

RESOLUTION NO. 86-151

A RESOLUTION OF ST. JOHNS COUNTY, FLORIDA RELATING TO THE ISSUANCE OF VARIABLE RATE DEMAND UTILITY REVENUE BONDS, SERIES 1986 (GENERAL DEVELOPMENT UTILITIES, INC. PROJECT) OF THE COUNTY; AMENDING RESOLUTION 85-139, ADOPTED ON OCTOBER 8, 1985, SO AS TO AUTHORIZE EXECUTION AND DELIVERY OF ALL RELATED DOCUMENTS BY (1) HARRY WALDRON, AS A MEMBER OF THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY, AND (2) THE CLERK OF THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY; APPROVING THE EMPLOYMENT OF A PLACEMENT AGENT PURSUANT TO A PLACEMENT AGREEMENT FOR THE MARKETING OF \$3,200,000 OF THE BONDS; AUTHORIZING THE PLACEMENT AGENT TO SOLICIT ACCEPTANCES OF THE ISSUER'S OFFER TO SELL SUCH BONDS ON THE TERMS PROVIDED HEREIN; APPROVING USE OF A PRIVATE PLACEMENT MEMORANDUM FOR SUCH PURPOSE; AUTHORIZING THE EXECUTION AND DELIVERY OF THE TRUST INDENTURE AND LOAN AGREEMENT; APPROVING THE FORM OF REMARKETING AGREEMENT; APPOINTING THE TRUSTEE, REGISTRAR AND PAYING AGENT AND CO-TRUSTEE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, St. Johns County, Florida (the "Issuer"), has previously, by Resolution No. 85-139, as amended and supplemented by Resolutions No. 85-163 and 85-178, authorized the issuance of not exceeding \$4,000,000 Variable Rate Demand Utility Revenue Bonds, Series 1986 (General Development Utilities, Inc. Project) (the "Bonds"), the proceeds of which would be loaned to General Development Utilities, Inc. (the "Borrower"), to finance the cost of certain capital projects; and

WHEREAS, the Borrower has requested that the Issuer offer to sell \$3,200,000 principal amount of the Bonds at negotiated sale through a placement agent on the terms and conditions hereinafter set forth; and

WHEREAS, the Issuer desires to authorize (1) Harry Waldron, as a member of the Board of County Commissioners of the County, and (2) the Clerk of the Board of County Commissioners (the "Board") of the Issuer, to execute and deliver the Bonds and all instruments relating to the issuance of the Bonds on behalf of the Issuer, including those documents previously approved by Resolution 85-139, and take all necessary action in connection with the Bonds, now, therefore,

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, AS FOLLOWS:

Section 1. Offer of Sale of Bonds at Negotiated Sale. The Issuer hereby finds, determines and declares that the Bonds shall be offered for sale at negotiated, private sale rather than offered by competitive bid at public sale. Such offer is in the best interest of the Issuer and will obtain the most favorable terms in the bond market for

** see section 8 for controlling provision*

and 86-138,

the reasons that: (1) the structure of the bond offering dictates sale to private tax-exempt bond funds dealing in short term tax-exempt securities through a private placement; and (2) such funds do not bid for bonds and do not publicly underwrite bonds. The negotiated sale of the Bonds is hereby authorized pursuant to Section 218.385, Florida Statutes.

Section 2. Terms of Offer of Sale. The Issuer hereby offers to sell the Bonds at par, for delivery on or about November 12, 1986, at the offices of Hawkins, Delafield & Wood, in New York, New York, or at such other time and place as may be mutually agreed among the purchaser and the parties to the Private Placement Memorandum described below, upon the terms and conditions set forth in the Placement Agreement and Private Placement Memorandum attached hereto as Exhibits "A" and "B", respectively. The Issuer hereby authorizes the employment of Citicorp Investment Bank, Citibank, N.A., at no cost or expense to the Issuer, other than from the proceeds of the Bonds, as Placement Agent under and pursuant to the Placement Agreement for the purposes set forth in the Placement Agreement, including, but not limited to, the solicitation of acceptances of the Issuer's offer to sell the Bonds. →**

Section 3. Authorization of Execution and Delivery of Placement Agreement and Private Placement Memorandum. The Placement Agreement and Private Placement Memorandum, in substantially the forms attached hereto as Exhibits "A" and "B", respectively, are hereby approved by the Issuer, and the proper officers of the Issuer are hereby authorized and directed to execute and deliver them to the other parties thereto. The use of the Private Placement Memorandum by the Placement Agent in connection with solicitation of acceptances of the Issuer's offer to sell the Bonds is hereby authorized. The use of a Preliminary Private Placement Memorandum in connection with placing the Bonds is hereby ratified.

Section 4. Approval Of Remarketing Agreement; Remarketing Agent. The form of Remarketing Agreement, attached hereto as Exhibit "C", to be dated of even date with the Loan Agreement and the Indenture, is hereby approved and accepted. Citicorp Investment Bank, Citibank, N.A. is hereby designated to serve as Remarketing Agent under the Indenture and Harry Waldron, as a member of the Board of County Commissioners, and the Clerk of the Board of the Issuer are hereby authorized and directed to execute and deliver the Remarketing Agreement, substantially in such form, with such changes, alterations and corrections as may be approved by Harry Waldron and the Clerk, their approval to be evidenced by their execution thereof.

Section 5. Trustee, Registrar and Paying Agent and Co-Trustee. Chemical Bank, New York, New York, is hereby designated Trustee, Registrar and Paying Agent for the Bonds under and pursuant to the Indenture. Barnett Banks Trust Company, N.A. is hereby designated Co-Trustee for the Bonds under and pursuant to the Indenture.

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 "D", with such changes, alterations and corrections as may be approved by Harry Waldron, as a member of the Board 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 Harry Waldron to execute and the Clerk of the Board to attest under the seal of the Issuer, the Indenture

*** \$3,500,000 (or such lesser amount, but not less than 90% of \$3,500,000) of*

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 "E", with such changes, alterations and corrections as may be approved by Harry Waldron, as a member of the Board 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 Harry Waldron to execute and the Clerk of the Board 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. Execution of Bonds and Authorization of all Other Necessary Action. The Chairman and the Clerk of the Board of County Commissioners 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 the terms of the offer to sell herein contained. Harry Waldron, as a member of the Board of County Commissioners of the Issuer, the Clerk of the Board, 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, with such changes, alterations and corrections as may be approved by them, their approval to be evidenced by their execution thereof, which instruments, documents and contracts are necessary or desirable in connection with the execution and delivery of the Bonds and which are not materially inconsistent with the terms and provisions of this resolution and other actions relating to the Bonds heretofore taken by the Issuer.

Section 9. Approval of Guarantee Agreement. The form of Guarantee Agreement by General Development Corporation to the Trustee and the Issuer attached hereto as Exhibit "F" is hereby approved, with such changes as may be approved by Harry Waldron and the Clerk of the Board prior to the Issuer's acceptance thereof and upon delivery at the Closing.

Section 10. 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, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

including the placement agreement and the preliminary and final private placement memorandum

Section 11. 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 12. Effective Date. This resolution shall become effective immediately upon its adoption.

PASSED AND ADOPTED this 28 day of October, 1986.

(OFFICIAL SEAL)

By: Francis N. Buelaker
Chairman, Board of County
Commissioners of St. Johns
County, Florida

ATTEST:

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

EXHIBIT A

DRAFT
KR&C
10-14-86

\$3,500,000
ST. JOHNS COUNTY, FLORIDA
VARIABLE RATE DEMAND UTILITY REVENUE BONDS,
SERIES 1986
(GENERAL DEVELOPMENT UTILITIES, INC. PROJECT)

PLACEMENT AGREEMENT

THIS PLACEMENT AGREEMENT (the "Agreement") is made and entered into as of November , 1986 by and among St. Johns County, Florida, a political subdivision organized and existing under the laws of the State of Florida (the "Issuer"), GENERAL DEVELOPMENT UTILITIES, INC., as organized and existing under the laws of the State of Florida (the "Borrower"), GENERAL DEVELOPMENT CORPORATION (the "Guarantor"), a Delaware corporation, and CITICORP INVESTMENT BANK, CITIBANK, N.A., as Placement Agent (the "Agent").

WHEREAS, pursuant to a Trust Indenture dated as of November 1, 1986 (the "Indenture") between the Issuer and CHEMICAL BANK, as Trustee (the "Trustee"), the Issuer intends to issue its Variable Rate Demand Utility Revenue Bonds, Series 1986 (General Development Utilities, Inc. Project) (the "Bonds") in an aggregate principal amount of \$1,000,000; and

WHEREAS, the Issuer will lend the proceeds from the issuance of the Bonds to the Borrower under and pursuant to a Loan Agreement, dated as of November 1, 1986, between the Issuer and the Borrower (the "Loan Agreement") to defray the cost of acquiring, constructing, expanding or improving the Borrower's waste system located in St. Johns County, Florida (the "Project"); and

WHEREAS, the Borrower's obligations under and pursuant to the Loan Agreement will be assigned by the Issuer to the Trustee under and pursuant to the Indenture; and

WHEREAS, the Issuer has designated Chemical Bank as Trustee under the Indenture; and

WHEREAS, under and pursuant to Section 2.3A(e) of the Indenture, holders of the Bonds are given the right to have their Bonds purchased on demand at a purchase price equal to the principal amount thereof, plus accrued interest, if any, subject to delivery of notice and delivery of any such Bonds in the manner and on the terms specified in the Indenture; and

WHEREAS, pursuant to a Letter of Credit and Reimbursement Agreement (the "Reimbursement Agreement"), among the

Borrower, the Guarantor and Barclays Bank PLC, New York Branch (the "Letter of Credit Bank"), the Letter of Credit Bank has issued its irrevocable transferable Letter of Credit pursuant to which the Trustee is authorized to draw amounts equal to the principal of, and up to four months' interest on, the Bonds, on the terms and conditions set forth in the Reimbursement Agreement; and

WHEREAS, the Guarantor will irrevocably and unconditionally guarantee the prompt payment of the principal of, premium, if any, and interest on the Bonds under and pursuant to a Guarantee Agreement dated as of November 1, 1986, from the Guarantor to the Trustee and the Issuer (the "Guarantee Agreement"); and

WHEREAS, the Issuer and the Borrower have requested the Agent to act as placement agent to effect the private placement and the sale of the Bonds to the initial purchasers thereof.

NOW THEREFORE, in consideration of the premises, and for other good and valuable consideration the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

PLACEMENT OF THE BONDS

Section 1.01. The Borrower, the Guarantor and the Issuer hereby designate the Agent as the exclusive agent for the purpose of effecting the private placement of up to \$3,500,000 aggregate principal amount of the Bonds, and the Agent agrees to employ its best efforts to effect such placement.

Section 1.02. The Agent will assist the Issuer, the Issuer's bond counsel, the Borrower and the Borrower's counsel in developing the necessary financing documents under which the Bonds will be issued, including the private placement memorandum relating to the Bonds (the "Placement Memorandum"), which will serve as the primary marketing document.

Section 1.03. The Borrower, the Guarantor and the Issuer acknowledge (a) that the Agent will be using material and information supplied by the Borrower and the Guarantor in effecting the private placement of the Bonds and will be relying on such material and information in connection therewith, and (b) that the Agent does not assume responsibility for the accuracy or completeness of this material and information. The Borrower and the Guarantor represent and warrant

to the Agent that the material and information supplied by the Borrower and the Guarantor do not and will not, at any relevant time, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 1.04. The Agent will attend meetings and make presentations concerning the financing, the Borrower, the Guarantor and the Bonds at the times and places requested by the Borrower and the Guarantor and will assist the Issuer, the Borrower and the Guarantor in the preparation of all the documents attendant upon the delivery of the Bonds.

Section 1.05. The Agent will solicit acceptances of the Issuer's offer to sell the Bonds from among such offerees as may be agreed upon among the Borrower, the Guarantor and the Issuer, subject to approval of the Borrower and the Guarantor. The Agent shall have no obligation to solicit such acceptances except from offerees which are "accredited investors" within the meaning of Rule 501(a) of Regulation D of the Securities and Exchange Commission or from no more than 35 offerees which are "sophisticated investors" within the meaning of such Regulation D. The terms of the offer shall be set forth in the Placement Memorandum, the terms of which, together with all other necessary documents, approvals and proceedings governing the Bonds, shall have been determined by bond counsel, the Borrower, the Guarantor, the Issuer, the Agent and the Agent's counsel to be satisfactory in all respects.

Section 1.06. Nothing contained in this Agreement shall obligate the Agent to purchase any Bond if any purchaser therefor found by the Agent shall fail to pay the purchase price for such Bond on the date of original issuance and delivery thereof or if the Agent has not found a purchaser therefor.

ARTICLE II

OBLIGATIONS OF THE BORROWER

Section 2.01. The Borrower and the Guarantor agree to make available to the Agent, without cost, sufficient copies of their audited financial statements, resolutions of their respective Boards of Directors with respect to the Bonds, the Loan Agreement, the Guarantee Agreement, the Placement Memorandum and other relevant documents pertaining to the Borrower and the Guarantor, as reasonably may be required from time to time for the prompt and efficient performance by

the Agent of its obligations hereunder, including its obligations in connection with the placement of the Bonds. The Borrower and the Guarantor agree to afford the Agent and any prospective purchasers of the Bonds the opportunity to ask questions of and receive answers from the Borrower and the Guarantor concerning the terms and conditions of the Bonds and the financial condition and creditworthiness of the Borrower and the Guarantor and any other information that any prospective purchaser might wish to receive in connection with its decision to purchase the Bonds. The Agent agrees to furnish the Placement Memorandum to each prospective purchaser of the Bonds and to inform such prospective purchaser of the opportunity to ask questions of and receive answers from the Borrower and the Guarantor as set forth in this paragraph.

Section 2.02.

(a) The Borrower and the Guarantor agree that they will jointly and severally indemnify and hold harmless the Issuer and the Agent, their employees and each person, if any, who controls the Agent within the meaning of either Section 15 of the Securities Act of 1933 or Section 20 of the Securities Exchange Act of 1934 (any and all of whom are referred to as "Indemnified Parties") from and against any and all losses, claims, damages and liabilities, joint and several (including all legal or other expenses reasonably incurred by any Indemnified Party in connection with the preparation for or defense of any claim, action or proceeding in any state or federal court or before any state or federal administrative agency, whether or not resulting in any liability), to which the Indemnified Party may become subject under any applicable federal or state law, regulation or otherwise caused by or arising out of any untrue statement or alleged untrue statement of a material fact contained in the Placement Memorandum or otherwise disclosed by the Borrower or the Guarantor, or the omission or alleged omission to state in the Placement Memorandum or otherwise to disclose a material fact required to be stated in the Placement Memorandum or otherwise disclosed or necessary to make the statements in the Placement Memorandum or otherwise disclosed not misleading in light of the circumstances under which they are made.

