RESOLUTION PROVIDING FOR THE ACQUISITION AND CONSTRUCTION OF CAPITAL PROJECTS BY ST. JOHNS COUNTY, FLORIDA; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING $3,000,000 PRINCIPAL AMOUNT OF CAPITAL IMPROVEMENT REVENUE NOTES TO FINANCE THE COST THEREOF; PLEDGING THE LOCAL GOVERNMENT HALF-CENT SALES TAX TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE NOTES; AUTHORIZING A NEGOTIATED SALE OF THE NOTES TO FIRST UNION NATIONAL BANK OF FLORIDA AND THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT THERETO; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE OWNERS OF THE NOTES; AND PROVIDING AN EFFECTIVE DATE.
# TABLE OF CONTENTS

## ARTICLE I

### GENERAL

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.01</td>
<td>Definitions</td>
<td>1</td>
</tr>
<tr>
<td>1.02</td>
<td>Authority for this Instrument</td>
<td>3</td>
</tr>
<tr>
<td>1.03</td>
<td>Findings</td>
<td>3</td>
</tr>
<tr>
<td>1.04</td>
<td>Project Authorized</td>
<td>4</td>
</tr>
</tbody>
</table>

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF NOTES

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.01</td>
<td>Authorization of Issuance of Notes</td>
<td>5</td>
</tr>
<tr>
<td>2.02</td>
<td>Description of Notes</td>
<td>5</td>
</tr>
<tr>
<td>2.03</td>
<td>Places of Payment</td>
<td>5</td>
</tr>
<tr>
<td>2.04</td>
<td>Provisions for Redemption</td>
<td>5</td>
</tr>
<tr>
<td>2.05</td>
<td>Execution of Notes</td>
<td>6</td>
</tr>
<tr>
<td>2.06</td>
<td>Negotiability and Registration</td>
<td>6</td>
</tr>
<tr>
<td>2.07</td>
<td>Notes Mutilated, Destroyed, Stolen or Lost</td>
<td>7</td>
</tr>
<tr>
<td>2.08</td>
<td>Form of Notes</td>
<td>7</td>
</tr>
</tbody>
</table>

## ARTICLE III

### COVENANTS, SPECIAL FUNDS AND APPLICATION THEREOF

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.01</td>
<td>Notes Not to Be Indebtedness of Issuer</td>
<td>14</td>
</tr>
<tr>
<td>3.02</td>
<td>Security for Notes</td>
<td>15</td>
</tr>
<tr>
<td>3.03</td>
<td>Application of Note Proceeds</td>
<td>15</td>
</tr>
<tr>
<td>3.04</td>
<td>Project Fund</td>
<td>15</td>
</tr>
<tr>
<td>3.05</td>
<td>Covenants of the Issuer</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>(A) Revenue Fund</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>(B) Disposition of Revenues</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>(C) Compliance with Part VI, Chapter 218, Florida Statutes, as amended</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>(D) Issuance of Other Obligations</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>(E) Records and Audits</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>(F) Fidelity Bond</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>(G) Creation of Superior Liens</td>
<td>20</td>
</tr>
</tbody>
</table>
TABLE OF CONTENTS (con't.)

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>(H)</td>
<td>No Impairment of Contract</td>
<td>20</td>
</tr>
<tr>
<td>(I)</td>
<td>Arbitrage</td>
<td>20</td>
</tr>
<tr>
<td>(J)</td>
<td>Events of Default and Remedies</td>
<td>21</td>
</tr>
<tr>
<td>(K)</td>
<td>Modification or Amendment</td>
<td>23</td>
</tr>
</tbody>
</table>

ARTICLE IV

MISCELLANEOUS PROVISIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.01</td>
<td>Sale of Notes</td>
<td>24</td>
</tr>
<tr>
<td>4.02</td>
<td>Severability of Invalid Provisions</td>
<td>24</td>
</tr>
<tr>
<td>4.03</td>
<td>Defeasance</td>
<td>24</td>
</tr>
<tr>
<td>4.04</td>
<td>Repeal of Inconsistent Resolutions</td>
<td>25</td>
</tr>
<tr>
<td>4.05</td>
<td>Table of Contents and Headings Not</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>Part Hereof</td>
<td></td>
</tr>
<tr>
<td>4.06</td>
<td>Effective Date</td>
<td>25</td>
</tr>
</tbody>
</table>
BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF
ST. JOHNS COUNTY, FLORIDA, that:

ARTICLE I

GENERAL

1.01 Definitions. When used in this Instrument, the
following terms shall have the following meanings, unless the
text clearly otherwise requires:

"Act" shall mean Chapter 125, Part I, Florida Statutes,
as amended.

"Additional Obligations" shall mean revenue obligations
which shall be issued by the Issuer pursuant to Section 3.05(D)
of this Instrument and which shall have a first lien upon the
Pledged Funds and rank equally with the Notes in all respects.

"Authorized Depository" shall mean a state banking cor-
poration or a national banking association situated in the State
of Florida, which is a member of the Federal Deposit Insurance
Corporation and which is eligible under the laws of the State of
Florida to receive county funds.

"Authorized Investments" shall mean all bills, notes,
certificates, bonds and other securities authorized from time to
time by applicable laws of the State of Florida to be purchased
by the Issuer for the temporary investment of its funds.

"Board" shall mean the Board of County Commissioners of
the Issuer.

"Chairman" shall mean the Chairman of the Board.

"Clerk" shall mean the Clerk of the Circuit Court of
St. Johns County, ex officio Clerk of the Board.

"Cost," when used in connection with the Project, shall
mean all expenses necessary, appurtenant or incidental to the
acquisition and construction of the Project, including without
limitation the cost of any land or interest therein or of any
fixtures, equipment or personal property necessary or convenient
therefor, the cost of labor and materials to complete such con-
struction, architectural, engineering and legal expenses, fiscal
expenses, expenses for estimates of costs and of revenues, ex-
penses for plans, specifications and surveys, interest during
construction and administrative expenses related solely to the
acquisition and construction of the Project and all expenses in-
cident to the financing of the Project and the issuance of the
Notes.
"Event of Default" shall mean one of those events defined as such in Section 3.05(K) hereof.

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

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, and each Fiscal Year shall be designated with the number of the calendar year in which such Fiscal Year ends.

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

"Issuance Date" shall mean the day and date that the Notes shall be issued and delivered to the original purchaser or purchasers thereof.

"Issuer" shall mean St. Johns County, a political subdivision created and existing under and by virtue of the laws of the State of Florida.

"Note Register" shall mean the registration books kept by the Registrar for the purpose of registering ownership of the Notes.

