled installments of interest and interest on any principal, premium, if any, and/or interest which is in default) and (iii) the full and prompt payment of all other amounts required to be paid under the Loan Agreement and the Indenture by the Borrower. In each and every case, the Guarantor hereby covenants and agrees, in the event of the failure of the Issuer to make such payments of principal, premium, if any, or interest on any Guaranteed Bond, it shall, upon demand of the Registered Owner of any Guaranteed Bond, immediately make such payments to the Registered Owner of such Guaranteed Bond, provided, however, that if such demand is made by the Trustee on behalf of one or more Bondholders and such demand so provides, such payment shall be made by depositing with the Trustee an amount sufficient to pay all delinquent payments of principal, premium, if any, and interest on any principal, premium and interest so in default. This guarantee is a guarantee of payment and not of collectibility or performance and is in no way conditioned or contingent upon any attempt to collect from the Issuer or to realize upon any property subject to the lien of the Indenture or to realize upon any property pledged as security thereunder or hereunder. The Guarantor hereby waives diligence, presentment, demand, notice or protest of any kind.

Section 3.02. Indemnification of Trustee and Issuer.

(a) The Guarantor agrees to pay to the Trustee and to the Issuer on demand all fees payable to them respectively (and to the Bond Registrar and any paying agents) under this Agreement and under the documents and instruments herein referred to and all advances (and interest thereon as provided in the Loan Agreement or the Indenture) made by the Trustee and the Issuer under the Loan Agreement and/or the Indenture, all costs and expenses in connection with the preparation, execution, delivery, filing, recording, and administration of the Trust Indenture, the Loan Agreement, and all documents, agreements and Instruments to be delivered under any of the foregoing, including without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Issuer or for the Trustee with respect thereto and with respect to advising the Issuer or the Trustee as to its rights and responsibilities under any of the foregoing documents, agreements and instruments, and all costs and expenses, if any, in connection with the enforcement of any of the foregoing documents, agreements and instruments. In addition, the Guarantor shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of the foregoing documents, agreements and instruments, and agree to save the Issuer and the Trustee harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

(b) In addition to amounts payable under Sections 3.01 and paragraph (a) of this 3.02, the Guarantor agrees to pay and to indemnify and save the Issuer, the Trustee and the Registered Owners of the Guaranteed Bonds harmless from and against any damage, loss, cost or expense (including reasonable attorneys' fees) which the Issuer, the Trustee and/or any such Registered Owner may incur or be subject to as a consequence, direct or indirect, of (1) any breach by the Borrower or the Issuer of any warranty, covenant, term or condition in, or the occurrence of any default hereunder or under the Loan Agreement, the Indenture or the Guaranteed Bonds, together with all reasonable expenses resulting from the compromise or defense of any claims or liabilities arising as a result of any such breach or default, and (2) defense against any legal action commenced to challenge the validity of any of the above referred to instruments.

Section 3.03. Character of Obligations Hereunder.

The obligations of the Guarantor under Sections 3.01 and 3.02 hereof are primary, absolute, independent, irrevocable and unconditional. No act or omission of the Trustee or the Issuer or of any Registered Owner of any Guaranteed Bond shall in any way affect or impair the rights of any other Registered Owner of any Guaranteed Bond to enforce any right, power or benefit under this Agreement.

Section 3.04. No Impairment of the Guarantor's Obligations.

The obligations of the parties hereto shall be absolute and unconditional, and, except as otherwise provided, shall remain in full force and effect until this Agreement shall terminate as provided in Section 1.15 hereof. The obligations hereunder shall not be affected, modified, impaired, reduced or abated upon the happening from time to time of any event, including, without limitation, any of the following:

(a) the compromise, settlement, release or termination, either with or without consideration, of any or all of the obligations, covenants or agreements of the Issuer, the Trustee, or the Borrower under the Bonds, the Indenture, or the Loan Agreement (or under this Agreement except to the extent that such compromise, settlement, release or termination expressly so provides, and then only to the extent so provided); or

(b) the failure to give or delay in giving any notice to any party of the occurrence of any Event of Default under the terms and provisions of the Indenture or the Loan Agreement or of any default on the Bonds or under this Agreement or any delay in making any demand on any party hereunder; or

(c) the surrender or substitution, either with or without consideration, of any property, collateral or other security of any kind or nature whatsoever held by the Trustee, or held by any other Person on behalf of or for the account of the Trustee or the Bondholders, securing any obligation covered by or under this Agreement; or

(d) the waiver of the payment, performance or observance by the Issuer, the Trustee, the Borrower or any of them, of any of the obligations, covenants or agreements of any of them contained in any of the Bonds, the Indenture or the Loan Agreement; or