(b) Promptly after receipt by the Issuer, the Agent or any Indemnified Party of any claim or the commencement of any action or proceeding in respect of which indemnity may be sought against the Borrower and

the Guarantor, the Agent will notify the Company in writing of such claim or the commencement of such action and the Indemnified Party shall be entitled to employ counsel separate from counsel for the Borrower and the Guarantor and from any other party in such action, and the reasonable fees and disbursements of such separate counsel shall be paid by the Borrower and the Guarantor. It is understood, however, that the Borrower and the Guarantor will not be liable for the legal fees and disbursements of any Indemnified Party if the Indemnified Party agrees to settle any claim, action or proceeding (for which indemnification is sought) without the prior written consent of the Borrower and the Guarantor (which consent will not be unreasonably withheld).

(c) The Borrower and the Guarantor also agree to reimburse the Issuer and the Agent, as the case may be, for all reasonable out-of-pocket expenses incurred by either, including compensation for witnesses' time and separate counsel fees, in connection with either being compelled to appear as a witness in any action brought against the Borrower and the Guarantor or as a witness in any action brought against the Issuer or in connection with the Bonds, whether or not the Issuer or the Agent is named a party.

(d) Notwithstanding the foregoing, with respect to information supplied by and describing the Agent in the Placement Memorandum (the "Agent Information"), (i) indemnification by the Borrower and the Guarantor pursuant to this Section shall be limited to the costs and expenses of the Agent (including fees and out-of-pocket expenses of Agent's counsel) of defending itself in any action or proceeding alleging such untrue statement in or omission from the Agent Information, (ii) if in any such action or proceeding it is finally determined that the Agent Information contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements in the Agent Information, in light of the circumstances under which they were made, not misleading, then the Borrower and the Guarantor shall not be required to indemnify the Agent pursuant to this Section for any claims, damages, losses, liabilities, costs or expenses to the extent caused by such untrue statement in or omission from the Agent Information, and (iii) if any such action or proceeding shall be settled by the Agent without there being a final determination to the effect described in the preceding clause (ii), then the Borrower and the

Guarantor shall be required to indemnify the Agent pursuant to this Section only if such action or proceeding is settled with the Borrower's and the Guarantor's consent.

ARTICLE III

OBLIGATIONS OF THE AGENT

Section 3.01. The Agent will use its best efforts to effect the placement of the Bonds in accordance with the terms of the Indenture and this Agreement.

Section 3.02. The Agent will obtain from each initial purchaser of the Bonds prior to the sale a certificate to the effect that:

(a) The purchaser has received the Placement Memorandum provided in connection with the Bonds and has been afforded the opportunity to ask questions of and receive answers from the Borrower and the Guarantor concerning the terms and conditions of the Bonds and the financial condition and creditworthiness of the Borrower and the Guarantor and to receive any other information which the purchaser has reasonably requested to receive in connection with the decision whether to purchase the Bonds.

(b) The purchaser is acquiring the Bonds for its own account and not with a present view to the resale or other distribution of all or any part thereof or any interest therein to others.

(c) The purchaser will not offer, sell or otherwise dispose of all or any part of or interest in the Bonds, except pursuant to a tender under the Indenture or except to another accredited or sophisticated investor within the meaning of Regulation D of the Securities and Exchange Commission that shall have made the same covenants, acknowledgements and representations with respect to it as set forth herein, and will comply with all applicable federal and state securities laws in connection with any such offer, sale or other disposition.

(d) The purchaser acknowledges that the Issuer is not responsible for any information contained in or omitted from the Placement Memorandum and that the purchaser has not looked to the Issuer to provide or review any information concerning the Borrower, the

Guarantor or the Letter of Credit described in the Placement Memorandum, or the terms or conditions of the Bonds in connection with the purchaser's decision to purchase the Bonds.

Section 3.03. The Agent represents and warrants to the Borrower and the Guarantor that the Agent is authorized to enter into this Agreement and that the obligations set forth herein are legal, valid and binding obligations of the Agent.

ARTICLE IV

MISCELLANEOUS

Section 4.01. As compensation for the services provided by the Agent hereunder, the Borrower shall pay to the Agent at the time of initial issuance of the Bonds an amount equal to 5/8 of 1% of the principal amount of the Bonds issued. The Borrower also shall pay from the proceeds of the Bonds or other funds of the Borrower all reasonable costs and expenses incurred in connection with the placement of the Bonds, including the cost of printing the Placement Memorandum and other documents, printing of the Bonds, fees and expenses of bond counsel, counsel to the Agent, the Borrower's counsel, accountants, rating services and other experts retained by the Borrower or the Agent in connection with the financing.

Section 4.02. Nothing herein shall be construed to make any party hereto an employee of the other or to establish any fiduciary relationship among the Issuer, the Borrower, the Guarantor and the Agent except as expressly provided herein.

Section 4.03. This Agreement shall terminate on November 14, 1986 and may be extended or amended only in writing signed by the parties hereto, provided that the indemnities and obligations set forth in Section 2.02 hereof shall survive the termination of this Agreement.

Section 4.04. The Agent may not assign this Agreement except to a direct or indirect subsidiary of Agent or to a company related to Agent by the ownership or control (direct or indirect) of a common parent company.

Section 4.05. This Agreement is governed by the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed on their behalf by their duly authorized officers on this day of November, 1986.

GENERAL DEVELOPMENT UTILITIES,
INC.

By _____
Treasurer

GENERAL DEVELOPMENT CORPORATION

By _____
Vice President-Treasurer

CITICORP INVESTMENT BANK,
CITIBANK, N.A., As Agent

By _____
Vice President

ST. JOHNS COUNTY, FLORIDA

By _____
Member, Board of County
Commissioners

DRAFT
KR&C
10-14-86
MARKED

Moody's:
(See "RATING" herein)

EXHIBIT B

TWO NEW ISSUES

In the opinion of Bond Counsel, under existing statutes, regulations and court decisions, interest on the Bonds of each issue will be exempt from all federal income taxes, except for interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, and except as set forth under the caption "TAX EXEMPTION" herein. Interest on the Bonds is also exempt from all income taxation by the State of Florida, except corporate income taxes.

||
\$11,800,000
MARION COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY, FLORIDA
Variable Rate Demand Utility
Revenue Bonds, Series 1986
(General Development Utilities,
Inc. Project)

||
\$3,500,000
ST. JOHNS COUNTY, FLORIDA
Variable Rate Demand Utility
Revenue Bonds, Series 1986
(General Development Utilities,
Inc. Project)

Dated: November 12, 1986

Due: May 1, 2015

The Bonds of each issue are issued by, and represent limited obligations of, the respective Issuer, and such Bonds are secured by a corresponding Indenture granted by such Issuer. Except as set forth below, the Bonds of each issue are payable as to principal, premium, if any, and interest solely from the revenues and receipts payable under the corresponding Loan Agreement between such Issuer and General Development Utilities, Inc. The obligations of General Development Utilities, Inc. under the Loan Agreements and the corresponding Reimbursement Agreements are additionally secured by certain first mortgage and security interests granted by General Development Utilities, Inc.

GENERAL DEVELOPMENT CORPORATION

the parent corporation of General Development Utilities, Inc., has unconditionally guaranteed the payment of the principal of, premium, if any, and interest on the Bonds of each issue.

The Bonds of each issue are subject to conversion to a Fixed Interest Rate as more fully described herein. In the event of such conversion, the Bonds of each issue will cease to be subject to purchase on demand of the holders thereof as described below. Prior to such conversion, the Bonds will bear interest at a variable rate determined weekly (subject to a maximum rate) as more fully described herein. Upon conversion to a Fixed Interest Rate, the corresponding Letter of Credit, if any, in effect on the date thereof will be terminated.

As described herein, the Bonds of each issue will be subject to redemption by the Issuer thereof prior to maturity. Prior to conversion to a Fixed Interest Rate, any Bond will be purchased, on the demand of the holder thereof, on any business day upon seven days' notice and delivery to Chemical Bank, as Trustee.

Principal of and interest on and, in the event Citicorp Investment Bank, Citibank, N.A., as Remarketing Agent, is unable to remarket any Bond delivered to the Trustee for purchase, the purchase price of the Bonds of each issue are also payable from funds drawn under the corresponding irrevocable Letter of Credit issued by

BARCLAYS BANK PLC, NEW YORK BRANCH

Each Letter of Credit will expire June, 1991, unless earlier terminated as described herein or extended by Barclays Bank PLC, New York Branch. Each Letter of Credit will permit the Trustee to draw in respect of the Bonds of the corresponding Bond issue (a) an amount sufficient (i) to pay the principal of such Bonds when due upon redemption (whether optional or mandatory), upon conversion to a Fixed Interest Rate, upon acceleration, or at maturity, (ii) to enable the Trustee to effect the payment of the principal amount of such Bonds delivered to it for purchase but not remarketed within seven days of the delivery of a notice of intent to tender such Bonds, or (iii) to enable the Trustee to effect the payment of the principal amount of Bonds to be purchased by General Development Utilities, Inc., plus (b) an amount equal to up to 120 days' accrued interest on such Bonds in order (x) to pay interest on such Bonds or (y) to enable the Trustee to pay the unpaid accrued interest, if any, on such Bonds delivered to it for purchase, all as described in this Private Placement Memorandum. Each Letter of Credit may be replaced by a similar credit facility of a financial institution other than Barclays Bank PLC, New York Branch.

Certain legal matters relating to the issuance of the Bonds will be passed upon by Livermore Klein & Lott, P.A., Jacksonville, Florida, Bond Counsel, certain legal matters will be passed upon by Greenberg, Traurig, Askew, Hoffman, Lipoff, Rosen & Quentel, P.A., Miami, Florida, counsel to General Development Utilities, Inc. and General Development Corporation, certain legal matters will be passed upon by Kutak Rock & Campbell, counsel to Citicorp Investment Bank, Citibank, N.A., as Placement Agent, and certain legal matters relating to the validity of the Letters of Credit will be passed upon by Hawkins, Delafield & Wood, counsel to Barclays Bank PLC, New York Branch. Delivery of the Bonds will be in New York, New York on or about November, 1986.

CITICORP INVESTMENT BANK
CITIBANK, N.A.

 , 1986

This preliminary Private Placement Memorandum and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Private Placement Memorandum is delivered in final form. Under no circumstances shall this preliminary Private Placement Memorandum constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Under no circumstances shall this Private Placement Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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GENERAL INFORMATION CONCERNING THE OFFER

Citicorp Investment Bank, Citibank, N.A. (the "Placement Agent"), has been appointed the exclusive placement agent for the two issues of variable rate demand utility revenue bonds (collectively, the "Bonds") listed below:

\$11,800,000
MARION COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY, FLORIDA
Variable Rate Demand Utility
Revenue Bonds, Series 1986
(General Development Utilities,
Inc. Project)

\$3,500,000
ST. JOHNS COUNTY, FLORIDA
Variable Rate Demand Utility
Revenue Bonds, Series 1986
(General Development Utilities,
Inc. Project)

The Bonds are being issued by Marion County Industrial Development Authority, Florida and St. Johns County, Florida, respectively (collectively, the "Issuers"), for the purpose of financing the acquisition, construction and equipping of certain water and wastewater facilities (collectively, the "Projects") which are located within or will provide service to the jurisdictions of the respective Issuers and are more fully described under "THE PROJECTS" herein.

The information included in this Private Placement Memorandum has been obtained from representatives of General Development Utilities, Inc. ("GDU") and its parent corporation, General Development Corporation ("GDC") and, in the case of Exhibit B, from Barclays Bank PLC, New York Branch (the "Bank"), but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Placement Agent.

This Private Placement Memorandum contains brief descriptions of GDU, GDC, the Bank and the Bonds, the Indentures, the Loan Agreements, the Notes, the Guarantee Agreements, the Letters of Credit, the Reimbursement Agreements and the Mortgage (as such terms are hereinafter defined). The descriptive summaries do not purport to be complete, comprehensive or definitive. All references herein to the respective documents are qualified in their entirety by reference to the entire text of such documents, copies of which will be available for inspection at the offices of

Citicorp Investment Bank, Citibank, N.A., 55 Water Street,
New York, New York, Attention: Municipal Finance Department.

Each prospective purchaser of Bonds will be afforded the opportunity to ask questions of and receive answers from representatives of GDU and GDC concerning the terms and conditions of the Bonds, the financial condition and credit-worthiness of GDU and GDC and any other information or documents which such prospective purchasers may reasonably request in deciding whether or not to purchase the Bonds. Any such inquiries should be directed to the Municipal Finance Department at Citicorp Investment Bank, Citibank, N.A., which will then make the necessary arrangements for the prospective purchaser to receive such information.

EACH PURCHASER OF THE BONDS SHALL AT THE TIME OF PURCHASE EXECUTE A CERTIFICATE IN THE FORM SET FORTH AS EXHIBIT A HERETO.

The Placement Agent has agreed to use its best efforts to effect the initial placement and sale of the Bonds on the terms and conditions set forth in the separate Placement Agreements dated , 1986 (collectively, the "Placement Agreements") among GDU, GDC, the corresponding Issuer and the Placement Agent. GDU and GDC have agreed to indemnify the Placement Agent against certain liabilities, including liabilities under the federal securities laws.

All undefined terms used herein will have the meanings given to such terms in the Loan Agreements and the Indentures (as hereinafter defined).

USE OF PROCEEDS

It is estimated that the proceeds of the sale of the Bonds will be applied as follows: [to be supplied].

THE BONDS

The two Bond issues contain substantially the same terms and provisions, and the following is a summary of certain provisions of the Bonds of each issue. Reference is hereby made to the Bonds in their entirety for the detailed provisions thereof. The same occurrence may constitute a default with respect to more than one issue of Bonds.

The Bonds are being issued under and are secured by the provisions of separate Trust Indentures each dated as of November 1, 1986 (collectively, the "Indentures") between the

respective Issuers and Chemical Bank, as Trustee (the "Trustee"). The proceeds of the Bonds received by each Issuer will be loaned to GDU pursuant to separate loan agreements, each dated as of November 1, 1986 (collectively, the "Loan Agreements"), between the respective Issuers and GDU to finance GDU's costs of the related Projects. The debt of GDU to each Issuer will be evidenced by separate promissory notes (collectively, the "Notes") secured by the corresponding Loan Agreements. Pursuant to separate Guarantee Agreements, each dated as of November 1, 1986 (collectively, the "Guarantee Agreements"), GDC will irrevocably and unconditionally guarantee to the Trustee, for the benefit of the respective Issuers, the Trustee and the Bondholders, the full and prompt payment of all amounts required to be paid by GDU under the corresponding Loan Agreements and Indentures, including the principal of, premium, if any, and interest on the Bonds. In addition, GDU will grant to the Trustee and to the Bank a first mortgage interest and security interest (collectively, the "Mortgage") in certain GDU properties to secure their obligations under the Loan Agreements and the Reimbursement Agreements.