"Notes" shall mean the obligations of the Issuer authorized to be issued pursuant to Section 2.01 of this Instrument, together with any Additional Obligations hereafter issued pursuant to Section 3.05(D) of this Instrument.

"Owner" or "Noteowner" or any similar term shall mean the Person in whose name any Note is registered according to the Note Register.

"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.

"Pledged Funds" shall mean all moneys now or hereafter allocated to the Issuer from the Local Government Half-cent Sales Tax Clearing Trust Fund pursuant to provisions of Part VI, Chapter 218, Florida Statutes, as amended, including any larger portion distributed to the Issuer under such Part or any similar law, if such legislation shall permit the pledging of such money in the manner herein provided.
"Project" shall mean the new agriculture center, the new recreation center, the new medical examiner's building, the new central warehouse for record and supply storage, a new landfill, including the site therefor and appurtenant equipment and facilities, and capital improvements for the rescue department, the Sheriff's department and the county computer system, all to be acquired and constructed in accordance with certain plans and specifications now on file or to be on file with the Issuer.

"Project Fund" shall mean the fund created pursuant to Section 3.03(D) of this Instrument for the purpose of receiving a portion of the proceeds to be derived from the sale of the Notes and other funds to pay the Cost of the Project.

"Purchase Contract" shall mean the Purchase Contract to be executed and delivered by and between the Issuer and First Union National Bank of Florida, St. Augustine, Florida, the initial purchaser of the Notes, which Purchase Contract shall be substantially in the form attached hereto as Exhibit A and incorporated herein by this reference.

"Registrar" shall mean First Union National Bank of Florida, a national banking association, Jacksonville, Florida, or such other bank or trust company hereafter appointed by resolution of the Issuer, to serve as Registrar with respect to the Notes.

"Revenue Fund" shall mean the fund created pursuant to Section 3.05(A) of this Instrument.

"Sinking Fund" shall mean the fund created pursuant to Section 3.05(B) of this Instrument.

1.02 Authority for this Instrument. This Instrument is enacted pursuant to the provisions of the Act and other applicable provisions of law.

1.03 Findings. It is hereby found and determined that:

(A) It is necessary, desirable and in the best interest of the safety, convenience, economy and general welfare of the Issuer and its inhabitants, that the Project be acquired and constructed, and the Pledged Funds will be sufficient to pay, as the same shall become due and payable, the principal of and interest on the Notes.

(B) The estimated Cost of the Project will not exceed the sum of $3,000,000, which shall be financed with the proceeds from the sale of the Notes.
(C) The Pledged Funds will be applied to the payment of the principal of and interest on the Notes in the manner herein provided and are not otherwise pledged or encumbered.

(D) It is deemed necessary and desirable to pledge the Pledged Funds to the payment of the principal of and interest on the Notes. No part of the Pledged Funds has been pledged or hypothecated except with respect to the Notes.

(E) The Issuer is advised that due to the present volatility of the market for tax-exempt public obligations such as the Notes, it is in the best interest of the Issuer to sell the Notes by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised date, thereby permitting the Issuer to obtain the best possible price and interest rate on the Notes; and accordingly, it is in the best interest of the Issuer that a negotiated sale of the Notes be authorized.

(F) First Union National Bank of Florida, St. Augustine, Florida, has offered to purchase the Notes from the Issuer and has submitted the Purchase Contract expressing the terms of their offer, and the Issuer does hereby find and determine that it is in the best financial interest of the Issuer that the terms expressed in the Purchase Contract be accepted and that officers of the Issuer be authorized to execute and deliver the Purchase Contract.

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

(H) The Issuer is not, under this Instrument, obligated to levy any ad valorem taxes on any real or personal property situated within its territorial limits to pay the principal of or interest on the Notes. The Notes shall not constitute a lien upon the Project or any other property of the Issuer or situated within its territorial limits.

1.04 Project Authorized. The acquisition and construction of the Project is hereby authorized.
ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF NOTES

2.01 Authorization of Issuance of Notes. Subject and pursuant to the provisions of this Instrument, obligations of the Issuer to be known as "Capital Improvement Revenue Notes" are hereby authorized to be issued in an aggregate principal amount not exceeding Three Million Dollars ($3,000,000) for the purpose of providing funds to pay the Cost of the Project.

2.02 Description of Notes. The Notes shall be dated the Issuance Date; and shall be in such denomination, bear interest at such rate per annum and mature on such dates and in such amounts and be subject to redemption at such times as set forth in the form of note set out in Section 2.08 of this Instrument and shall be issued on such other terms and conditions as stated in the Purchase Contract.

The interest payable on each Note on any interest payment date will be paid to the Owner in whose name such Note shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date.

2.03 Places of Payment. The Notes shall be payable as to both principal and interest at the principal office in St. Augustine, Florida, of First Union National Bank of Florida, or at such other place as the owner may designate in writing.

From and after any principal or interest installment payment date of any of the Notes or any date fixed for redemption as designated in any notice given pursuant to Section 2.04 hereof (deposit of moneys for the payment of the principal or redemption price of and/or interest on such Notes having been made by the Issuer and notice of redemption having been given to the extent required hereunder), notwithstanding that any of such Notes shall not have been surrendered for cancellation, no further interest shall accrue upon the matured or prepaid principal of such Notes after such date, no interest shall accrue upon the interest which shall have accrued and shall then be due on such date, and such Notes or the matured or prepaid portions thereof shall cease to be entitled to any lien, benefit or security under this Instrument, and the Owners shall have no rights in respect of such matured or prepaid portions of such Notes except to receive payment of such principal or the redemption price thereof and unpaid interest accrued to the due date or redemption date.

2.04 Provisions for Redemption. The Notes shall be subject to redemption prior to maturity, at the option of the
Issuer, at such times and in such manner as set forth in the form of note set out in Section 2.08 of this Instrument.

Unless waived in writing by the Owners of all Notes, notice of such redemption shall be (i) published at least thirty (30) days prior to the redemption date in a financial journal published in the Borough of Manhattan, City and State of New York, (ii) filed with the paying agents, and (iii) mailed, postage prepaid, to all Owners of Notes to be redeemed at their addresses as they appear on the Note Register. Interest shall cease to accrue on any Note or portion thereof duly called for prior redemption on the redemption date, if provision for payment thereof shall have been duly provided. Failure to mail any notice or failure of any Owner to receive any notice required by this paragraph shall not adversely affect the validity of any redemption as to such Owner or any other Owner if such notice by publication shall have been given in the manner required by this paragraph.