(e) the extension of the time for payment of any payment or of the time for performance of any other obligations, covenants or agreements under or arising out of any

of the Bonds, the Indenture or the Loan Agreement or any extension or renewal of any thereof; or

(f) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in any of the Bonds, the Indenture or the Loan Agreement; or

(g) the taking or the omission of any of the actions referred to in this Agreement or any of the Bonds, the Indenture or the Loan Agreement; or

(h) any failure, omission, delay or lack on the part of the Issuer, the Trustee or the Bondholders to enforce, assert or exercise any right, power or remedy conferred on the Issuer, the Trustee, or the Bondholders in this Agreement or in any of the Bonds, the Indenture or the Loan Agreement; or

(i) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment, composition with creditors or readjustment of, or other similar proceedings, affecting any party or any of the assets of any of them, or any allegation or contest of the validity of this Agreement or any of the Bonds, the Indenture or the Loan Agreement; or

(j) to the extent permitted by law, the release or discharge of any party or of the Issuer or of the Trustee, from the performance or observance of any obligation, covenant or agreement contained in this Agreement, the Bonds, the Indenture or the Loan Agreement by operation of law or otherwise; or

(k) any default or failure of any party fully to perform any of its (or his) obligations set forth in this Agreement, the Indenture or the Loan Agreement; or

(l) the invalidity or unenforceability of any of the provisions of the Bonds, the Indenture, the Loan Agreement or this Agreement; or

(m) the lack of capacity or authority on the part of the Issuer, the Trustee or any party to perform one or more of its (or his) obligations under this Agreement, the Bonds, the Indenture or the Loan Agreement;

provided that the specific enumeration of the above-mentioned events, matters or conditions shall not be deemed to exclude any other events, matters or conditions, though not specifically mentioned above, it being the purpose and intent of this Agreement that the obligations of each party shall be irrevocable, and absolute and unconditional and shall not be affected, modified, impaired, reduced or abated except by the payment in full of all principal of, premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and the Indenture, and by the payment of amounts payable under Sections 3.01 and 3.02 hereof and then only to the extent of such payments or performance.

Section 3.05. No Setoff.

No setoff, subrogation, contribution, counterclaim, reduction or diminution of any obligation, or any defense of any kind or nature which the Guarantor has or may have,

or may come to have, against the Issuer, the Trustee or the Registered Owner of any of the Bonds or against their respective properties or assets, shall be available hereunder to the Guarantor against the Issuer, the Trustee or any Registered Owner of any Bond.

Section 3.06. Guaranty, Suretyship or Indemnification.

At the option of the Trustee, the Issuer or any of the Bondholders, whichever shall be seeking enforcement hereof, this Agreement may be treated as a guaranty or a suretyship or an indemnification. In the event of a default in the payment of any principal of, premium, if any, or interest on any of the Guaranteed Bonds, the Trustee or any of the Bondholders, as the case may be, shall have the right to proceed first directly against any one or more parties to this Agreement without proceeding against or exhausting any other remedies which he, she, it or they may have against the Issuer or any other person and without resorting to any security held by the Trustee or any other person. Before the Trustee or the Issuer takes any action under this Agreement, the Trustee or the Issuer, whichever is applicable, may require that indemnity, satisfactory to it, be furnished by the Bondholders as provided in the Indenture for the reimbursement of all expenses (including reasonable attorneys' fees) and to protect it against all liability, except liability which is adjudicated to have resulted from negligence or willful default by reason of any action so taken.

ARTICLE IV

REMEDIES

Section 4.01. Events of Default.

The following shall be "Events of Default" under this Agreement:

(a) the failure of the Guarantor to abide by or perform any of the covenants on the part of the Guarantor contained herein and the continuance of such failure for thirty (30) days after notice thereof by the Trustee, the Issuer or any Bondholder;

(b) the filing by the Guarantor of a petition in bankruptcy or for reorganization or for an arrangement pursuant to any present or future bankruptcy act or under any similar federal or state law; or the adjudication of the Guarantor as a bankrupt or as an insolvent; or the making by the Guarantor of an assignment for the benefit of its creditors; or the making by the Guarantor of an admission in writing of its inability to pay its debts generally as they become due; or the filing of a petition or answer proposing the adjudication of the Guarantor as a bankrupt or as an insolvent corporation or its reorganization under any present or future federal bankruptcy act or any similar federal or state law in any court (which petition or answer shall not be discharged or denied within one hundred eighty (180) days after the filing thereof); or the appointment of a receiver, trustee or liquidator of the Guarantor in any proceedings brought against the Guarantor which shall not be discharged within ninety (90) days after such appointment (or if the Guarantor shall consent to or acquiesce in such appointment); or the dissolution or liquidation of the Guarantor, provided, however, that "dissolution or liquidation" shall not be deemed to mean any cessation of the existence of the Guarantor which is expressly permitted under the provisions hereof or of the Loan Agreement.