The Bonds will be issued in minimum denominations of \$100,000 and in integral multiples thereof, and the Bonds initially delivered will be dated the date of delivery thereof. The Bonds will mature on May 1, 2015 and will bear interest as described below, payable initially on , 1986, and thereafter (until conversion to a fixed interest rate, as described under "FIXED INTEREST RATE") on the first Tuesday of February, May, August and November in each year (each such payment date being an "Interest Payment Date") until maturity, at the principal office of the Trustee by check or draft mailed on the Interest Payment Date to the registered owners or by wire transfer to registered owners owning at least \$1,000,000 principal amount of Bonds which so notify the Trustee in writing at least 10 days before such Interest Payment Date. Principal of the Bonds upon redemption or maturity is payable upon the presentation thereof at the principal office of the Trustee.

The Bonds may be redeemed by the Issuers as described under "Redemption of Bonds by Issuers." The Bonds are also subject to acceleration prior to maturity upon the occurrence of certain events affecting GDC or GDU. See "THE BORROWER."

Each issue of Bonds is subject, on a single occasion, to conversion to a fixed interest rate (the "Fixed Interest Rate"). See "FIXED INTEREST RATE" below with respect to the procedures for converting to a Fixed Interest Rate and the

terms and conditions applicable to the Bonds upon such conversion.

|| THE BONDS DO NOT CONSTITUTE || A GENERAL OBLIGATION OF || EITHER OF THE ISSUERS AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF EITHER ISSUER IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE BONDS OF EACH ISSUE ARE PAYABLE SOLELY FROM THE REVENUES TO BE DERIVED BY THE CORRESPONDING ISSUER UNDER THE CORRESPONDING LOAN AGREEMENT, THE FUNDS AND ACCOUNTS ESTABLISHED UNDER THE CORRESPONDING INDENTURE, THE PAYMENTS DUE UNDER THE CORRESPONDING GUARANTEE AGREEMENT AND FUNDS DRAWN UNDER THE CORRESPONDING LETTER OF CREDIT.

Right To Tender Upon Seven Days' Notice. Following initial placement of the Bonds and prior to their conversion to a Fixed Interest Rate, any Bond will be purchased from the owner thereof, on the demand of the owner thereof, on any Business Day (as hereinafter defined) at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon: (i) telephonic notice to the Trustee at its Corporate Trust Office to be confirmed by delivery to the Trustee, Chemical Bank, 55 Water Street, New York, New York 10041, Attention: Corporate Trustee Administration, of a written notice which (A) states the principal amount of such Bond and (B) states the date on which such Bond 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 such Bond at the principal 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 term "Business Day," as used herein, 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 principal corporate trust office (initially, New York, New York) or, so long as a Letter of Credit is in effect with respect to the corresponding issue of Bonds, the city in which the principal office of the Bank is located (initially, New York, New York).

The term "Record Date," as used herein, means, until the effective date of the Fixed Interest Rate (the "Conversion Date"), the Business Day next preceding each Interest Payment Date, and after the Conversion Date, the date which is the fifteenth day of the calendar month prior to any date on which principal of or interest on any Bond is due and payable.

Citicorp Investment Bank, Citibank, N.A. has been appointed Remarketing Agent (the "Remarketing Agent") under the Indenture. Pursuant to such appointment, the Remarketing Agent will use its best efforts to find a buyer for any Bonds tendered within the seven-day notice period at a price equal to the principal amount thereof, plus accrued interest, if any, to the date of delivery. The Trustee will deliver the proceeds from any such sale to the seller of the Bonds. If the Remarketing Agent is unable to locate a buyer for the Bonds by the end of the seven-day notice period or has sold the Bonds to GDU or GDC, then the Trustee will effect the purchase of the Bonds at a price of par plus accrued interest from the proceeds of a drawing under the corresponding Letter of Credit. The Remarketing Agent may resign and be discharged of the duties and obligations created by the Indenture by giving at least 60 days' notice to GDU, GDC, the Issuer, the Bank and the Trustee. The Remarketing Agent may be removed at any time upon 15 days' notice given by an instrument signed by the Issuer, upon the direction of GDU, with the consent of the Bank and filed with GDU, GDC, the Remarketing Agent, the Bank and the Trustee.

Interest on the Bonds. Except as provided below under "FIXED INTEREST RATE," the Bonds shall bear interest during each weekly period beginning on a Tuesday and ending on the following Monday (the "Interest Determination Period") at an annual rate of interest (the "Variable Rate") determined and effective as of Tuesday of each Interest Determination Period during which the Bonds are outstanding, provided that if such Tuesday is not a Business Day, the rate of interest shall be determined on the following Wednesday (the "Interest Determination Date") effective on such Tuesday for such Interest Determination Period, but in no event in excess of the lesser of 15% or the maximum nonusurious contract rate of interest allowed from time to time by applicable law. Interest on the Bonds will be computed on the basis of a year of 365 or 366 days, as appropriate, and will accrue from and including their date of issuance 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 Bonds shall bear interest at the rate of 5% per annum through , 1986. On and after , 1986 the Bonds shall bear interest during each Interest Determination Period at the Variable Rate determined as of the Interest Determination Date. The Variable Rate payable during each Interest Determination Period shall be determined by the Remarketing Agent and shall be equal to that rate, not

in excess of 15% per annum, determined on the Interest Determination Date of each week by the Remarketing Agent by notice filed on such day by means of telephone or telex confirmed in writing with the Trustee, GDC, the Bank, GDU and, if requested, the Issuer which, upon such Interest Determination Date, would be the interest rate, but would not exceed the interest rate, which would result in the market value of the Bonds on such Interest Determination Date being 100% of the principal amount thereof. In determining the Variable Rate, the Remarketing Agent shall take into account, to the extent applicable, (i) market interest rates for comparable securities (including outstanding tax-exempt bonds) held by tax-exempt, open-end municipal bond funds or other institutional or private investors with substantial portfolios (a) with interest periods, tenors and demand purchase options substantially identical to the Bonds; (b) bearing interest at a variable rate intended to maintain par value; and (c) rated by a national credit rating agency in the same category as the Bonds, (ii) other financial market rates and indices which may have a bearing on the Variable Rate (including rates borne by commercial paper, tax-exempt commercial paper, HUD project notes and Treasury bills; commercial bank prime rates, certificate of deposit rates, and federal funds rates; the London Interbank Offered Rate; and indices maintained by The Bond Buyer and other publicly available tax-exempt interest rate indices); (iii) general financial market conditions (including current forward supply); and (iv) factors particular to the use of proceeds of the Bonds or the credit standing of GDC, GDU or the Bank.

If for any reason such Variable Rate cannot be established or is held to be invalid or unenforceable by a court of law for any Interest Determination Period, the rate for such Interest Determination Period shall be determined by the Remarketing Agent and shall 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 at which such 13-week Treasury bills shall have been sold (i) at the most recent Treasury auction conducted during the immediately preceding Interest Determination Period; or (ii) if no such auction shall have been conducted during the immediately preceding Interest Determination Period, at the most recent Treasury auction conducted prior to such preceding Interest Determination Period. If at any time the Remarketing Agent fails to perform its duties as set forth herein, the Variable Rate shall be deemed to be 60% of the rate announced from time to time by the Bank as its prime rate.

The determination of the Variable Rate by the Remarketing Agent shall, in the absence of manifest error, be conclusive and binding upon the owners of the Bonds, the Issuers, GDU, GDC, the Trustee and the Remarketing Agent.

All determinations of the Variable Rate under the Indentures shall be rounded to the nearest hundredth of 1%.

Security and Sources for Payment of the Bonds. The Bonds of each issue and any interest due thereon are special obligations of the corresponding Issuer and, pursuant to the Indenture relating thereto, are payable by such Issuer solely from the revenues and other receipts payable under the corresponding Loan Agreement and Note, the corresponding Guarantee Agreement and the corresponding Letter of Credit (except to the extent paid out of moneys attributable to Bond proceeds, income from temporary investments or, under certain circumstances, net proceeds of insurance or condemnation awards relating to the corresponding Project). The obligations under the Loan Agreements and under the Reimbursement Agreements are secured by the Mortgage.

Each Issuer, by and subject to the corresponding Indenture, will assign and pledge to the Trustee for the benefit of the Bondholders of the corresponding Bond issue:

(a) the Issuer's interest in the corresponding Note and Loan Agreement (subject to certain exceptions), 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, and the Mortgage;

(b) all moneys payable to the Issuer or the Trustee under the corresponding Guarantee Agreement;

(c) all funds which may be drawn under the corresponding Letter of Credit or Alternate Letter of Credit (as defined herein);

(d) the proceeds from the sale of the corresponding Bonds and the income earned thereon, together with any other funds held under such Indenture; and

(e) any and all other property from time to time conveyed, pledged, assigned or transferred as and for additional security under such Indenture.

Payments of the principal of, premium, if any, and interest on the Bonds of each issue have been unconditionally guaranteed by GDC to the Trustee for the benefit of the holders of such Bonds pursuant to the corresponding Guarantee Agreement.

Concurrently with the delivery of the Bonds, GDU will cause the Letters of Credit to be delivered to the Trustee by the Bank pursuant to the requirements of the Loan Agreements. Each Letter of Credit will permit the Trustee to draw in respect of the Bonds of the corresponding Bond issue (a) an amount sufficient (i) to pay the principal of such Bonds when due upon redemption (whether optional or mandatory), upon conversion to a Fixed Interest Rate, upon acceleration or at maturity, (ii) to enable the Trustee to effect the payment of the principal amount of such Bonds delivered to it for purchase but not remarketed within seven days of the delivery of a notice of intent to tender such Bonds, or (iii) to enable the Trustee to effect the payment of the principal amount of such Bonds to be purchased by GDU plus, for each quarterly interest period, (b) an amount equal to up to 120 days' accrued interest on such Bonds in order (x) to pay interest on such Bonds or (y) to enable the Trustee to pay the unpaid accrued interest, if any, on such Bonds delivered to it for purchase.

Each Letter of Credit shall expire on June , 1991 or such earlier date as provided herein, unless extended by the Bank.

Alternate Letter of Credit. With respect to any of the Bonds of a Bond issue offered hereby, GDU may, at its option, at any time prior to the sixtieth day before the Interest Payment Date next preceding June , 1991 or at such other times as may be permitted under the corresponding Reimbursement Agreement or the corresponding Letter of Credit, provide for the delivery to the Trustee of one or more irrevocable letters of credit or other credit facilities 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 such Letter of Credit and which shall have a duration of not less than one year (the "Alternate Letter of Credit"); provided that GDU must furnish to the Trustee written evidence from Moody's Investors Service ("Moody's"), if such Bonds are rated by Moody's, or Standard & Poor's ("S&P"), if such 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 such Letter of Credit will not, by

itself, result in a reduction of its ratings of such Bonds or, alternatively, if such substitution results in a reduction of its ratings, the Trustee shall provide each holder of such Bonds and any additional bonds written notice, transmitted by certified mail (return receipt requested), both 30 days and 15 days prior to such substitution.

For all purposes of the Indentures, the Alternate Letters of Credit or such other credit facilities shall be considered the Letters of Credit, the Bank or other financial institution issuing such Alternate Letters of Credit shall be considered the Bank and the reimbursement agreements among such Bank, GDU and GDC shall be considered the Reimbursement Agreements. GDU may, at its election, and with the consent of the Bank, provide for extensions of any Letter of Credit.

Redemption of Bonds by Issuers

Optional Redemption. The Bonds of each issue are subject to redemption by the Issuer thereof, at the direction of GDU and upon written notice to the owners thereof given at least 30 calendar days before the designated redemption date, at any time prior to their conversion to a Fixed Interest Rate, in whole, or in part, in minimum units of \$100,000, at par plus accrued interest, but without premium, but in no event prior to // , 1986; provided, however, that following conversion to a Fixed Interest Rate, such Bonds shall be subject to redemption at the times, in the manner and upon payment of the amounts described under the caption "FIXED INTEREST RATE." The moneys for such redemption are to be derived from the proceeds of a draw under the corresponding Letter of Credit and the notice shall state that such redemption shall be conditioned upon the receipt of 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.

Redemption Upon Expiration of Letters of Credit. The Bonds of each issue are subject to mandatory redemption in whole by the Issuer thereof, at the principal amount thereof, but without premium, on the Interest Payment Date next preceding the date of expiration of the corresponding Letter of Credit or on the Interest Payment Date next preceding the termination date of such Letter of Credit by substitution of an Alternate Letter of Credit described in the corresponding Loan Agreement; provided, however, that Bonds called for such redemption shall not be mandatorily redeemed if (i) GDU shall deliver to the Trustee and the Bank at least two Business Days before such Interest Payment Date written notice

specifying the principal amount of Bonds to be purchased on such Interest Payment Date by GDU at the principal amount thereof, plus accrued interest, and such Bonds are so purchased by GDU, (ii) a registered owner of Bonds shall have notified the Trustee and the Bank not to redeem any Bond owned or held by him, (iii) a registered owner of Bonds shall have tendered such Bonds to the Remarketing Agent for purchase on or before such Interest Payment Date and each such Bond has been remarketed to a registered owner described in (ii) above or (iv) an Alternate Letter of Credit has been provided by GDU which will not result in a withdrawal or a reduction of the rating on such Bonds.

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

Except when an Alternate Letter of Credit described in the Indenture has been provided, the Trustee shall give notice by mail to the registered owners of the affected Bonds not less than 30 days prior to the Interest Payment Date on which such Bonds are subject to redemption or purchase stating (i) that such Bonds are subject to redemption or purchase in whole at the principal amount thereof plus accrued interest on such Interest Payment Date, (ii) that the corresponding Letter of Credit will expire and stating the date of such expiration, and that after expiration of such Letter of Credit and repayment of all obligations to the Bank under the corresponding Reimbursement Agreement, such Bonds will no longer be secured by the Mortgage, (iii) that the ratings of such Bonds by Moody's or S&P may be withdrawn or reduced from such rating then prevailing, (iv) that holders of such Bonds may, by notice to the Trustee and the Bank, direct the Trustee not to redeem any Bond owned or held by them and (v) if an Alternate Letter of Credit described in the corresponding Loan Agreement will be provided, the information required in the applicable section of such Loan Agreement.