2.05 Execution of Notes. The Notes shall be executed in the name of the Issuer by the Chairman and the official seal of the Issuer shall be impressed thereon, attested and countersigned by the Clerk. In case any one or more of the officers who shall have signed or sealed any of the Notes shall cease to be such officer of the Issuer before the Notes so signed and sealed have been actually sold and delivered, such Notes may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Notes had not ceased to hold such office. Any Note may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Note shall hold the proper office of the Issuer, although at the date of such Notes such person may not have held such office or may not have been so authorized.

2.06 Negotiability and Registration. The Notes shall be and shall have all the qualities and incidents of negotiable instruments under the law merchant and the laws of the State of Florida, and each Owner, in accepting any of the Notes, shall be conclusively deemed to have agreed that the Notes shall be and have all of said qualities and incidents of negotiable instruments.

The transfer of Notes shall be registered on the Note Register, upon delivery to the Registrar of a written instrument or instruments of transfer in form and with guarantee of signatures satisfactory to the Registrar, duly executed by the Owner of the Notes to be transferred, or by his attorney duly authorized in writing, containing such identification information for the transferee as the Registrar shall reasonably require, and the Note or Notes to be transferred.
In all cases of the transfer of any Note, the Registrar shall enter the transfer of ownership in the Note Register, and shall deliver in the name of the transferee or transferees a new registered Note or Notes, of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the Owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Instrument. The Issuer or the Registrar may charge the Owner of such Note for every such transfer sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and may require that such charge be paid before any such new Note shall be delivered.

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

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

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

2.08 Form of Notes. The text of the Notes shall be in substantially the following form, with only such omissions, insertions and variations as may be necessary and/or desirable (which necessity and/or desirability shall be presumed by the Issuer's delivery of the Notes to the purchaser or purchasers thereof):

-7-
FOR VALUE RECEIVED, St. Johns County, a political subdivision created and existing under and by virtue of the laws of the State of Florida (the "Issuer"), hereby promises to pay, solely from the special funds hereinafter described, to ____________, or registered assigns, the principal sum of THREE MILLION DOLLARS ($3,000,000) and interest as hereinafter provided on the unpaid principal balance thereof outstanding from time to time from the date hereof to maturity (whether at fixed maturity, upon date fixed for redemption or by acceleration of maturity), which principal sum shall be paid in 60 equal monthly installments of $50,000 each, commencing October 1, 1986, and continuing on the first day of each calendar month thereafter through and including September 1, 1991; provided, however, that the final payment of principal on September 1, 1991, shall be adjusted to equal the unpaid principal balance then outstanding.

Interest shall accrue from the date hereof on the outstanding principal balance and shall be payable on each monthly principal installment payment date at a rate per annum (the "Note Rate") which shall vary with each change in the Base Rate and, subject also to adjustment in accordance with subsequent provisions hereof, shall equal sixty-one and eight tenths percent (61.8%) of the Base Rate. ("Base Rate" means at any time that rate of interest described by First Union National Bank of Florida, a national banking association, St. Augustine, Florida, or its corporate successor (the "Bank"), as its "base lending rate" of interest, whether or not such base lending rate shall be otherwise published, as such rate shall vary from time to time, or if said base lending rate is discontinued or is not (in the opinion of the Bank) susceptible of ascertainment, such other rate as shall be substantially equivalent thereto as shall be designated by the Bank); provided, however, that the Note Rate shall never exceed the maximum nonusurious contract rate of interest allowed from time to time by applicable law (the "Highest Lawful Rate") and if any amounts in excess of the Highest Lawful Rate are charged or collected, such excess shall automatically reduce the principal and, if no principal remains, shall be immediately repaid to the Issuer. Such Note Rate shall
be subject to adjustment as provided in the following paragraphs (i), (ii), (iii), (iv) and (v):

(i) In the event that the maximum federal corporate income tax rate shall, during any period with respect to which interest shall be accruing on this note, be more or less than forty-six percent (46%), the decimal fraction (initially 0.618) applied to the Base Rate in determining the Note Rate (the "Base Percentage") shall be changed during such period to the product obtained by multiplying the Base Percentage otherwise in effect by a fraction, the numerator of which shall be one hundred percent (100%) minus the new maximum federal corporate income tax rate percentage and the denominator of which shall be one hundred percent (100%) minus the federal income tax rate percentage immediately prior to such change; such product shall be rounded to the nearest one-tenth of one percent; provided, however, that the adjusted Note Rate shall never exceed the Taxable Rate (hereinafter defined) or the Highest Lawful Rate, whichever is lower.

(ii) If the amount of interest incurred or continued to purchase or carry obligations the interest on which is exempt from taxes allowed as a deduction to any owner hereof is reduced because of any change (including any change having an effective date prior to the date of issuance of this note) in the federal tax laws, regulations or interpretation (including any change in Section 291 of the Internal Revenue Code of 1954, as amended (the "Code"), and the ownership, purchase or carrying of this note is taken into account in determining such reduction or limitation, the Base Percentage, expressed as a decimal fraction, shall be increased by 0.004 for each one percent (1%) reduction in the percentage amount of interest allowed as a deduction; provided, however, that the varying rate of interest hereon after any such adjustment (calculated as provided by law) shall never exceed a rate per annum (the "Taxable Rate") which is equal to one half of one percentage point (0.5%) over the Base Rate, to be adjusted with each change in the Base Rate, or the Highest Lawful Rate, whichever is lower. For example, if the Note Rate is determined by multiplying the Base Rate by 0.618 and the percentage of interest deductible by the owner hereof is decreased from eighty percent (80%) to seventy percent (70%), the Note Rate would increase to 0.658 times the Base Rate (0.618 + (.004 x 10)).

Notwithstanding the preceding paragraphs, if the owner of this note shall, in its sole discretion, determine that different methods or formulas more accurately reflect the adjustments in the Base Percentage needed to preserve the holder's After-Tax Yield (as hereinafter defined) and/or tax-equivalent yield from this note, it shall substitute such different methods or formulas for those set forth above. Provided, however, that:
or the Highest Lawful Rate, whichever is lower.

(a) such methods or formulas shall not, individually or in the aggregate, result in an interest rate on this note in excess of the Taxable Rate; and

(b) no such other methods or formulas for increasing the Base Percentage on account of reductions in the deductibility of interest shall cause a greater increase in the Base Percentage than the increases provided for in the preceding subparagraph (ii).