Section 4.02. Remedies.

The Trustee, the Issuer and any of the Bondholders shall be entitled to enforce this Agreement and exercise remedies hereunder upon the occurrence of an Event of Default; provided, however, that no Bondholder shall be entitled to enforce this Agreement directly unless (1) the Event of Default hereunder arises out of a failure by the Guarantor to perform the covenants and obligations under Article III hereof and (2) the Bondholders are then entitled to enforce the Indenture as provided in the Indenture.

If an Event of Default hereunder shall occur, the person or persons who are then entitled to enforce this Agreement shall be entitled to exercise all remedies available against each of the parties at law or at equity, including, but not limited to, the recovery of damages for the breach hereof or the specific enforcement of this Agreement, or both, including reasonable attorneys' fees and actual costs, whether or not the exercise of such remedies involved litigation.

Section 4.03. Remedies Not Exclusive.

No remedy available hereunder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter

existing at law or in equity. No delay or omission to exercise any right, power or remedy accruing upon any default or Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver thereof, but any such right, power or remedy may be exercised from time to time and as often as may be deemed expedient.

Section 4.04. Waivers of Default.

Any Event of Default hereunder may be waived by any Bondholder but such waiver shall be effective only with respect to such Bondholder. Such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. The foregoing rights and duties shall, however, be subject to the discretionary right of the Trustee to, and upon written notice to the Trustee by the Registered Owners of a majority in principal amount of the Outstanding Bonds, the Trustee shall, annul such declaration and destroy its effect at any time, if all covenants with respect to which a Default shall have occurred shall be fully performed, and all arrears of interest upon all Bonds Outstanding hereunder and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other payments required by the Indenture (except the principal of any Bonds not then due by their terms) shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

GENERAL DEVELOPMENT CORPORATION

By: _____
Senior Vice President -
Planning and Finance

(SEAL)
Attest:

Secretary

Accepted:

**BANKAMERICA TRUST COMPANY OF
NEW YORK**

By: _____
Corporate Trust Officer

Accepted:

ST. JOHNS COUNTY, FLORIDA

By: _____
Chairman
Board of County Commissioners

Attest:

Clerk of the Circuit Court
ex officio Clerk to the
Board of County Commissioners

REMARKETING AGREEMENT

as of December 1, 1985

**\$1,600,000 St. Johns County, Florida
Variable Rate Demand Utility Revenue Bonds, Series 1985
(General Development Utilities, Inc. Project)**

Dear Sirs:

St. Johns County, Florida (the "Issuer"), proposes to issue and sell \$1,600,000 principal amount of its Variable Rate Demand Utility Revenue Bonds, Series 1985 (General Development Utilities, Inc. Project) (the "Bonds") to be issued under a Trust Indenture dated as of December 1, 1985 (the "Indenture"), between the Issuer and BankAmerica Trust Company of New York, as trustee (the "Trustee"). Pursuant to Section 7.1 of the Indenture, you are hereby appointed Remarketing Agent for the Bonds. You hereby accept such appointment.

You hereby certify that you are authorized by law to perform all the duties imposed upon you as Remarketing Agent pursuant to the Indenture.

You will perform all duties required of the Remarketing Agent by the Indenture for the term specified therein.

As compensation for your providing such services, we agree to pay you, solely from funds provided by General Development Utilities, Inc., for such purpose, an amount equal to one-eighth of one percent (1/8 of 1%) of the average aggregate principal amount of Bonds Outstanding (as such term is defined in the Indenture) during each year, payable annually in arrears.

You may resign as Remarketing Agent upon sixty (60) days notice to the Issuer and General Development Utilities, Inc. of your intent to do so. The Issuer and General Development Utilities, Inc. may remove you as Remarketing Agent upon sixty (60) days notice to you of their intent to do so. Notice shall be given as provided in the Indenture.

us. Please confirm that the foregoing correctly sets forth the agreement among

Very truly yours,

ST. JOHNS COUNTY, FLORIDA

By: _____
Chairman

GENERAL DEVELOPMENT UTILITIES, INC.

By: _____
Treasurer

Confirmed:

CITIBANK, N.A.

By: _____
Vice President