A registered owner of Bonds may direct the Issuer not to redeem any Bond or Bonds in accordance with the preceding paragraph owned or held by him by delivering to the Trustee

at its principal corporate trust office on or before the third Business Day preceding the Interest Payment Date on which the Bonds are subject to redemption or purchase an instrument or instruments in writing executed by such holder (i) specifying the principal amount of the 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 Bonds. Any instrument delivered to the Trustee and the Bank in accordance with this paragraph shall be irrevocable with respect to the Bonds for which such instrument is delivered and shall be binding upon subsequent holders of such Bonds.

Redemption Upon Conversion to a Fixed Interest Rate.
The Bonds of each issue shall be subject to mandatory redemption by the Issuer thereof, at the principal amount thereof, plus accrued interest, but without premium, on the Conversion Date; provided that there shall not be so redeemed (a) Bonds which shall have been delivered to the Trustee for purchase; (b) Bonds with respect to which the Trustee shall have received directions not to so redeem the same from the holders thereof as described under the caption "FIXED INTEREST RATE"; and (c) Bonds purchased by GDU as described under the caption "FIXED INTEREST RATE."

The Bonds of each issue are also subject to mandatory redemption upon a determination of taxability as described under "FIXED INTEREST RATE--Mandatory Redemption Upon Determination of Taxability."

THE LETTERS OF CREDIT

Concurrently with the issuance and delivery of the Bonds, the Bank will issue and deliver with respect to each issue of the Bonds separate irrevocable Letters of Credit to the Trustee for the benefit of GDU, each of which shall expire on the earlier of December, 1991 or the fifteenth day following the Conversion Date. Under each Letter of Credit, the Trustee will be authorized to draw in respect of the Bonds of the corresponding issue, upon presentation of sight drafts accompanied by supporting documentation in accordance with the terms and conditions set forth therein, the following amounts: (a) an amount sufficient (i) to pay the principal of such Bonds when due upon redemption (whether optional or mandatory), upon conversion to a Fixed Interest Rate, upon acceleration or at maturity, (ii) to enable the Trustee to effect the payment of the principal amount of such Bonds delivered to it for purchase but not remarketed within seven days of delivery of a notice of intent to tender such

Bonds, or (iii) to enable the Trustee to effect the payment of the principal amount of such Bonds to be purchased by GDU, plus, for each quarterly interest period, (b) an amount equal to up to 120 days' accrued interest on such Bonds, in order (x) to pay interest on such Bonds and (y) to enable the Trustee to pay the unpaid accrued interest, if any, on such Bonds delivered to it for purchase.

Each Indenture will direct the Trustee to draw upon the corresponding Letter of Credit to pay principal of and interest on the corresponding Bonds, to enable the Trustee to pay the purchase price of Bonds tendered to it and not remarketed and to enable the Trustee to effect the payment of the purchase price of Bonds to be purchased by GDU.

Although the Bank's obligations under the Letters of Credit relating to the payment of quarterly interest and the payment of the purchase price of Bonds which the Remarketing Agent is unable immediately to remarket are limited to specific amounts, the Bank's obligation to honor subsequent drawings for such purposes is automatically reinstated in the case of quarterly interest payments if there is no default by GDU and GDC under the corresponding Reimbursement Agreement, and in the case of drawings in respect of Bonds which have not been remarketed, upon certification of the release of such Bonds to GDU or the Remarketing Agent.

Pursuant to the separate Reimbursement Agreements dated as of November 1, 1986 among GDU, GDC and the Bank (collectively, the "Reimbursement Agreements"), GDU agrees to reimburse the Bank for amounts drawn under the corresponding Letter of Credit (other than drawings with respect to the payment of the purchase price of Bonds tendered to the Trustee and not remarketed) on each date on which amounts are so drawn. In connection with drawings with respect to the payment of the purchase price of Bonds tendered to the Trustee and not remarketed, each Reimbursement Agreement provides that GDU shall reimburse the Bank for all amounts so drawn, plus interest, on the earlier of (i) the date which is one day after the date which occurs 15 months after the date of such a drawing or (ii) the last day a drawing is available under the corresponding Letter of Credit. In addition, interest is due quarterly on all amounts so drawn. GDU agrees to pay the Bank various fees and commissions with respect to the amounts available to be drawn under such Letter of Credit, to compensate the Bank for certain increased costs of issuing or maintaining such Letter of Credit and to indemnify the Bank against certain liabilities. GDC in the Reimbursement Agreements guarantees payment

of all amounts payable by GDU to the Bank and agrees to pay expenses of the Bank incurred in enforcing its rights thereunder.

Each of the following events shall constitute an event of default under each Reimbursement Agreement:

(a) Any representation made by GDU or GDC in the Reimbursement Agreement or in the Mortgage or in the Custody Agreement or the Security Agreement (as such terms are defined in the Reimbursement Agreement) or in any statement furnished to the Bank in connection therewith shall prove to have been incorrect in any material respect when made;

(b) Any amounts payable under the Reimbursement Agreement shall not be paid when due or in the case of payments made for other than principal, within 10 days thereafter;

(c) Failure, not cured within the applicable grace period, if any, of GDC to perform certain covenants with respect to its existence, operations and financial condition, or failure of GDC or GDU to indemnify the Bank pursuant to the terms of the Reimbursement Agreement;

(d) Failure of GDU or GDC to perform any other term, covenant or agreement in the Reimbursement Agreement, the Custody Agreement, the Mortgage or the Security Agreement which shall remain unremedied for 30 days after written notice to GDC from the Bank;

(e) Various other events involving GDU or GDC, including acts of bankruptcy, the existence of outstanding judgments and defaults under certain other debt instruments, including the corresponding Indenture, the Mortgage, the Revolving Credit Agreement among GDC, certain banks and Citicorp Real Estate, Inc., as agent, and reimbursement agreements among GDC, GDU and certain banks.

Upon the occurrence of an event of default under a Reimbursement Agreement, the Bank may give notice thereof to the Trustee and cause the Trustee to treat such event as an event of default under the corresponding Indenture and may exercise any other rights and remedies legally available to it.

FIXED INTEREST RATE

Conversion to Fixed Interest Rate

The interest rate on the Bonds of each issue may be converted to the Fixed Interest Rate on one occasion upon (i) receipt by GDU, the Bank, the corresponding Issuer and the Trustee of notice that the Mandatory Conversion Event (as hereinafter defined) has occurred or (ii) receipt by the Bank, such Issuer and the Trustee of a direction from GDU specifying the date the Fixed Interest Rate shall be determined (not less than 10 Business Days prior to the Conversion Date) (the "Fixed Rate Calculation Date") and the Conversion Date, delivered to such parties not less than 35 days prior to such Conversion Date. Such conversion shall only occur if an opinion from a nationally recognized bond counsel is received no later than the Conversion Date by such 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 such Bonds from federal income taxation. Following the Conversion Date, such Bonds will bear interest at the Fixed Interest Rate, computed on the basis of a 360-day year of twelve 30-day months, payable on the May 1 and November 1 of each year following the Conversion Date (each such payment date being an "Interest Payment Date").

The Mandatory Conversion Event shall have occurred whenever the Remarketing Agent shall be able to compute a Fixed Interest Rate which is less than 2-1/2% per annum, in the manner described below, on two consecutive Interest Determination Dates. The Remarketing Agent shall be required to compute a Fixed Interest Rate for this purpose only on (i) an Interest Determination Date on which the most recent 20-year revenue bond index published by The Daily Bond Buyer, or any successor index, is less than 2-1/2% per annum, or, if no such index then exists, (ii) the first Interest Determination Dates in May and November of each year and, if the Fixed Interest Rate so determined under clauses (i) and (ii) of this paragraph is less than 2-1/2% per annum, the immediately following Interest Determination Date. The Remarketing Agent shall give prompt written notice to the Issuers, the Bank and the Trustee that the Mandatory Conversion Event has occurred. In the event the interest rate on the Bonds of each issue 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 tenth Business Day which occurs after the date of the Fixed Rate Calculation Date.

The Fixed Interest Rate shall be that rate of interest determined on the Fixed Rate Calculation Date by the Remarketing Agent in the following manner. The Fixed Interest Rate shall be determined by the Remarketing Agent as that rate, having due regard to prevailing financial market conditions and the terms and conditions of the respective Indenture, which, if borne by the Bonds, would be the interest rate, but would not exceed the interest rate, which would result in the market value of the Bonds on such date being 100% of the principal amount thereof. In determining the Fixed Interest Rate, the Remarketing Agent shall take into account, to the extent applicable, (i) market interest rates for comparable securities which are held by institutional and private investors with substantial portfolios (a) with a term equal to the period to maturity remaining on the Bonds; (b) with a rate of interest which is exempt from federal income taxation; (c) rated by a national credit rating agency in the same category as the Bonds; and (d) with redemption provisions which are similar to those of the Bonds; (ii) other financial market rates and indices which have a bearing on the Fixed Interest Rate (including but not limited to rates borne by Industrial Development Bonds, Pollution Control Revenue Bonds, Public Power Bonds, Housing Bonds, other Revenue Bonds, General Obligation Bonds and Treasury Bills; commercial bank prime rates, certificate of deposit rates, and federal funds rates; and indices maintained by The Bond Buyer and other publicly available tax-exempt interest rate indices); (iii) general financial market conditions (including current forward supply); and (iv) factors particular to the use of the proceeds of the Bonds or the credit standing of GDU or GDC. The Fixed Interest Rate so determined by the Remarketing Agent shall become effective on the Conversion Date.

If for any reason such Fixed Interest Rate cannot be established or is held to be invalid or unenforceable by a court of law, the Fixed Interest Rate shall be determined by the Remarketing Agent and shall be equal to the percentage of the average yield, evaluated at par on the basis of a term approximately equal to the time remaining until the maturity of the Bonds, of United States Treasury obligations--State and Local Government Series determined as follows:

<u>Years Remaining to Maturity of Bonds (inclusive)</u>	<u>Percent of Average Yield</u>
29-18	90%
17-13	86
12-8	83
7-4	80
3-0	77

The Fixed Interest Rate shall not exceed the maximum nonusurious contract rate of interest allowed from time to time by applicable law.

The determination of the Fixed Interest Rate by the Remarketing Agent shall, in the absence of manifest error, be conclusive and binding upon the holders of the Bonds, the Issuers, GDU, GDC, the Trustee and the Remarketing Agent.

All determinations of the Fixed Interest Rate shall be rounded to the nearest hundredth of 1%.

Upon conversion to a Fixed Interest Rate, the affected Bonds shall be subject to mandatory redemption on the Conversion Date at a price equal to the principal amount thereof plus accrued interest, but without premium, as described under "THE BONDS--Redemption of Bonds by Issuers--Redemption Upon Conversion to a Fixed Interest Rate"; provided, however, that Bonds called for such redemption may not be redeemed but may be purchased on such date by GDU at the principal amount thereof plus accrued interest if GDU shall deliver to the Trustee and the Bank at least two Business Days before such date a written notice specifying the principal amount of Bonds to be purchased and, in the event the corresponding Letter of Credit is not in effect on the Conversion Date, if GDU shall deposit with the Trustee moneys sufficient to pay the purchase price of Bonds to be so purchased.

If GDU provides the notice and moneys, if required, described above, the Trustee shall pay the price of Bonds so purchased by GDU by (i) drawing upon the moneys deposited by GDU to pay such purchase price if the corresponding Letter of Credit is not then in effect or (ii) using moneys provided pursuant to a draw upon such Letter of Credit if it is then in effect. As and when Bonds so purchased by GDU are received by the Trustee, the Trustee shall deliver such Bonds to GDU, or to the Bank or its custodian to secure any repayment obligation to the Bank, and GDU shall thereafter

cause such Bonds to be resold to the Bank at a purchase price not exceeding GDU's purchase price; provided, however, that such Bonds shall not be remarketed unless the Issuer, the Trustee and GDU receive an opinion from nationally recognized bond counsel stating that, after remarketing, interest on the Bonds will be exempt from federal income taxation.

The Trustee shall give notice in substantially the form attached as Exhibit A to the corresponding Indenture by mail to the holders of the Bonds to be converted to the Fixed Interest Rate not less than 30 days prior to the Conversion Date. Such notice shall state (i) that the interest rate on such Bonds shall be converted to a Fixed Interest Rate, (ii) the Conversion Date, (iii) the date the Fixed Interest Rate shall be determined and that the Remarketing Agent will inform the holders of such Bonds of the Fixed Interest Rate, (iv) that the corresponding Letter of Credit will be terminated at the close of the Bank's business on the date 15 days following the Conversion Date and that after expiration of such Letter of Credit and repayment of all obligations to the Bank under the corresponding Reimbursement Agreement, such Bonds will no longer be secured by the Mortgage, (v) that the ratings of such Bonds by Moody's or S&P may be withdrawn or reduced from such rating then prevailing, (vi) that subsequent to the Conversion Date a holder of such Bonds will no longer have the right to require purchase of Bonds by the Trustee, (vii) whether GDU has elected to establish Amortization Installments (as defined in such Indenture) for such Bonds outstanding after the Conversion Date, and (viii) that all such outstanding Bonds not purchased by the Trustee on or prior to the Conversion Date will be redeemed by the corresponding Issuer or purchased by GDU on the Conversion Date at a price of par plus accrued interest, except Bonds which the holder shall have directed such Issuer not to redeem as provided below.

A holder may direct an Issuer not to redeem any of such Issuer's such Bonds owned or held by him by delivering to the Trustee at its principal corporate trust office on or before the third Business Day preceding the Conversion Date an instrument or instruments in writing executed by such holder (i) specifying the numbers and denominations of the 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 such Issuer not to redeem such Bonds. Any instrument delivered to the Trustee in accordance with this paragraph shall be irrevocable with respect to the Bonds for which such instrument is delivered and shall be binding upon subsequent holders of such Bonds.

Any Bond tendered to the Remarketing Agent for purchase pursuant to the terms of the Indenture from the date notice is given as provided above through 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 Bond by demand purchase to the Trustee prior to the Conversion Date. On the Conversion Date, Bonds purchased by the Trustee from such notice date through the Conversion Date and not remarketed shall not be redeemed but shall (without the need for direction pursuant to the preceding paragraph) remain outstanding as Bonds bearing the Fixed Interest Rate.

The Trustee, at the discretion of GDU 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. Any such replacement Bonds shall be executed and authenticated as provided in the corresponding Indenture. Any replacement Bonds shall be in \$5,000 denominations or integral multiples thereof.

At the close of the Bank's business on the fifteenth day after the Conversion Date, the corresponding Letter of Credit shall terminate, and following the close of business on the Conversion Date, such Bonds shall no longer be subject to certain provisions of the corresponding Indenture, including the provisions relating to the purchase of Bonds by the Trustee.