(iii) If, as a result of Taxation Changes, as hereinafter defined, the After-Tax Yield (as defined below) on this note in the hands of any owner is increased or decreased, the Base Percentage shall be decreased or increased, effective on the effective date of such Taxation Change, as may be necessary to make the After-Tax Yield to such owner immediately after such Taxation Change equal to the After-Tax Yield on this note absent such Taxation Change; provided, however, that the rate of interest hereon after any adjustment (calculated as provided by law) shall never exceed the Taxable Rate or the Highest Lawful Rate, whichever is lower. The term "Taxation Change" shall mean any change in any federal income tax law, regulation or interpretation (including any change having an effective date prior to the date of issuance of this note), which results in a change in the After-Tax Yield of the owner of this note (other than changes which are subject to the preceding subparagraphs or which result in an Event of Taxability) except that a Taxation Change shall not include any change in any federal income tax law, regulation or interpretation which results in any change in the After-Tax Yield of the owner hereof, to the extent that such change is imposed without regard to whether interest on this note is or may be exempt from tax under the provisions of Section 103 of the Code or other provisions of law or any successor provisions relating thereto. Taxation Changes shall include but not be limited to, any of the following: (a) changes which require the owner hereof to partially include interest on this note in its gross income or which impose any tax, including any tax based on preference items or any minimum or partial tax or surtax on such owner imposed directly or indirectly on account of its purchase or ownership of or receipt of interest on this note (or which change the extent of inclusion or amount of such tax) or (b) changes which permit, disallow, decrease or increase or otherwise affect, in whole or in part, tax credits or deductions. All calculations and determinations of changes in After-Tax Yield and resulting changes in the Base Percentage shall be determined solely by the owner hereof and changes in the rate of interest hereon shall be effective as of the date of the applicable Taxation Change and shall be payable upon written notice to the Issuer stating the nature of the Taxation Change and the amount of the Base Percentage adjustment. The term "After-Tax Yield" shall mean (a) the amount received as interest on this note less (i) any federal income taxes payable on such interest and (ii) any federal income tax liability directly or indirectly imposed on the owner hereof as
the result of its purchase or ownership of or receipt of interest on this note (including any tax liability resulting from disallowance of or limitations on any deductions, credits or other tax benefits), all on an annualized basis, divided by (b) the outstanding principal amount of this note. Unless the owner hereof shall determine some other rate is more appropriate, determinations of After-Tax Yield and related calculations shall be based on the assumption that such owner is subject to taxation at the highest rate applicable to corporations. The term "Taxation Change" shall include, without limitation, any legislation directly or indirectly taxing the difference between the owner's income or profits for financial account purposes and its income for federal income tax purposes. If the owner is a member of a consolidated group for federal income tax purposes, a determination of the effect on After-Tax Yield shall be made on a consolidated basis.

If the nature of the Taxation Change is such that a one-time adjustment to the Base Percentage will not, in the opinion of the owner of this note, accurately adjust for the impact of the Taxation Change, the owner of this note may elect some other method of adjustment, including an annual adjustment or periodic reimbursements.

(iii) If interest on this note should become wholly includable in the income of the owner for federal income tax purposes for any reason (an "Event of Taxability"), this note shall bear interest, retroactively to the date such interest became includable in income, at a floating rate equal to the Taxable Rate. In addition, the Issuer shall reimburse and indemnify the owner or former owner against any penalties and interest incurred because of such owner's (or former owner's) failure to include such interest in its gross income (together with any taxes imposed upon receipt of such amounts). An Event of Taxability shall be deemed to have occurred if (a) the Internal Revenue Service has determined that such interest is includable in an owner's or former owner's gross income, (b) an appropriate court of law has determined that such interest is so includable, or (c) any owner or former owner has received an opinion of nationally recognized bond counsel to the effect that interest is so includable. The owner may, but shall not be required to, contest or permit the Issuer to contest any Event of Taxability, all at the cost of the Issuer, and may defer payment of the additional interest and other amounts payable hereunder until conclusion of such contest.

(iv) Notwithstanding any other provisions herein, principal installments and interest unpaid, and for which provision for payment has not been made in the manner provided in the Resolution, at the maturity hereof (whether at fixed maturity, upon date fixed for redemption or by acceleration of maturity) shall
bear interest (to the extent legally enforceable) from the matur-
ity hereof until paid, at a rate per annum which is equal to four
(4) percentage points over the Base Rate, to be adjusted with
each change in the Base Rate; provided, however, that the rate of
interest thereon (calculated as provided by law) shall never
exceed the Highest Lawful Rate.

The principal of and interest on this note are payable
in any coin or currency of the United States of America which, on
the respective dates of payment thereof, shall be legal tender
for the payment of public and private debts, at the principal
office in St. Augustine, Florida of First Union National Bank of
Florida, or at such other place as the owner of this note may
designate in writing. Payment of each installment of principal
and interest shall be made to the person in whose name this note
shall be registered on the registration books of the Issuer main-
tained by the Registrar hereinafter identified at the close of
business on the date which shall be the 15th day (whether or not
a business day) of the calendar month next preceding the payment
date and shall be paid by a check of the Registrar mailed to such
registered owner at the address appearing on such registration
books or at such other address as may be furnished in writing by
such registered owner to the Registrar.

This note constitutes the issue of Notes in the aggre-
gate principal amount of $3,000,000 (the "Notes") issued to
finance the cost of the new agriculture center, the new recrea-
tion center, the new medical examiner's building, the new central
warehouse for record and supply storage, a new landfill, includ-
ing the site therefor and appurtenant equipment and facilities,
and capital improvements for the rescue department, the Sheriff's
department and the county computer system (the "Project"), (all
of which are "countywide programs" as defined in Section 218.64,
Florida Statutes, as amended), under the authority of and in full
compliance with the constitution and statutes of the State of
Florida, particularly Chapter 125, Part I, Florida Statutes, as
amended, and a resolution duly adopted by the Issuer on August
12, 1986 (the "Resolution"), and is subject to all the terms and
conditions of the Resolution.

This note and the interest hereon are payable solely
from and secured by a prior lien upon and a pledge of all moneys
allocated to the Issuer from the Local Government Half-cent Sales
Tax Clearing Trust Fund pursuant to the provisions of Chapter
218, Part VI, Florida Statutes, as amended, including any larger
portion distributed to the Issuer under such Part or any similar
law, if such legislation shall permit the pledging of such money
(the "Pledged Funds"), in the manner described in the Resolution.
Neither this note nor the interest hereon shall constitute a gen-
eral indebtedness of the Issuer, within the meaning of any consti-
tutional or statutory provision or limitation, and neither the
faith nor credit of the Issuer is pledged for their payment. It
is expressly agreed by the owner of this note that such owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer to the payment of such principal and interest or the payment of any sinking fund, reserve or other payments provided for in the Resolution. This note and the obligation evidenced hereby shall not constitute a lien upon the Project or any part thereof or upon any other property owned by or situated within the territorial limits of the Issuer, but shall constitute a lien only upon and shall be payable solely from the Pledged Funds in the manner above recited.

In and by the Resolution, the Issuer has covenanted and agreed with the owners of the Notes that it will comply with all of the provisions of Part VI, Chapter 218, Florida Statutes, as amended, and applicable regulations thereunder, in order that the Issuer shall at all times receive the maximum allocation which it may be entitled to receive from the Local Government Half-cent Sales Tax Clearing Trust Fund. Reference is made to the Resolution for the terms and provisions of additional covenants of the Issuer for the further security and benefit of the owners of the Notes.

The Issuer may prepay the principal of this Note in whole or in part from time to time on any installment payment date (in the amount of $25,000 or any integral multiple thereof) without premium or penalty. All prepayments on this note will be applied first to accrued interest, if any, then to principal, in inverse order of maturity.

This note is transferable upon the registration books of First Union National Bank of Florida, Jacksonville, Florida, as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "Registrar"), but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender of this note to the Registrar, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the registered owner hereof, or by his attorney duly authorized in writing, containing the information identifying the transferee requested hereon. In all cases of the transfer of this note, the Registrar shall enter the transfer of ownership in such registration books and shall deliver in the name of the transferee or transferees a new note or notes of authorized denomination or denominations and of the same series, dated date, maturity, interest rate and aggregate principal amount then outstanding hereunder, at the earliest practicable time. Prior to every such transfer the Registrar shall be entitled to receive from the owner of this note a sum sufficient only to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer.
It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this note, exist, have happened and have been performed, in regular and due form and time as required by the laws and constitution of the State of Florida applicable hereto, and that the issuance of the Notes does not violate any constitutional, statutory or charter limitations or provisions.

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

IN WITNESS WHEREOF, St. Johns County, Florida, has issued this note and has caused the same to be signed by the Chairman of its Board of County Commissioners and attested and countersigned by the Clerk of the Circuit Court of St. Johns County, ex officio Clerk of said Board, and its official seal or a facsimile thereof to be affixed, impressed, imprinted or engraved hereon, all as of the date first above written.

ST. JOHNS COUNTY, FLORIDA

By

Chairman, Board of County Commissioners

(SEAL)

ATTESTED AND COUNTERSIGNED:

Clerk of the Circuit Court, ex officio Clerk of the Board of County Commissioners
The following abbreviations, when used in the inscription on the face of the within note, shall be construed as though they were written out in full according to applicable laws or regulations.

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

UNIF GIFT MIN ACT - Custodian (Cust) (Minor) under Uniform Gifts to Minors Act (State)

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

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

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

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

Dated: ____________________

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

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

ARTICLE III
COVENANTS, SPECIAL FUNDS AND APPLICATION THEREOF

3.01 Notes Not to Be Indebtedness of Issuer. Neither the Notes nor the interest thereon shall be or constitute general obligations or indebtedness of the Issuer as "notes" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from and secured by a prior lien upon and pledge of the Pledged Funds as herein provided. No Owner of any Note shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Note, or be entitled to payment of such Note from any moneys of the Issuer except from the Pledged Funds in the manner provided herein.

3.02 Security for Notes. The payment of the principal of and interest on the Notes shall be secured forthwith equally and ratably by a pledge of and prior lien upon the Pledged Funds. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Notes and to the payment into the Sinking Fund at the times provided of the sums required to secure to the Owners the payment of the principal thereof and interest thereon at the respective maturities of the Notes so held by them.

3.03 Application of Note Proceeds. The proceeds derived from the sale of the Notes, including accrued interest and premium, if any, shall, simultaneously with the delivery of the Notes
to the purchaser or purchasers thereof, be deposited by the Issuer in a special account in an Authorized Depository and applied by the Issuer as follows:

(A) To the extent not paid or reimbursed by the purchaser of the Notes, all costs and expenses in connection with the issuance and sale of the Notes, including without limitation the fees and expenses of architects, engineers, accountants, attorneys and financial advisors, shall be paid by the Issuer to those Persons who shall be entitled to receive the same.

(B) Any balance of proceeds from the sale of the Notes shall be deposited to the Project Fund.

No use will be made of the proceeds of the Notes which, if such use were reasonably expected on the date of issuance of the Notes, would cause the same to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1954, as amended, and all valid and applicable rules and regulations promulgated thereunder. The Issuer will at all times while the Notes and the interest thereon shall remain outstanding and unpaid comply with the requirements of Section 103(c) of the Internal Revenue Code of 1954, as amended, and all valid and applicable rules and regulations promulgated thereunder.

The proceeds of the Notes will be used only to finance "capital projects" relating to "countywide programs" as such terms are used in Section 218.64, Florida Statutes, as amended. All accounts containing any Pledged Funds shall be subject to the lien of the Owners for payment of the Notes. Upon the occurrence of any Event of Default, the Owners may require that all such accounts be maintained with an Authorized Depository, in trust for the benefit of the Owners.

3.04 Project Fund. The Issuer hereby covenants that it will establish with an Authorized Depository a separate account or accounts to be known as the "St. Johns County Capital Improvements Project Fund," into which shall be deposited a portion of the proceeds from the sale of the Notes. Withdrawals from the Project Fund shall be made only for the purpose of applying the funds therein to the payment of the Cost of the Project.

The Issuer's share of any liquidated damages or other moneys paid by defaulting contractors or their sureties, and all proceeds of insurance compensating for damages to the Project during the period of construction, shall be deposited in the Project Fund to assure completion of the Project.
Moneys in the Project Fund shall be continuously secured in the manner prescribed by the Laws of the State of Florida relating to the securing of public funds. When the moneys on deposit in the Project Fund exceed the estimated disbursements on account of the Project for the next 90 days, the Issuer may invest such excess funds in Authorized Investments. The earnings from any such investment shall be deposited in the Project Fund.

When the construction of the Project has been completed and all Costs thereof have been paid in full, all funds remaining in the Project Fund shall be deposited in the Sinking Fund, and the Project Fund shall be closed.

All moneys deposited in the Project Fund shall be and constitute a trust fund created for the purposes stated, and there is hereby created a lien upon such fund in favor of the Owners until the moneys thereof shall have been applied in accordance with this Instrument. The Owners shall have no responsibility to see to the application of note proceeds to the payment of Project Costs.

3.05 Covenants of the Issuer. So long as any of the principal of or interest on any of the Notes shall be outstanding and unpaid, or until provision for payment thereof shall have been made within the meaning of Section 4.03 hereof, the Issuer covenants with the Owners as follows:

(A) Revenue Fund. The Issuer covenants and agrees that on or before the Issuance Date, it will establish with an Authorized Depository and maintain so long as any of the Notes are outstanding, a special fund to be known as the "St. Johns County Half-Cent Sales Tax Revenue Fund." Into the Revenue Fund the Issuer shall deposit promptly as received all of the Pledged Funds. The Revenue Fund shall be held by the Issuer separate and apart from all other funds of the Issuer and shall be expended and used only in the manner and order specified in subsection (B) of this section.