Redemption of Bonds After Conversion Date

Optional Redemption. Following the Conversion Date, the Bonds so converted shall be subject to optional redemption by the Issuer thereof, at the direction of GDU, as follows:

(a) if the Conversion Date shall be prior to the Interest Payment Date occurring in November 1996, the Bonds shall be subject to redemption, in whole at any time or in part on any Interest Payment Date, on or after November 1 of the year which is the tenth year after the year in which the Conversion Date 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</u> <u>Prices</u>
<u>November</u> 1 of Tenth year through last day in <u>October</u> of Eleventh year	103 %
<u>November</u> 1 of Eleventh year through last day in <u>October</u> of Twelfth year	102-1/2
<u>November</u> 1 of Twelfth year through last day in <u>October</u> of Thirteenth year	102
<u>November</u> 1 of Thirteenth year through last day in <u>October</u> of Fourteenth year	101-1/2
<u>November</u> 1 of Fourteenth year through last day in <u>October</u> of Fifteenth year	101
<u>November</u> 1 of Fifteenth year through last day in <u>October</u> of Sixteenth year	100-1/2
<u>November</u> 1 of Sixteenth year and last day in <u>October</u> thereafter	100

(b) if the Conversion Date shall be on or after the Interest Payment Date occurring in November 1996, the Bonds shall be subject to redemption, in whole at any time or in part on any Interest Payment Date, on or after November 1 of the year which is the fifth year after the year in which the Conversion Date 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</u> <u>Prices</u>
<u>November</u> 1 of Fifth year through last day in <u>October</u> of Sixth year	103%
<u>November</u> 1 of Sixth year through last day in <u>October</u> of Seventh year	102
<u>November</u> 1 of Seventh year through last day in <u>October</u> of Eighth year	101
<u>November</u> 1 of Eighth year and last day in <u>October</u> and thereafter	100

Extraordinary Redemption. Following the Conversion Date, the Bonds so converted will be subject to optional redemption by the Issuer thereof at the direction of GDU 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 corresponding Project or the complete utility system operated by GDU as a single unit of which such Project forms a part (the "System") shall be damaged or destroyed and it is determined pursuant to the corresponding Loan Agreement that it is not practicable or desirable to rebuild, repair or restore such Project;

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

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

(d) in whole, if operation of such Project or System shall be enjoined and GDU 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 such Bonds or such Loan Agreement becoming void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties expressed therein.

Mandatory Redemption Upon Determination of Taxability. The Bonds of each issue shall be redeemed on any date whether before or after the Conversion 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 GDU has been afforded an opportunity to participate, that, as a result of a failure by GDU to observe any covenant, agreement or representation in the corresponding Loan Agreement, the interest payable on any such Bond is includable for federal income tax purposes in the gross income of any holder of such Bonds (other than a holder who is a "substantial user" of the corresponding Project or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, and the applicable regulations thereunder); provided that if, in the opinion of nationally recognized bond counsel, redemption of a portion of the outstanding Bonds would have the result that interest payable on such Bonds remaining outstanding would not be includable in the gross income of the holders, then only such amount of Bonds need be redeemed, the Bonds to be redeemed to be determined as specified in the corresponding Indenture. Any such determination will not be considered final for this purpose unless GDU 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 holder of a Bond, and until the conclusion of any appellate review, if sought.

Mandatory Redemption Upon Amortization of Principal.
Upon the conversion of the Bonds of an issue to a Fixed Interest Rate, GDU has the option to make such Bonds subject to mandatory redemption by requiring redemption of such 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; provided, however, that such schedule shall be established only if an opinion from nationally recognized bond counsel is received by the Trustee stating that GDU's election to establish Amortization Installments is authorized or permitted by the corresponding Indenture and that such election will not adversely affect the exemption of the interest on such Bonds from federal income taxation. Subject to the foregoing condition, if such Conversion Date occurs on or before November 1, 2006, GDU may elect to establish annual Amortization Installments beginning on November 1, 2007, and to be made on each November 1 thereafter, which Amortization Installments will provide for substantially level amortization of the principal of such Bonds over the period commencing November 1, 2007 and ending on the last day in April, 2015. Alternatively, if such Conversion Date occurs after November 1, 2006, GDU may elect to establish annual Amortization Installments beginning on the immediately following November 1 and to be made on each November 1 thereafter, which Amortization Installments will

provide for substantially level amortization of the principal of such Bonds over the time remaining until the maturity of such Bonds. Each Amortization Installment shall be in the amount of \$5,000 or an integral multiple thereof.

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

GDU may deliver Bonds to the Trustee for cancellation and receive a credit in respect of the Amortization Installment(s) for any such Bonds which prior to the mandatory redemption date have been purchased or redeemed (otherwise than through mandatory redemption pursuant to such Amortization Installments) and cancelled by the Trustee and not theretofore applied as a credit against any Amortization Installment for such Bonds. Each such 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 corresponding 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 obligation shall be credited to future mandatory redemption of such Bonds in chronological order.

THE GUARANTOR

[To be updated.]

General Development Corporation

General Development Corporation ("GDC"), a Delaware corporation, is one of Florida's largest developers of planned communities and one of the State's leading home-builders. GDC builds single-family homes, townhouses, villas and condominiums; develops and sells homesites and commercial properties; and builds and operates utilities and other community facilities. It has nine large communities comprising about 244,500 acres on both coasts of Florida and in the central part of the State. These communities are home to approximately 154,000 people.

Available Information

GDC is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith

files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Such reports, proxy statements and other information can be inspected and copied at the offices of the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C.; Room 1102, 26 Federal Plaza, New York, New York; Room 1204, 219 South Dearborn Street, Chicago, Illinois; and Suite 500 East, 5757 Wilshire Boulevard, Los Angeles, California. Copies of this material can also be obtained at prescribed rates from the Public Reference Section of the SEC at its principal office at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549.

Incorporation of Certain Documents by Reference

GDC hereby incorporates herein by reference the following document on file with the SEC: Annual Report on Form 10-K for the year ended December 31, 1985.

[Reference to 10-Qs and 8-Ks, if any, to come.]

All documents hereafter filed by GDC pursuant to Section 13 or 14 of the Securities Exchange Act of 1934, as amended, prior to the termination of the offering made by the Private Placement Memorandum, shall be deemed to be incorporated herein by reference and to be a part hereof from the respective dates of filing thereof.

GDC will provide without charge to each person to whom the Private Placement Memorandum is delivered, upon the request of any such person, a copy of any or all of the documents incorporated herein by reference, excluding the exhibits thereto. Requests for such documents should be directed to G. A. Stilwell, Vice President and Treasurer, by mail at 1111 South Bayshore Drive, Miami, Florida 33131.

THE BORROWER

[To be updated.]

General Development Utilities, Inc.

General Development Utilities, Inc. ("GDU"), a Florida corporation, is a wholly owned subsidiary of GDC. GDU provides water, sewer and liquid propane gas services to residential and commercial customers in GDC's communities. GDU is the exclusive provider of central water and sewer services in GDC's communities, although some residents

utilize their own well and septic systems. GDU owns and operates nine water systems, eight sewer systems and five liquid propane gas systems which currently serve approximately 52,100, 32,100 and 6,800 customers, respectively.

GDU is a regulated public utility subject to rate and service regulation by the Florida Public Service Commission, or county or municipal authorities, depending upon the location of the area served and the services provided. To date, GDU operations have required substantial capital investment and have been marginally profitable.

As of February 28, 1986, GDU's utilities are providing 20,900 customers with water service and 8,700 customers with sewer service in Charlotte County.

THE PROJECT

[To be updated.]

||
Marion County

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This Project consists of expansions to the existing GDU water and wastewater systems at GDC's Community of Silver Springs Shores in Marion County, Florida.

Two new 1,000 gallons per minute wells and appurtenances will be constructed. The Project will also include the construction of finished water storage facilities to hold a total of 2 million gallons. Modifications will be made to the current water distribution system.

A new 1.5 million MGD combination percolation pond and spray irrigation effluent disposal system will be built on a new 600 acre site to be purchased as part of the Project. A new wastewater treatment plant will be constructed to increase current capacity by 0.8 MGD. There will also be modifications and improvements to the existing wastewater treatment plant.

The Project will include construction of additional water distribution and sewage collection systems in the Silver Springs Shores area.

Silver Springs Shores is located near Ocala, Florida. GDC completed the purchase of approximately 11,000 parcels of land, including homesites and commercial, industrial and community use tracts from another builder in early 1983. The

community began in 1969 on approximately 17,300 acres. It now contains about 2,800 homes with a population of 6,000. More than 30 companies are located in Silver Springs Shores Industrial Park and employ over 2,100 people.

St. Johns County

This Project consists of the development of new wastewater systems at GDC's community of Julington Creek in St. Johns County, Florida.

Included in this Project is the design and construction of a new water treatment plant and pumping station. These facilities are designed to provide for a rated capacity of 0.5 MGD.

Also included is the design and construction of a new wastewater treatment plant ("WWTP") and effluent disposal ponds. The WWTP is designed to provide for a rated capacity of 200,000 gallons per day ("GPD") and the on-site effluent disposal ponds are designed for 100,000 GPD.

The Project will include construction of additional water distribution and wastewater collection systems in the Julington Creek area.

Julington Creek, located between Jacksonville and St. Augustine, is GDC's ninth community. Ground was broken August 29, 1984 on this 4,150 acre planned residential community which will be constructed over 20 years with a total of 9,800 dwelling units, including single family detached units, patio homes, townhouses and garden apartments. Construction of a welcome center and sales office has been completed and homesite sales are underway. Initial delivery of homes is expected in mid 1986.

RATING

Moody's Investors Service has given the Bonds of each issue, as supported by the corresponding Letter of Credit, a rating of "A" and "A-". Explanation of the significance of such ratings may be obtained from Moody's. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of Moody's, circumstances so warrant. Any downward revision or withdrawal of any such rating may have an adverse effect on the market price of such Bonds.

TAX EXEMPTION

At the time of initial issuance of the Bonds of each issue, Livermore Klein & Lott, P.A., Bond Counsel, will render an opinion to the effect that, under existing statutes, regulations, rulings and court decisions, interest on such Bonds is exempt from all taxation by the State of Florida or any political subdivision thereof, except Florida corporate income taxes, and from federal income taxes, except as follows:

(i) Banks and thrift institutions would be unable to deduct any portion of the interest cost of purchasing or carrying tax-exempt obligations if such interest costs are incurred in taxable years ending after December 31, 1986 with respect to bonds, including the Bonds, acquired after August 7, 1986.

(ii) Property and casualty insurance companies would be required for taxable years beginning after December 31, 1986 to reduce the amount of their deductible underwriting losses by 15% of the amount of tax-exempt interest received or accrued on obligations acquired after August 7, 1986, including the Bonds. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includible in income.

(iii) Interest on bonds, including the Bonds, would have to be included for purposes of calculating the alternative minimum tax on individuals and corporations.

(iv) Interest on bonds, including the Bonds, would have to be included in the adjusted net book income of certain corporations for taxable years 1987, 1988 and 1989 and such corporations would be required to include in the calculation of alternative minimum taxable income 50% of the excess of such corporation's adjusted net book income over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). For taxable years beginning after 1989, the use of "book income" is to be replaced with the concept of "adjusted current earnings." For such taxable years, the alternative minimum taxable income of certain corporations must be increased by 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses).

In rendering this opinion, Bond Counsel has relied upon statements set forth in certificates and other representations made by GDU and GDC employees with respect to certain material facts, estimates and expectations which are solely within GDU's and GDC's knowledge.

Each Issuer has covenanted to comply with all necessary restrictions of the Tax Reform Act of 1986 to preserve the tax exemption of interest on the Bonds of such Issuer. Noncompliance by such Issuer with such restrictions may cause the interest on such Bonds to be subject to federal income taxes retroactive to the date of their issue. The aforementioned opinion of Bond Counsel assumes compliance by such Issuer with such covenant.

The United States Congress recently passed and sent to the President H.R. 2005, the Superfund Amendments and Reauthorization Act, which includes among its provisions the imposition of a new environmental tax. Calculation of the tax is to be based generally on a percent of the corporate alternative minimum taxable income as defined in the Tax Reform Act of 1986 which would include interest on tax-exempt obligations including the Bonds. The amount of tax is equal to 12% of excess of the alternative minimum taxable income (without regard to net operating losses and the deduction for the environmental tax) over \$2 million. The environmental tax is imposed whether or not the taxpayer is subject to alternative minimum tax but is deductible from gross income. The environmental tax is effective for taxable years beginning after December 31, 1986 and ending for taxable years beginning after December 31, 1991. Final enactment of such legislation is at this time uncertain, but such legislation, if enacted, could result in additional taxation of interest on the Bonds in the hands of certain holders.

LEGAL OPINIONS

All of the legal proceedings in connection with the authorization and issuance of the Bonds are subject to the unqualified approving legal opinion of Livermore Klein & Lott, P.A. of Jacksonville, Florida, Bond Counsel.

Legal matters will be passed upon for GDC and GDU by Saul J. Sack, Esq., GDC's General Counsel, and by Greenberg, Traurig, Askew, Hoffman, Lipoff, Rosen & Quentel, P.A.

Legal matters will be passed upon for Citicorp Investment Bank, Citibank, N.A. by Kutak Rock & Campbell, counsel to the Placement Agent.

Certain legal matters in connection with the Letters of Credit are subject to the approval of Hawkins, Delafield & Wood, counsel to Barclays Bank PLC, New York Branch.

The delivery of this Private Placement Memorandum has been duly authorized by the Issuer, by General Development Utilities, Inc. and by General Development Corporation.

|| " "
MARION COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY, FLORIDA

By _____
Chairman

ST. JOHNS COUNTY, FLORIDA

By _____
Member, Board of County
Commissioners

GENERAL DEVELOPMENT UTILITIES,
INC.

By _____
Treasurer

GENERAL DEVELOPMENT CORPORATION

By _____
Vice President-Treasurer

EXHIBIT A

FORM OF PURCHASER CERTIFICATE

|| November , 1986

|| || ||

\$11,800,000

MARION COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY, FLORIDA
Variable Rate Demand Utility
Revenue Bonds, Series 1986
(General Development Utilities,
Inc. Project)

\$3,500,000

ST. JOHNS COUNTY, FLORIDA
Variable Rate Demand Utility
Revenue Bonds, Series 1986
(General Development Utilities,
Inc. Project)

The undersigned purchaser of Bonds from one or both of the above-captioned bond issues (the "Purchaser") hereby certifies to the issuers of such Bonds (the "Issuers"), Chemical Bank (the "Trustee"), General Development Utilities, Inc. (the "Company"), General Development Corporation (the "Guarantor") and Citicorp Investment Bank, Citibank, N.A. (the "Placement Agent") as follows:

1. The Purchaser has received the Private Placement Memorandum dated || , 1986 provided in connection with the Bonds and has been afforded the opportunity to ask questions of and receive answers from the Company and the Guarantor concerning the terms and conditions of the Bonds and the financial conditions and creditworthiness of the Company and the Guarantor and any other information the Purchaser has requested in connection with determining whether to purchase the Bonds.