(B) Disposition of Revenues. The Issuer covenants and agrees to establish with an Authorized Depository a special fund to be known as the "St. Johns County 1986 Capital Improvement Revenue Bonds and Interest Sinking Fund." All moneys at any time remaining on deposit in the Revenue Fund shall be applied by the Issuer on or before the tenth day immediately preceding each monthly principal and interest installment payment date under the Notes, commencing immediately following the Issuance Date, only in the following manner and in the following order of priority:

(1) to deposit in the Sinking Fund the sum which, together with surplus moneys in the Sinking Fund not theretofore allocated to supplement any previous monthly deposit to the
credit of the Sinking Fund, will be sufficient to pay all principal and interest becoming due on the Notes on the next payment date, and each succeeding payment date until the next scheduled deposit of Pledged Funds, plus the full balance of any continuing deficiencies in prior deposits to the Sinking Fund; provided, however, the Issuer shall not be required to make any further deposits to the Sinking Fund when the funds deposited in the Sinking Fund equal or exceed the aggregate principal amount of all Notes then outstanding and interest then accruing thereon and which shall thereafter accrue thereon to the maturity thereof, and

(2) To the extent that provision for the payment thereof shall not be made from the proceeds of the Notes, the Issuer shall pay the reasonable fees and charges of the Registrar and paying agents for the Notes, from time to time as the same shall be incurred, out of moneys in the Revenue Fund, and

(3) The balance of any moneys remaining in the Revenue Fund after the above-required transfers and deposits shall have been made may be used for the purchase of Notes in the open market at prices not exceeding the par value thereof or may be used for redemption of Notes, subject to applicable redemption provisions, or for any other lawful countywide program complying with Part VI, Chapter 218, Florida Statutes, as amended, and

(4) The Revenue Fund, the Sinking Fund, the Project Fund and any other special funds and accounts herein created and established shall constitute trust funds for the purposes provided herein for such funds and accounts and shall be kept separate and apart from any other funds and accounts of the Issuer. There is hereby created a lien upon such funds and accounts in favor of the Owners until the moneys deposited therein shall have been applied in accordance with this Instrument.

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

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

All such moneys shall be continuously secured in the manner that county deposits are authorized to be secured by the laws of the State of Florida. The moneys in such funds and accounts herein created and established may be invested and reinvested in Authorized Investments maturing not later than the respective dates on which such moneys shall be needed for the purposes herein provided and secured in the manner provided by the laws of the State of Florida.

Any and all income received by the Issuer from the investment of moneys in the Sinking Fund shall be deposited in the Sinking Fund. Such earnings deposited in the Sinking Fund shall be applied to equivalent reductions in the monthly deposits to such accounts required pursuant to this Instrument. Any and all income received by the Issuer from the investment of moneys in the Revenue Fund shall be deposited by the Issuer in the Revenue Fund.

(C) Compliance with Part VI, Chapter 218, Florida Statutes. The Issuer covenants and agrees that it will comply with all of the provisions of Chapter 218, Part VI, Florida Statutes, as amended, and all applicable regulations thereunder, in order that the Issuer shall at all times receive the maximum allocation which it may be entitled to receive from the Local Government Half-cent Sales Tax Clearing Trust Fund. The Issuer shall not knowingly acquiesce in any attempt to eliminate or reduce the rate of the Sales Tax or the base upon which it is imposed, if such reduction will result in diminishing the Sales Tax proceeds to be received by the Issuer in each future Fiscal Year below an amount equal to 1.25 times the principal of and interest on the Notes falling due in that year, and will vigorously resist all such attempts by others to eliminate or reduce the same. The Issuer shall comply at all times with the eligibility requirement for participation in the Sales Tax enumerated in Section 218.63, Florida Statutes. If for any reason the Sales Tax proceeds are found not legally sufficient to produce the full amount of Sales Tax proceeds which such tax might produce in order to meet all the requirements of this Instrument, the Issuer covenants that to the extent permitted by law it will take all action reasonably feasible to cause the same to be replaced by another equivalent source of available non ad valorem revenues and will dedicate such revenues to the replacement of the Pledged Funds, to the extent necessary.

(D) Issuance of Other Obligations. The Issuer covenants and agrees that while any Notes shall be outstanding it will not issue any other obligations payable from or secured by
the Pledged Funds or any part thereof unless the conditions hereinafter set forth shall be met, or unless the lien of such obligations is by its express terms junior and subordinate in all respects to payment of and the lien securing the Notes.

The Issuer shall have the right to finance capital projects, by the issuance of one or more additional series of obligations to be secured by a parity lien on and ratably payable from the Pledged Funds and any other security pledged to the Notes, provided in each instance that:

(a) The Issuer is in compliance with all covenants and undertakings of the Issuer (i) herein contained, in connection with all Notes then outstanding and (ii) made with respect to any other notes or other obligations of the Issuer payable from the Pledged Funds or any part thereof and has not been in default as to any payments required to be made under this Instrument during at least the next preceding 24 months and if such time the Notes shall not have been outstanding for 24 months then for the period that the Notes shall have been outstanding for 24 months; (b) There shall have been obtained and filed with the Issuer a statement of an independent certified public accountant of suitable experience and responsibility reasonably satisfactory to the Owners: (i) stating that he has examined the books and records of the Issuer relating to the collection and receipt of the Pledged Funds; (ii) setting forth the amount of the Pledged Funds received by the Issuer for the twelve (12) consecutive month periods within the twenty-four (24) consecutive months immediately preceding the date of the issuance of the additional parity obligations with respect to which such statement is made; (iii) stating that the aggregate amount of the Pledged Funds for each such twelve (12) consecutive month period equals or exceeds one hundred thirty-five per centum (135%) of the maximum amount required in any subsequent Fiscal Year for the payment of the principal of and interest on Notes and additional parity obligations previously issued then outstanding and the additional parity obligations with respect to which such statement is made.

(c)* The Issuer shall have procured the prior written consent of the Owners of 100% of the Notes then outstanding.

---

(c)*
amount originally issued of each of the other series) to the extent that this may be accomplished in accordance with the call provisions of the respective series of obligations, but the Issuer shall have the right to call any or all outstanding obligations which may be called at par prior to calling any obligations that are callable at a premium.

(E) Records and Audits. The Issuer shall keep books and records of the Pledged Funds, which such books and records shall be kept separate and apart from all other books, records and accounts of the Issuer, and any Owner shall have the right, at all reasonable times, to inspect such books and records.