2. The Purchaser is acquiring the Bonds for its own account for investment and not with a present view to the resale or other distribution of all or any part thereof or any interest therein to others.

3. The Purchaser is an "Accredited Investor," as defined in Rule 501(a) of Regulation D promulgated by the Securities and Exchange Commission, by virtue of qualifying as (check the provision(s) applicable to the Purchaser):

— (a) Any bank as defined in section 3(a)(2) of the Securities Act of 1933 (the "Act"), whether acting in its individual or fiduciary capacity; insurance company as defined in section 2(13) of the Act; investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; Small Business Investment Company licensed by the United States Small Business administration under section 301(c) or (d) of the Small Business Investment Act of 1958; employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000;

— (b) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

— (c) Any organization described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of \$5,000,000;

— (d) Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer or general partner of a general partner of that issuer;

— (e) Any person who purchases at least \$150,000 of the securities being offered, where the purchaser's total purchase price does not exceed 20% of the purchaser's net worth at the time of sale, or joint net worth with that person's spouse, for one or any combination of the following: (i) cash, (ii) securities for which market quotations are readily available, (iii) an unconditional obligation to pay cash or securities for which market quotations are readily available, which obligation is to be discharged within five years of the sale of the securities to the purchaser or (iv) the cancellation of any indebtedness owed by the issuer to the purchaser;

— (f) Any natural person whose individual net worth with that person's spouse at the time of his purchase exceeds \$1,000,000;

_____ (g) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years and who reasonably expects an income in excess of \$200,000 in the current year; and

_____ (h) Any entity in which all of the equity owners are accredited investors under paragraph (a), (b), (c), (d), (f) or (g) above.

4. The Purchaser will not offer, sell or otherwise dispose of all or any part of or interest in the Bonds, except pursuant to a tender under the Indenture of Trust or except to another Accredited Investor that will have made to the Trustee, the Issuers, the Company, the Guarantor and the Placement Agent the same representations, acknowledgements and covenants with respect to it as set forth herein, and will comply with all applicable federal and state securities laws in connection with any such offer, sale or other disposition.

5. The Purchaser acknowledges that the Issuers are not responsible for any information contained in or omitted from the Private Placement Memorandum and that the Purchaser has not looked to the Issuers to provide or review any information concerning the Company, the Guarantor or the Letter of Credit described in the Private Placement Memorandum, or the terms or conditions of the Bonds in connection with the Purchaser's decision to purchase the Bonds.

Purchaser

By _____
Its _____

EXHIBIT B

[To be updated.]

BARCLAYS BANK PLC, NEW YORK BRANCH

Barclays Bank PLC (the "Bank"), one of the four principal UK clearing banks, was at December 31, 1985, the largest bank in the United Kingdom in terms of income before taxes and stockholders' equity, and is one of the largest financial institutions in the world. Overseas, the Bank and its subsidiary companies (collectively, the "Barclays Bank Group") and its associated companies operate in some 70 countries, with increasing emphasis on the United States, Europe, Asia and Australasia.

At December 31, 1985, total assets of the Barclays Bank Group were £65,193 million, total deposits were £55,127 million, total advances and other accounts (including placings with banks repayable beyond 30 days and finance lease receivables) were £50,680 million and total capital resources were £5,427 million. On December 31, 1985, the noon buying rate for cable transfers in New York City payable in pounds sterling was US\$1.45 per pound sterling.

The financial information set forth below has been extracted from the Annual Report on Form 20-F of the Bank for the year ended December 31, 1985 (the "Annual Report") filed with the Securities and Exchange Commission ("SEC"). For further information regarding the Barclays Bank Group, reference is made to the Annual Report and to any subsequent Reports on Form 6-K filed by the Bank with the SEC, copies of which will be provided, without charge, to each person to whom this document is delivered, on the written request of such person directed to:

Barclays Bank PLC
Post Office Box 1754
New York, NY 10163
Attention: John S. Baerst,
Senior Vice President
General Counsel

BARCLAYS BANK PLC
SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary financial information appearing below has been prepared in accordance with accounting principles generally accepted in the United Kingdom and is based on published financial statements for the periods indicated, restated and augmented where appropriate to accord with current accounting practice of the Barclays Bank Group and to reflect in prior years the present Group structure.

	Year ended		
	December 31,		
	<u>1985</u>	<u>1984</u>	<u>1983</u>
	(<u>£ million</u>)		
 <u>Results</u>			
Income before taxes, minority interests and extraordinary items	854	623	505
Net income	450	298	289

Financial Position

Total Assets	65,193	66,951	58,030
Advances and other accounts	50,680	53,054	45,377
Deposits	55,127	57,555	50,625
Stockholders' equity	3,308	2,647	2,959
Total capital resources	5,427	4,737	4,091

Notes:

(i) The Bank is a wholly owned subsidiary and the only significant asset of Barclays PLC, a UK holding company. Prior to January 1, 1985, UK banking business was primarily conducted directly by Barclays PLC. On January 1, 1985, the whole of the business undertaking of Barclays PLC, other than its shareholding in the Bank, was transferred to the Bank in consideration for the issue at par to Barclays PLC of Ordinary shares of £1 each in the Bank. The Bank thus became responsible for both UK and overseas banking operations. This transfer has been accounted for as a pooling of interests and comparative figures have been restated accordingly.

(ii) During 1985 the Bank's shareholding in Barclays National Bank Limited in South Africa was reduced from 50.4% to 40.4% following a rights issue to which the Bank did not subscribe. The Bank's interest in Barclays National Bank Limited has accordingly been accounted for as an investment in an associated company rather than as a subsidiary company for the whole of 1985 and all comparative figures have been restated. Consolidated income before taxation includes £31 million (1984 £33 million, 1983 £66 million) in respect of the Group's share of the income before taxation arising in Barclays National Bank Limited.

Differences Between UK and US Accounting Principles

The summary consolidated financial information presented above conforms with UK Statements of Standard Accounting Practice and with accounting principles generally accepted in the United Kingdom. Such principles vary from those generally accepted in the United States in the following significant respects:

Deferred Tax. In accordance with standard UK accounting practice, as set forth in Statement of Standard Accounting Practice No. 15, no provision is made for deferred tax where, in the opinion of the Bank's Directors, no liability is likely to arise in the foreseeable future. Also, credit is not taken for tax relief on general provisions for lending losses, as these are not deductible in arriving at UK taxable profits. Deferred tax is provided at the future estimated rates of tax at which timing differences are expected to reverse. In the United States tax is provided on a full deferral basis.

Revaluation of Property. In accordance with generally accepted UK accounting practice, property may be carried either at original cost or at subsequent valuation, less related depreciation calculated, where applicable, on the revalued amount. Accordingly, property is revalued from time to time. In the United States such revaluations are not reflected in the financial statements.

Goodwill. In accordance with generally accepted UK accounting practice, goodwill arising on acquisitions of subsidiary and associated companies is charged against income retained and other reserves in the year of acquisition. In accordance with US generally accepted accounting practice, goodwill is capitalized and amortized through income over the periods estimated to benefit.

For the purposes of calculating the effect of applying accounting principles generally accepted in the United States, goodwill arising on acquisitions after October 31, 1970 is being amortized over 20 years.

Finance Lease Receivables. In accordance with generally accepted UK accounting practice, finance lease income is taken to operating income in proportion to the funds invested in the assets, recognizing the effect of cash flow benefits arising from major tax allowances available on equipment leased to customers. In the United States, income from finance lease receivables is recognized by amortizing the unearned income, residual asset value and investment tax credit over the life of the lease, using a method which results in a level rate of return on the investment.

Dividend Payable. In accordance with UK regulations, dividends declared after the end of each year are recorded in the period to which they relate. Under accounting principles generally accepted in the United States, dividends are recorded in the period in which they are declared.

Acceptances. The amount of acceptances, together with other contingent liabilities, is set forth in the notes to financial statements in the Annual Report. US bank accounting practice is to include acceptances outstanding and the related customers' liability in the balance sheet.

Summary. Approximate net income and stockholders' equity calculated in accordance with generally accepted accounting principles in the United States, as set forth in note 26 to the financial statements appearing in the Annual Report referred to above, are:

	Year ended December 31,		
	<u>1985</u>	<u>1984</u>	<u>1983</u>
	(£ million)		
Net Income	581	297	231
Stockholders' equity	3,060	2,207	2,057

EXHIBIT C

REMARKETING AGREEMENT

REMARKETING AGREEMENT, made as of November 1, 1986 among GENERAL DEVELOPMENT UTILITIES, INC. (the "Company"), GENERAL DEVELOPMENT CORPORATION, (the "Guarantor"), CITICORP INVESTMENT BANK, CITIBANK, N.A., a national banking association (the "Remarketing Agent"), and ST. JOHNS COUNTY, FLORIDA (the "Issuer").

WHEREAS, pursuant to a Trust Indenture dated as of November 1, 1986 (the "Indenture") between the Issuer and Chemical Bank, as trustee (the "Trustee"), the Issuer intends to issue its Variable Rate Demand Utility Revenue Bonds, Series 1986 (General Development Utilities, Inc. Project) (the "Bonds") in an aggregate principal amount of \$3,500,000;

WHEREAS, under and pursuant to Section 2.3A(e) of the Indenture, owners of the Bonds are entitled to have Bonds owned by them purchased not sooner than seven calendar days following demand by the owner thereof, at a purchase price equal to 100% of the principal amount thereof, plus accrued interest, if any, subject to delivery of the Bonds with respect to which such demand is made in the manner and upon the terms specified in the Indenture;

WHEREAS, pursuant to the Reimbursement Agreement dated as of November 1, 1986 (the "Reimbursement Agreement") among the Company, the Guarantor and Barclays Bank PLC, New York Branch (the "Bank"), the Bank has issued its clean irrevocable, transferable letter of credit (the "Letter of Credit") pursuant to which the Trustee, upon the terms and conditions of the Letter of Credit, may draw amounts equal to the principal of, and up to 120 days' accrued interest on, the Bonds;

WHEREAS, the principal of and accrued interest, if any, on Bonds so tendered is to be paid, directly or by reimbursement to the Bank, from the proceeds of resale of such Bonds or pursuant to the Letter of Credit; and

WHEREAS, the Company has requested the Remarketing Agent to act as the remarketing agent to assist in remarketing Bonds tendered for purchase pursuant to Section 2.3A(e) of the Indenture on the terms and conditions set forth therein;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration receipt of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Designation. The Company hereby designates the Remarketing Agent as its exclusive agent for the purposes

of remarketing Bonds which are tendered for purchase pursuant to Section 2.3 of the Indenture.

Section 2. Remarketing of the Bonds.

(a) Pursuant to the provisions of the Indenture, an owner of Bonds may give notice of its intention to tender Bonds under Section 2.3A(e) of the Indenture (a "Tender Notice") by telephonic notice, confirmed in writing, to the Trustee which shall immediately notify the Remarketing Agent of such Tender Notice. Each Tender Notice shall specify the principal amount of the Bonds to be tendered and the date not prior to the seventh calendar day following the date of such Tender Notice on which such purchase of such Bonds shall be made (the "Demand Date"). After receipt by the Remarketing Agent of the Tender Notice with respect to a Bond, the Remarketing Agent shall notify the Bank of such Tender Notice and shall offer for sale and use its best efforts to sell such Bond at 100% of the principal amount thereof, plus accrued interest, if any, on the Demand Date specified. The Remarketing Agent shall give notice by telephone, confirmed in writing sent by an overnight delivery service satisfactory to the Trustee, to the Company and the Trustee by 4:00 p.m. New York City time, on the Business Day next preceding any Demand Date specifying: (i) the aggregate principal amount of the Bonds for which the Remarketing Agent has found purchasers on such Demand Date; (ii) the names, addresses and taxpayer identification numbers of such purchasers and the principal amount and denominations of Bonds to be purchased by such purchasers; (iii) the purchase price at which the Bonds are to be sold to each purchaser; and (iv) the Demand Date. The Remarketing Agent shall instruct such purchasers to deliver to it, on the Demand Date, in same day funds in New York City, the amount required to purchase such Bonds. Upon receipt of such funds from such purchasers and confirmation of the receipt by the principal corporate trust office of the Trustee of the Bonds to be purchased on such Demand Date in good form for delivery, the Remarketing Agent will instruct the Trustee to transfer the registered ownership of such Bonds to the respective Purchasers.

(b) Prior to any sale of Bonds to any purchaser (other than to the Company), the Remarketing Agent shall obtain from such purchaser and shall deliver copies thereof to the Trustee, the Company and the Issuer a certificate or other writing to the effect that such purchaser:

(i) has received a copy of the Private Placement Memorandum (as hereinafter defined), specifying the date thereof, and any amendments or supplements thereto in effect at such date and listing the same, and has been afforded the opportunity to ask questions of and receive answers from the Company and the Guarantor concerning the terms and conditions of the Bonds and the financial condition and creditworthiness of the Company and the Guarantor and has received any other information which the purchaser has reasonably requested in connection with the purchase of the Bonds;

(ii) will not offer, sell or otherwise dispose of all or any part of or any interest in the Bonds except by a tender pursuant to Section 2.3A(e) of the Indenture or to an accredited or sophisticated investor within the meaning of Regulation D of the Securities and Exchange Commission which shall have delivered to the Trustee, the Issuer, the Company and the Remarketing Agent a certificate or other writing to the same effect as the certificate or other writing delivered by such purchaser, and such purchaser will comply with all applicable federal and state securities laws in connection with any such offer, sale or other disposition; and

(iii) acknowledges that the Issuer is not responsible for any information contained in or omitted from the Private Placement Memorandum other than the information pertaining to the Issuer and that such purchaser has not looked to the Issuer to provide or review any information concerning the Company, the Guarantor, the Remarketing Agent, the Bank or the terms or conditions of the Bonds in connection with such purchaser's decision to purchase the Bonds.

Each such certificate and the certificates of any subsequent purchasers shall be addressed to the Issuer, the Trustee, the Company, the Guarantor, the Remarketing Agent and the Bank.