So long as any of the Notes shall be outstanding, the Issuer will furnish on or before ninety (90) days after the close of each Fiscal Year, to any Owner who shall request the same in writing, copies of an annual audit report prepared by an independent certified public accountant or an auditing official of the State of Florida, covering for the preceding Fiscal Year, in reasonable detail, the record of the Issuer's receipts and expenditures of Pledged Funds.

(F) Fidelity Bond. The Issuer will require each employee who may have possession of any Pledged Funds to be covered by a fidelity bond written by a responsible indemnity company in an amount fully adequate to protect the Issuer from loss.

(G) Creation of Superior Liens. The Issuer covenants that it will not issue any other notes, bonds, certificates or obligations of any kind or nature or create or cause or permit to be created any debt, lien, pledge, assignment or encumbrance or charge payable from or enjoying a lien upon any of the Pledged Funds ranking prior and superior to or, except as expressly provided herein, pari passu with, the lien created by this Instrument for the benefit of the Notes.

(H) No Impairment of Contract. The Issuer has full power and authority to irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Notes. The Issuer shall take all actions and pursue such legal remedies as may be available to it either in law or in equity to prevent or cure any substantial impairment of the pledge of the Pledged Funds made hereby.

(I) Arbitrage. The Issuer covenants that it will not make any investments or acquiesce in the making of any investments by any depository pursuant to or under the provisions of this Instrument which could cause the Notes 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.
(J) **Events of Default and Remedies.** If one or more of the following events, herein called "Events of Default," shall happen, that is to say, in case:

(1) default shall be made in the payment of the principal or redemption price of any Note when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(2) default shall be made in the payment of any installment of interest on any Note when and as such installment of interest shall become due and payable; or

(3) the Issuer shall (1) admit in writing its inability to pay its debts generally as they become due, (2) file (or have filed against it and not dismissed within 90 days) a petition in bankruptcy or take advantage of any insolvency act, (3) make an assignment for the benefit of its creditors, (4) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (5) be adjudicated a bankrupt; or

(4) a court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver of the Pledged Funds, or of the whole or any substantial part of the Issuer's property, or approving a petition seeking reorganization of the Issuer under the federal bankruptcy laws or any other applicable law or statute of the United States of America or the State of Florida, and such order, judgment or decree shall not be vacated or set aside or stayed with 60 days from the date of the entry thereof; or

(5) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Pledged Funds or of the Issuer or of the whole or any substantial part of the Issuer's property, and such custody or control shall not be terminated or stayed within 60 days from the date of assumption of such custody or control; or

(6) the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Notes or in this Instrument on the part of the Issuer to be performed, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given the the Issuer by the Owners of not less than 25% in principal amount of the Notes then outstanding; or
(7) payment of interest on the Notes shall be limited by the application of any interest rate cap other than usury limitations;

then in each and every such case any Owner of the Notes affected by the Event of Default and then outstanding hereunder or an agent or trustee therefor may proceed to protect and enforce its rights and the rights of the Owners by a suit, action or special proceeding in equity or at law, by mandamus or otherwise, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for any enforcement of any proper legal or equitable remedy (including the appointment of a receiver) as said Owner or Owners shall deem most effectual to protect and enforce the rights aforesaid; and the Owners of a majority in outstanding principal amount of the Notes shall have the right to declare the entire principal balance of the Notes due and payable and such amount, together with all accrued but unpaid interest, shall become due and payable.

No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy or remedies, and 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.

No delay or omission of any Owner 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 of any such default, or an acquiescence therein; and every power and remedy given by this section to the Owners may be exercised from time to time, and as often as may be deemed expedient.

Nothing herein, however, shall be construed to grant to any Owner any right to or lien on the Project or any part thereof or on any other property or income of the Issuer or situated within its territorial limits except the Pledged Funds.

If an Event of Default shall happen and shall not have been remedied, the Issuer or a receiver appointed for the purpose shall apply all Pledged Funds as follows and in the following order:

(1) to the expenses incurred by the Owners or any trustee or receiver in enforcing the Issuer's obligations, including their reasonable attorneys' fees and costs, whether or not suit be brought, including such fees and costs at trial or on appeal;
(2) to the payment of the reasonable and proper charges, expenses and liabilities of the receiver, Registrar and paying agents hereunder;

(3) to the payment of the interest and principal or redemption price then due on the Notes, as follows:

Unless the principal of all the Notes shall have become due and payable, all such moneys shall be applied

first: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments (with interest on defaulted installments of interest at the default rate or rates borne by the Notes with respect to which such interest is due to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amount due on such installment, to the Persons entitled thereto, without any discrimination or preference;

second: to the payment to the Persons entitled thereto of the unpaid principal of any of the Notes which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Notes called for redemption for the payment of which moneys are held pursuant to the provisions of Section 4.03 of this Instrument), in the order of their due dates, with interest upon such Notes from the respective dates upon which they became due at the default rate specified in the Notes, and, if the amount available shall not be sufficient to pay in full Notes due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such dates, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

third: to the payment of the principal of any Notes called for optional redemption pursuant to the provisions of this Instrument.
If the principal of all the Notes shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Notes, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Note over any other Notes, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(K) Modification or Amendment. No material modification or amendment of this Instrument or of any resolution amendatory hereof or supplemental hereto may be made without the consent in writing of the Owners of two-thirds or more in principal amount of the Notes then outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of the Notes or a reduction in the rate of interest thereon or in the amount of principal obligation thereof or affecting the promise of the Issuer to pay the principal of and interest on the Notes as the same shall become due from the Pledged Funds or reduce the number of such Notes the written consent of the Owners of which are required by this section for such modification or amendment without the consent of 100% of the Owners.

ARTICLE IV

MISCELLANEOUS PROVISIONS

4.01 Sale of Notes. The Notes are hereby sold and awarded to First Union National Bank of Florida, St. Augustine, Florida, at the price and on the other terms and conditions stated in the Purchase Contract. The Chairman and the Clerk are hereby authorized to execute and deliver the Purchase Contract, and said officers and the other officers and employees of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Notes in accordance with the provisions thereof. Notwithstanding anything to the contrary contained in this resolution, the Notes shall not be sold and the Purchase Contract shall not be signed until this resolution is ratified by a subsequent resolution.
4.03 Defeasance. If, at any time, the Issuer shall have paid, or shall have made provision for payment of, the principal of and interest on the Notes, and shall have called such Notes for redemption in full, then, and in that event, the pledge of and lien on the Pledged Funds in favor of the Owners shall be no longer in effect. For purposes of the preceding sentence, deposit by the Issuer of Federal Securities or bank certificates of deposit fully secured as to principal and interest by Federal Securities (or deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance) in irrevocable trust with a banking institution or trust company, for the sole benefit of the Owners, in respect to which such Federal Securities or certificates of deposit, the principal and interest received will be sufficient to make timely payment of the principal of and interest and redemption premiums, if any, on the outstanding Notes, shall be considered "provision for payment."

4.04 Repeal of Inconsistent Resolutions. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

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

4.06 Effective Date. This Instrument shall take effect immediately upon its adoption.

4.07 Contract. This resolution shall be deemed to be a contract fully enforceable by the Owners against the Issuer in accordance with its terms.

PASSED and ADOPTED this 12th day of August, 1986.

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

By [Signature]
Its Chairman
CERTIFICATE AS TO TRUE COPY

I, Carl "Bud" Markel, the duly appointed Clerk of the Circuit Court, ex officio Clerk of the Board of County Commissioners of St. Johns County, Florida, DO HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the Board of County Commissioners of St. Johns County, Florida, on August 12, 1986, and has not been modified, changed or revoked, but is in full force and effect.

Dated this 12th day of August, 1986.

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

(SEAL)

PS12SRNRS1
EXHIBIT A

PURCHASE CONTRACT

August __, 1986

Board of County Commissioners
St. Johns County, Florida
St. Johns County Courthouse
P.O. Drawer 300
St. Augustine, Florida

Attention: Chairman

Gentlemen:

First Union National Bank of Florida (the "Purchaser"), has been advised that St. Johns County, Florida (the "Issuer"), subject to certain conditions and compliance with all requirements of law, proposes to issue its Capital Improvement Revenue Notes in the principal amount of $3,000,000, initially in the form of a single, fully-registered typewritten note (the "Notes"), for the purpose of financing all or part of the cost of the acquisition, construction and equipping of certain capital projects (the "Project") described in the Resolution hereinafter mentioned. The Notes are to be issued pursuant to the provisions of the note authorizing resolution adopted by the Issuer on August 12, 1986 (the "Resolution").

The Purchaser offers to purchase the Notes at negotiated sale in a private placement for the Purchaser's own portfolio at the price and on the terms and conditions set forth herein. If the provisions hereof are acceptable to the Issuer, the Issuer's execution and delivery hereof to the undersigned shall constitute an agreement to sell the Notes to the undersigned as provided in the following sections hereof.

Section 1. The Notes will be special and limited obligations of the Issuer, payable solely from the Pledged Funds (as defined in the Resolution) specifically excluding ad valorem tax revenues, and shall be secured solely by a pledge of such Pledged Funds, as provided in the Resolution. The Notes will mature, be payable, bear interest from the date thereof to maturity, be subject to redemption and have such other terms as are set forth in the form of note set out in Section 2.08 of the Resolution.

Section 2. The Purchaser will purchase the Notes from the Issuer, in accordance with the provisions hereof, at a price equal to 100% of the principal amount thereof.
Section 3. The obligations of the parties hereto are subject to the following:

(1) The Notes and all other documents to be delivered at the closing shall be satisfactory to the Issuer and to the Purchaser.

(2) The Notes shall be delivered to the Purchaser in St. Augustine, Florida, or such other place as is mutually satisfactory to the Issuer and to the Purchaser, against payment therefor in immediately available funds, together with the approving opinion of the law firm of Poley & Lardner, nationally recognized municipal bond counsel ("Bond Counsel").

(3) Delivery of the Notes will be made on or before August 27, 1986, or such later date as may be agreed upon by the Issuer and the Purchaser. The Notes shall be dated the date of delivery thereof, and no accrued interest shall be due.

(4) If necessary, the Issuer shall obtain a waiver of interest cap imposed by Section 215.84, Florida Statutes.

Section 4. The Purchaser hereby makes the following representations, which representations may be relied upon by the Issuer and its counsel and by Bond Counsel:

(A) the Purchaser is a national banking association and has full power and authority to execute this agreement, to purchase the Notes as herein provided, and to make the representations set forth in this Section 4;

(B) the Purchaser has not paid and will not pay any bonus, fee or gratuity to any "finder," within the meaning of Section 218.386, Florida Statutes, as amended, in connection with the sale of the Bonds;

(C) the Purchaser has knowledge and experience in financial and business matters, including investments in revenue bonds or notes of local governmental units, and is capable of evaluating the merits and risks of its investment in the Notes, and it can bear the economic risk of its investment in the Notes;

(D) the Purchaser has made such independent investigation of the activities and financial condition of the Issuer as the Purchaser, in the exercise of sound business judgment, considers to be appropriate under the circumstances; the Purchaser has had the opportunity to ask questions of, and receive answers from, commissioners and officers of the Issuer concerning the
Board of County Commissioners

, 1986

Page Three

Purchaser's investment in the Notes, the Project, the activities and financial condition of the Issuer, and to obtain such other information as the Purchaser deems necessary or advisable to verify the accuracy of the information referred to above, and the Purchaser has relied solely upon the information supplied to it by such persons in the course of its own independent investigation in making a decision to purchase the Notes;

(E) the Purchaser understands, acknowledges and agrees that (i) the Notes are being issued and sold in reliance upon an exemption from registration under the federal Securities Act of 1933, as amended (the "1933 Act"), and the Notes have not been or will not be registered under the 1933 Act, (ii) the Resolution is being entered into in reliance upon an exemption from qualification under the Federal Trust Indenture Act of 1939, as amended (the "1939 Act"), and the Resolution has not been and will not be qualified under the 1939 Act, and (iii) no official statement has been or will be prepared by or on behalf of the Issuer;

(F) the Purchaser understands, acknowledges and agrees that the Notes are being issued and sold in reliance upon exemptions from filing, registration and qualification under the securities laws of Florida, Chapter 517, Florida Statutes, as amended, and that the same have not been and will not be filed, registered or qualified under such laws; and

(G) the Purchaser is not a bond house, broker or other intermediary, and it is purchasing the Notes as an investment for its own account and not for the purpose of or with a view to any resale or distribution, provided that it may issue participations to affiliated banks. The Purchaser agrees that any future transfer of the Notes shall be made only to a responsible financial institution or a limited number (not to exceed 10) of such institutions, and that the Purchaser shall comply with all then applicable laws in connection with any such transfer. Except as pro-
Board of County Commissioners
______, 1986
Page Four

vided in this paragraph, the disposition of the Purchaser's own property shall at all times be within its control.

Respectfully submitted,

FIRST UNION NATIONAL BANK OF FLORIDA

By: __________________________

Executed as of the ___ day of August, 1986.

Accepted:

ST. JOHNS COUNTY, FLORIDA

By:

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

Executed as of the ___ day of August, 1986.

PS12SRNRS1