(c) In the event that any Bond with respect to which a Tender Notice has been given shall not be remarketed on or prior to the Demand Date, such Bond shall be delivered to the Bank or its designated agent pursuant to the Reimbursement Agreement and the Custody Agreement. The Remarketing Agent shall continue to use its best efforts to offer for sale and to sell any such

Bond at 100% of the principal amount thereof, plus accrued interest to the date of purchase by a subsequent purchaser. If the Remarketing Agent shall successfully offer for sale and sell any such Bond, the Remarketing Agent shall furnish to the Trustee telephonic notice, confirmed in writing sent by an overnight delivery service satisfactory to the Trustee, by 4:00 p.m., New York City time, no later than the Business Day prior to the date of such purchase (the "Remarketing Date") of (i) the aggregate principal amount of such Bonds for which the Remarketing Agent has found a purchaser, (ii) the name, address and taxpayer identification number of each such purchaser and the principal amount and denominations of Bonds to be purchased by such purchaser, (iii) the purchase price at which the Bonds are to be sold to each purchaser, and (iv) the Remarketing Date. The Trustee shall promptly advise the Company and the Bank of the receipt of any such notice from the Remarketing Agent, and the Trustee shall register the Bonds sold on the Remarketing Date in the name of the purchaser thereof.

(d) In the event that any purchaser which shall have been identified by the Remarketing Agent to the Trustee shall fail to deliver prior to 11:00 a.m., New York City time, on the Demand Date or on the Remarketing Date, as the case may be, to the Remarketing Agent, in same day funds in New York City, the amount necessary to purchase the Bonds specified in such notice given by the Remarketing Agent, the Remarketing Agent shall notify the Trustee promptly of such failure, shall instruct the Trustee to draw under the Letter of Credit prior to 11:30 a.m., New York City time, on the same day an amount equal to the purchase price of such Bonds for application in accordance with the Indenture and shall use its best efforts to cause such purchaser to deliver such funds.

Section 3. Proceeds of Remarketing of the Bonds. The proceeds of the sale by the Remarketing Agent of any Bonds delivered to it by the Bank or its designated agent or any Bonds delivered to it by any other owner of the Bonds, shall be turned over to the Bank for application pursuant to the Reimbursement Agreement, or such other owner, as the case may be; all Bonds shall be remarketed at par provided, however, 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 Company; provided, further, that if there remain reimbursement obligations of the Company which are due and owing under the Reimbursement Agreement such premium shall be paid by the Remarketing Agent to the Bank.

Section 4. Undertakings of the Remarketing Agent.

(a) The Remarketing Agent shall use its best efforts to effect the remarketing of the Bonds in accordance with the terms of the Indenture and this Agreement. The Remarketing Agent shall have no obligation in the course of its remarketing to solicit acceptances except from offerees which are "accredited investors" within the meaning of Rule 501(a) of Regulation D of the Securities and Exchange Commission or from no more than 35 offerees which are "sophisticated investors" within the meaning of such Regulation D. The Remarketing Agent will remarket Bonds in the order in which Tender Notices with respect to such Bonds are received by the Remarketing Agent.

(b) The Remarketing Agent represents and warrants to the Company and the Guarantor that the execution, delivery and performance of this Agreement by the Remarketing Agent have been duly authorized, that no further corporate action by the Remarketing Agent is required therefor, and that this Agreement represents the legal, valid and binding obligation of the Remarketing Agent.

(c) The Remarketing Agent shall provide to each purchaser of Bonds found by it, a copy of the Private Placement Memorandum, the most recent audited financial statements of the Company and the Guarantor and the information that the Company and the Guarantor have agreed to afford to any prospective purchaser of Bonds the opportunity to ask questions of and receive answers from the Company and the Guarantor concerning the terms and conditions of the Bonds and the financial condition and creditworthiness of the Company and the Guarantor and any other information that such prospective purchaser may desire in connection with its decision to purchase the Bonds.

(d) The Remarketing Agent shall use its best efforts to perform such other duties provided in this Agreement and in the Indenture to be performed by it and shall act in good faith at all times, and agrees, in particular:

(i) to deposit all Bonds delivered to it as agent and bailee of, in escrow and trust for the benefit of the respective registered owners which shall have so delivered such Bonds until moneys representing the purchase price of such Bonds shall

have been delivered to or for the account of or to the order of such registered owners;

(ii) to deposit all moneys delivered to it under the Indenture for the purchase of Bonds, other than moneys delivered to it by the Company into the Bond Purchase Account for purchase of Bonds, as agent and bailee of, and in escrow and trust for the benefit of, the person or entity which shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity, and as agent and bailee of, and in escrow and trust for the benefit of, the person or entity which shall have so delivered the Bonds purchased with such moneys after such Bonds shall have been delivered;

(iii) to deposit any moneys delivered to it by the Company into the Bond Purchase Account for the purchase of Bonds as agent and bailee of, and in escrow and trust for the benefit of, the registered owners who shall deliver Bonds to it for purchase until the Bonds purchased with such moneys shall have been delivered to it for the account of the Company; provided, however, that if the Bonds shall at any time become due and payable, the Trustee shall cause such moneys to be deposited into the Bond Fund;

(iv) 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, the Trustee and the Company at all reasonable times; and

(v) to set the interest rate on the Bonds pursuant to Sections 2.3A(b) and 2.3B(b) of the Indenture.

Section 5. Limitation and Indemnification.

(a) The Remarketing Agent is not and shall not be construed to be acting as agent on behalf of the Issuer or the Trustee.

(b) The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Agreement by giving at least sixty (60) days' notice to the Company, the Guarantor, the Issuer, the

Bank and the Trustee. The Remarketing Agent may be removed at any time upon fifteen (15) days' notice given by an instrument signed by the Issuer, upon the direction of the Company, and filed with the Company, the Guarantor, the Remarketing Agent, the Bank and the Trustee.

(c) Nothing contained in this Agreement shall obligate the Remarketing Agent to purchase any Bond in the event that any purchaser therefor found by the Remarketing Agent shall fail to pay the purchase price for such Bond on the Demand Date or on the Remarketing Date therefor, as the case may be, or for any reason whatsoever to pay the purchase price for any Bond other than with funds made available therefor by the Trustee.

(d) The Company and the Guarantor hereby indemnify and hold harmless the Remarketing Agent, its officers, directors, employees and agents and each person, if any, who controls the Remarketing Agent within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended (each an "Indemnified Person of the Remarketing Agent"), from and against any and all claims, damages, losses, liabilities, costs or expenses which an Indemnified Person of the Remarketing Agent may incur or which may be claimed against any Indemnified Person of the Remarketing Agent by a person or entity by reason of any untrue statement or alleged untrue statement of any material fact contained in the Private Placement Memorandum dated November , 1986 or any supplement or amendment thereto prepared in connection with the issuance and sale of the Bonds (the "Private Placement Memorandum") or any information supplied pursuant to Section 6 hereof or the omission or alleged omission to state therein a material fact necessary in order to make such statements, in the light of the circumstances under which, and as of the date when, they were made not misleading; provided, however, that, with respect to information supplied in writing by and describing the Remarketing Agent in the Private Placement Memorandum, (x) indemnification by the Company and the Guarantor pursuant to this Section 5(d) shall be limited to the costs and expenses of the Remarketing Agent (including reasonable fees and expenses of the Remarketing Agent's counsel) of defending itself in any action or proceeding alleging such untrue statement in or omission from the Remarketing Agent information, (y) if in any such action or proceeding it is finally determined that the Remarketing Agent information contained an untrue statement

of a material fact or omitted to state a material fact necessary to make the statements in the Remarketing Agent information, in the light of the circumstances under which, and as of the date when, they were made, not misleading, then the Company and the Guarantor shall not be required to indemnify the Remarketing Agent pursuant to this Section 5(d) for any claims, damages, losses, liabilities, costs or expenses to the extent caused by such untrue statement in or omission from the Remarketing Agent information, and (z) if any such action or proceeding shall be settled by the Remarketing Agent without there being a final determination to the effect described in the preceding clause (y), then the Company and the Guarantor shall be required to indemnify the Remarketing Agent pursuant to this Section 5(d) only if such action or proceeding is settled with the Company's and the Guarantor's consent, which consent shall not be unreasonably withheld; and provided further, that no Indemnified Person of the Remarketing Agreement shall be entitled to indemnification under this Section 5(d) with respect to any sale of Bonds to a purchaser arranged by the Remarketing Agent acting in such capacity if there shall not have been given or sent to such purchaser, with or prior to the written confirmation of such sale, a copy of the Private Placement Memorandum as then amended or supplemented.

(e) The Remarketing Agent hereby indemnifies and holds harmless the Company and the Guarantor, their officers, directors, employees and agents and each person, if any, who controls the Company and the Guarantor within the meaning of Section 15 of the Securities Act of 1933, as amended or of Section 20 of the Securities Exchange Act of 1934, as amended (each an "Indemnified Person of the Company and the Guarantor," an Indemnified Person of the Remarketing Agent or an Indemnified Person of the Company and the Guarantor is hereinafter either singularly or collectively referred to as an "Indemnified Person"), from and against any and all claims, damages, losses, liabilities, costs or expenses which any Indemnified Person of the Company and the Guarantor may incur or which may be claimed against any Indemnified Person of the Company and the Guarantor by any person or entity by reason of any untrue statement or alleged untrue statement of any material fact contained in the Remarketing Agent information set forth in the Private Placement Memorandum, or the omission or alleged omission to state therein a material fact necessary in order to make such statements, in the light of the circumstances under which, and as of the date when they were made, not misleading.

(f) Each Indemnified Person shall, within 10 days after the receipt of notice of the commencement of any action against it with respect to which indemnification may be sought on account of any indemnification agreement contained herein, give written notice of the commencement thereof to the party against whom indemnification is sought hereunder, but the omission so to notify the indemnifying party of any such action shall not relieve the indemnifying party from any liability which it or they may have to such Indemnified Person otherwise than on account of such indemnification agreement. In case such notice of any such action shall be so given, the indemnifying party shall be entitled to participate at its own expense in the defense or, if it so elects, to assume the defense of the action, in which event the defense shall be conducted by counsel chosen by such indemnifying party and reasonably satisfactory to the Indemnified Person who shall be defendant(s) in the action, and the Indemnified Person shall bear the fees and expenses of any additional counsel retained by the Indemnified Person. No party from whom indemnification is sought shall be obligated to pay the fees or expenses of more than one counsel for all Indemnified Persons in any single action or series of related actions, unless, in the good faith judgment of such counsel, such conflicts or potential conflicts of interest exist among such Indemnified Persons as to render representation of all such Indemnified Persons by the same counsel undesirable. It is understood, however, that an indemnifying party will not be liable for the legal fees and disbursements of any Indemnified Person if the Indemnified Person agrees to settle and settles any claim, action or proceeding with respect to which indemnification is sought without the prior written consent of such indemnifying party, which consent will not be unreasonably withheld.

(g) The Company or the Guarantor shall also reimburse the Remarketing Agent, its officers, directors, employees and agents for all reasonable expenses incurred by it, including compensation for witnesses' time and the fees and expenses of separate counsel, in connection with the Remarketing Agent's being compelled to appear as a witness in any action or proceeding brought against the Company or the Guarantor or as a witness in any action or proceeding brought against the Company, the Guarantor or Issuer or in connection with the Bonds whether or not the Remarketing Agent is named in such action or proceeding.

(h) Notwithstanding any provision of this Agreement to the contrary, the Remarketing Agent shall have no obligation to remarket or attempt to remarket any Bonds after the occurrence and during the continuance of any "Event of Default," or event which with the giving of notice or the lapse of time, or both, would constitute an "Event of Default," under the Indenture, the Loan Agreement or the Reimbursement Agreement.

(i) The indemnities and obligations of the Company, the Guarantor and the Remarketing Agent contained in this Section 5 shall survive the termination of this Agreement.

Section 6. Undertakings of the Company and the Guarantor.

(a) The Company and the Guarantor agree to make available to the Remarketing Agent, at the Company's expense, sufficient copies of their audited financial statements, resolutions of their Board of Directors with respect to the Bonds, the Loan Agreement, the Indenture, the Guaranty Agreement, the Reimbursement Agreement, the Private Placement Memorandum, including all supplements or amendments, public reports filed with the Securities and Exchange Commission and other documents related to the Bonds and pertaining to the Company, the Guarantor or to the Issuer, to the extent such documents are publicly available (except for portions of any such documents which, by contract, are not subject to disclosure), as reasonably may be required or necessary from time to time for the prompt and efficient performance by the Remarketing Agent of its obligations in connection with finding subsequent purchasers of the Bonds.

(b) The Company and the Guarantor shall afford the Remarketing Agent and any prospective purchasers of the Bonds the opportunity to ask questions of and receive answers from the Company and the Guarantor concerning the terms and conditions of the Bonds and the financial condition and creditworthiness of the Company and the Guarantor and any other information that any prospective purchaser may desire in connection with its decision to purchase the Bonds.

Section 7. Fees and Expenses.

(a) The Remarketing Agent shall be entitled to compensation for its services rendered pursuant to this

Agreement at the rate of .125% per annum of the average aggregate principal amount of Bonds "Outstanding" (as defined in the Indenture) from time to time during each calendar quarter, payable by the Company quarterly in advance on each January 1, April 1, July 1 and October 1 during the term of this Agreement. Any such payment made after termination shall include compensation with respect to Bonds remarketed within seven days after such termination to purchasers identified by the Remarketing Agent prior to termination.

(b) The Company shall pay all reasonable costs and expenses incurred in connection with the remarketing of the Bonds, including the fees and expenses of bond counsel, counsel for the Remarketing Agent, counsel for the Company and the Guarantor, accountants, rating services and any other experts retained by the Company, the Guarantor or the Remarketing Agent in connection with the remarketing and resale of the Bonds.

Section 8. General Provisions.

(a) Nothing contained in this Agreement shall be deemed to create any employment relationship between any parties hereto or to create any fiduciary obligations of the Remarketing Agent to the Company or the Guarantor except as expressly provided herein.

(b) This Agreement shall terminate, subject to earlier termination as provided for in Section 5(b), upon the earlier of (i) redemption of all of the Bonds; or (ii) the tenth day following the date of conversion of the Bonds to bonds bearing a fixed rate of interest pursuant to Section 2.3 of the Indenture.

(c) "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.

(d) This Agreement may be amended from time to time, with the consent of the Issuer, by an instrument in writing executed by the parties hereto, without the consent of the registered owners of Bonds then outstanding (as defined in the Indenture).

(e) Any notices, requests, directors, instruments or other communications required or permitted to be

given hereunder shall be in writing and shall be given when delivered, against a receipt, or mailed, certified or registered, postage prepaid to the Issuer and the parties at their respective addresses below:

If to the Issuer: St. Johns County, Florida
County Road 16-A
St. Augustine, Florida 32084
Attention: Chairman of County
Commissioners

If to the Company: General Development Utilities, Inc.
1111 South Bayshore Drive
Miami, Florida 33131
Attention: Treasurer

If to the Guarantor: General Development Corporation
1111 South Bayshore Drive
Miami, Florida 33131
Attention: Vice President-Treasurer

If to the Trustee: Chemical Bank
Room 1820
55 Water Street
New York, New York 10043
Attention: Corporate Trustee
Administration

If to the Remarketing Agent: Citicorp Investment Bank
Citibank, N.A.
55 Water Street
New York, New York 10043
Attention: Public Finance
Department

If to the Bank: Barclays Bank PLC, New York Branch
15th Floor
420 Lexington Avenue
New York, New York 10163
Attention: Mr. Cecil Davis
Letter of Credit Department

copy to: Barclays Bank PLC
848 Brickell Avenue
Miami, Florida 33131
Attention: Ms. Phyllis Stoller

provided, however, that no Tender Notice shall be deemed to have been given to the Remarketing Agent until the Remarketing Agent's receipt thereof; and, provided

further, that all such notices, requests or other communications may be made by telephone promptly confirmed by writing. The Issuer and each party may, by notice given as aforesaid, specify a different address for notices to it.

(f) Section headings are included herein for convenience of reference only and shall not be considered a part of this Agreement for any purpose.

(g) This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(h) This Agreement and the relevant provisions of the Indenture constitute the entire agreement among the parties with respect to the subject matter hereof.

(i) This Agreement may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

GENERAL DEVELOPMENT UTILITIES,
INC.

By _____
Treasurer

GENERAL DEVELOPMENT CORPORATION

By _____
Vice President-Treasurer

CITICORP INVESTMENT BANK,
CITIBANK, N.A.

By _____
Title _____

ST. JOHNS COUNTY, FLORIDA

By _____
Member, Board of County
Commissioners

EXHIBIT D

TRUST INDENTURE

by and between

ST. JOHNS COUNTY, FLORIDA
Issuer

and

CHEMICAL BANK
Trustee

Dated as of November 1, 1986

Securing
\$3,200,000
Variable Rate Demand Utility Revenue Bonds, Series 1986
(General Development Utilities, Inc. Project)

**TRUST INDENTURE
ST. JOHNS COUNTY, FLORIDA
VARIABLE RATE DEMAND UTILITY REVENUE BONDS, SERIES 1986
(GENERAL DEVELOPMENT UTILITIES, INC. PROJECT)**

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THIS TRUST INDENTURE, dated as of the first day of November, 1986, by and between **ST. JOHNS COUNTY FLORIDA**, a political subdivision of the State of Florida (hereinafter called the "Issuer"), and **CHEMICAL BANK**, having its Corporate Trust Office in New York, New York (hereinafter called the "Trustee"),

W I T N E S S E T H:

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 \$3,200,000 aggregate principal amount of its Variable Rate Demand Utility Revenue Bonds, Series 1986 (General Development Utilities, Inc. Project) (the "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, 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 Issuer and the Trustee for the benefit of the Registered Owners of the 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 Bonds upon and subject to the terms and conditions hereinafter set forth, including the issuance of an irrevocable letter of credit (the "Letter of Credit" as hereinafter defined) for the purpose of more adequately securing payment of the principal of and premium, if any, and interest on the 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:

LKL-09/27/85-910A-2300
Rev.10/04/85
Rev.11/10/85
Rev.11/16/85
Rev.12/05/85
Rev.01/24/86
Rev.03/20/86
Rev.04/22/86
Rev.10/09/86
Rev.10/25/86

No. R-

\$ _____

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF FLORIDA
ST. JOHNS COUNTY, FLORIDA
VARIABLE RATE DEMAND UTILITY REVENUE BOND, SERIES 1986
(GENERAL DEVELOPMENT UTILITIES, INC. PROJECT)

Maturity Date Date of Original Issue Cusip
November 1, 2015 November 12, 1986

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 (as hereinafter defined) at the corporate trust office of the Trustee and to pay to the Registered Owner hereof, as of the Record Date, by check mailed to the Registered Owner at his address as it appears on the registration books of the Trustee, as Bond 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 the first Tuesday of February, May, August and November in each year (prior to the Conversion Date, as defined in the Indenture) and on and after the Conversion Date, on May 1 and November 1 of each year, at the Variable Rate (or, after the Conversion Date, at the Fixed Interest Rate), such dates constituting Interest Payment Dates, from the Interest Payment Date to which interest has accrued and has been paid or duly provided for next preceding the date of authentication of this Bond, unless the date of authentication (i) is an Interest Payment Date to which interest has accrued, in which event this Bond shall bear interest from its date of authentication, or (ii) is prior to the end of the first Interest Period for the Bonds, in which event this Bond shall bear interest from the date of the original issuance of the Bonds until the payment of such principal sum has been made or provided for; provided, that with respect to Bonds held by the Custodian under the Pledge 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. This Bond is subject to redemption in whole or in part, in certain events at the option of the Issuer, at

such times and upon such terms as set forth in the Indenture (hereinafter defined).

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 Chemical Bank, as Paying Agent, in New York, New York, or at the office designated for such payment of any successor thereof.

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, the Bank and the Trustee not less than 35 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 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 twelfth day of November, 1986.

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)

Date of Authentication:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the St. Johns County, Florida Variable Rate Demand Utility Revenue Bonds, Series 1986 (General Development Utilities, Inc. Project), described in the within mentioned Indenture.

CHEMICAL BANK
Trustee

By: _____
Authorized Officer

(REVERSE SIDE OF BOND)

This Bond is one of a duly authorized issue of Bonds of the Issuer in the aggregate principal amount of \$3,200,000 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 Chemical Bank, New York, New York, as Trustee (the "Trustee"), dated as of November 1, 1986 (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 November 1, 1986 (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 or the Trustee 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 by the Trustee under a direct pay irrevocable transferable Letter of Credit (the "Letter of Credit") issued by Barclays Bank PLC, New York Branch (the "Bank"), or an Alternative Letter of Credit as defined in the Indenture, and by a Mortgage and by a Security Agreement and Assignment of Contracts, each dated as of November 1, 1986, each made by the Borrower to the Bank, the Trustee and Barnett Banks Trust Company, N.A., as Co-Trustee, to secure the repayment of the Loan by the Borrower under the Loan Agreement and the Borrower's obligations to the Bank in connection with the Letter of Credit, all as more particularly set forth and defined as the Trust Estate in the Indenture.

Bonds Prior to Conversion Date.

The Bonds shall bear interest during each Interest Determination Period at the Variable Rate determined by the Remarketing Agent as of the Interest Determination

Date, all as provided and as set forth in the Indenture. The Remarketing Agent shall promptly notify the Trustee, the Borrower, the Bank, and, if requested, the Issuer, of the Variable Rate as soon as it has been determined on each Interest Determination Date. The Variable Rate payable during each Interest Determination Period shall be determined by the Remarketing Agent and shall be equal to that rate, not in excess of 15% per annum, determined on the Interest Determination Date of each week by the Remarketing Agent by notice filed on such day by means of telephone or telex confirmed in writing with the Trustee, the Borrower, the Guarantor, the Bank, and, if requested, the Issuer which, upon such Interest Determination Date, would be the interest rate, but would not exceed the interest rate, which would result in the market value of the Bonds on such Interest Determination Date being 100% of the principal amount thereof, all as more fully set forth in the Indenture.

If for any reason such Variable Rate cannot be established or is held to be invalid or unenforceable by a court of law for any Interest Determination Period, the rate for such Interest Determination Period shall be determined by the Remarketing Agent and shall be equal to 65% of the yield applicable to 13-week United States Treasury bills determined on the basis provided in the Indenture. If at any time the Remarketing Agent fails to perform its duties as set forth in the Indenture, the Variable Rate shall be deemed to be 60% of the rate announced from time to time by the Bank as its prime rate.

The 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 February 3, 1987. The moneys for such redemption shall be derived solely from the proceeds of a drawing under the Letter of Credit, and the notice shall state that such redemption shall be conditioned upon receipt of 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.

The Bonds may be redeemed upon expiration of the Letter of Credit or substitution of an Alternate Letter of Credit upon the terms and conditions and pursuant to the provisions of the Indenture.

Any Bond 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 of a written notice, which (A) states the numbers of an principal amount of the Bonds to be purchased and (B) states the date on which such 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 to the Trustee of such Bond along with a proper instrument of transfer at the Corporate Trust Office at or prior to 10:00 a.m. New York City time, on the date specified in the aforesaid notice. The Trustee shall immediately notify the Remarketing Agent and the Borrower of any purchase demand.

Bonds After the Conversion Date.

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 Bonds delivered in exchange or transfer 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 and pursuant to the terms and conditions as set forth in the Indenture with such changes as necessary to reflect the terms and After the Conversion Date the Bonds will bear interest at the Fixed Interest Rate, computed on the basis of a 360 day year of twelve 30 day months. The Fixed Interest Rate shall be that fixed rate of interest determined by the Remarketing Agent in the manner set forth in the Indenture. On a date not later than ten Business Days prior to the Conversion Date or the Fixed Rate Calculation Date, the Remarketing Agent shall fix the Fixed Interest Rate. The Fixed Interest Rate shall remain in effect from and after the Conversion Date so long as the Bonds remain outstanding.

If for any reason such Fixed Interest Rate cannot be established or is held to be invalid or unenforceable by a court of law, the Fixed Interest Rate shall be determined by the Remarketing Agent and shall be equal to the percentage of the average yield, evaluated at par on the basis of a term approximately equal to the time remaining until the maturity of the Bonds, of United States Treasury obligations - State and Local Government Series determined pursuant to the terms and provisions of the Indenture.

The determination of the Fixed Interest Rate by the Remarketing Agent shall, in the absence of manifest error, be conclusive and binding upon the Registered Owners of the 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. The Fixed Interest Rate shall not exceed the maximum nonusurious contract rate of interest allowed from time to time by applicable law.

Manner of Conversion. The Interest Rate on the 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 as provided in the Indenture, 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 35 days prior to such Conversion Date. Such conversion shall occur only if a written opinion from a nationally recognized bond counsel is received no later than the Conversion Date 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.

Upon conversion to a Fixed Interest Rate, the 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 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 at least two Business Days before such date a written notice specifying the principal

amount of 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 Bonds to be so purchased.

A Registered Owner may direct the Issuer not to redeem any Bond or Bonds 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 Bonds held by him, (ii) acknowledging receipt of notice of the mandatory redemption, and (iii) directing the Issuer not to redeem such Bonds. Any such instrument delivered to the Trustee shall be irrevocable with respect to the Bonds for which such instrument is delivered and shall be binding upon subsequent Registered Owners of such Bonds.

Following conversion to the Fixed Interest Rate, the Bonds shall be subject to redemption by the Issuer, at the option of the Borrower and upon timely prepayment and notice to the Trustee by the Borrower at least 45 days before the redemption date of the redemption price as follows:

(A) if the conversion of the rate on the Bonds to a Fixed Interest Rate shall be prior to the Interest Payment Date occurring in November 1996, the Bonds shall be subject to redemption, in whole at any time or in part on any Interest Payment Date, on or after November 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:

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

(B) if the conversion of the rate on the Bonds to a Fixed Interest Rate shall be on or after the Interest Payment Date occurring in November 1996, the Bonds shall be subject to redemption, in whole at any time or in part on any Interest Payment Date, on or after November 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>
November 1 of fifth year through last day in October of sixth year	103.0%
November 1 of sixth year through last day in October of seventh year	102.0%
November 1 of seventh year through last day in October of eighth year	101.0%
November 1 of eighth year and thereafter	100.0%

The 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 and Event of Default as described in the Indenture.

The Bonds shall be redeemed on any date whether before or after the Conversion 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, the interest payable on any Bond is includable for federal income tax purposes in the gross income of any Registered Owner of Bonds (other than a Registered Owner who is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, and the applicable regulations thereunder); provided that if in the opinion of nationally recognized bond counsel, redemption of a portion of the Outstanding Bonds would have the result that interest payable on the Bonds remaining Outstanding would not be includable in the gross income of the Registered Owners, then only such amount of Bonds need be redeemed, the Bonds to be redeemed to be determined as specified in Article VIII of the 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 Bond, and until the conclusion of any appellate review, if sought. "Interest on a Bond shall not be deemed to be includable for federal

income tax purposes in the gross income of an Owner of Bonds merely by reason of treatment of such interest as a tax preference item for purposes of a federal alternative minimum tax, loss of or reduction in a related deduction, or other indirect adverse tax consequence."

(iv) Upon conversion to a Fixed Interest Rate, the Borrower shall have the option to make the Bonds subject to mandatory redemption requiring redemption of the 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 and in accordance with the terms and conditions of 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.

PROVISIONS FOR ASSIGNMENT

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

TEN COM	-	as tenants in common	UNIF GIF MIN ACT - _____ (Cust.)
TEN ENT	-	as tenants by the entireties	Custodian for _____ (Minor)
JT TEN	-	as joint tenants with right of survivor- ship and not as tenants in common	under Uniform Gifts to Minors Act of _____ (State)

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

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned _____

_____ hereby sells, assigns, and transfers unto _____

_____ the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, as attorney to transfer said Bond on the bond register, with full power of substitution in the premises.

Dated:

Please insert Social Security or other
Taxpayer Identification Number of Assignee:

Signature Guaranteed:

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or any change whatever.

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, and to secure payment owed the Bank pursuant the Reimbursement Agreement, the Issuer does hereby without recourse 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 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 and by the Borrower pursuant to the Reimbursement Agreement, 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 (including the fees and expenses of counsel), 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) of this Indenture 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 (iii) moneys deposited by the Borrower with the Trustee in the Bond Fund or in the Bond Purchase Account, which moneys have been on deposit 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. Notwithstanding the foregoing, when used with respect to payment of any amounts due in respect of Custodial Bonds, the term "Available Moneys" shall mean any moneys held by the Trustee and the proceeds from the investment thereof, except for moneys drawn under the Letter of Credit.

"Bank" means, as to the initial Letter of Credit, Barclays Bank PLC, New York Branch, New York, New York, 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 1986 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 Purchase Account" shall mean the account created pursuant to Section 7.4 hereof.

"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 November 2 and extending through the next succeeding November 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 (cities) in which the Principal Office of the Bank and Remarketing Agent is located.

"Code" means the Internal Revenue Code of 1986, 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 5.6 of the Loan Agreement.

"Construction Account" mean the trust fund so designated which is established pursuant to Section _____ hereof.

"Construction Fund" means the trust fund so designated which is established pursuant to Section _____.

"Construction Fund Surplus Account" means the trust fund so designated which is established pursuant to Section _____ hereof.

"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 Option" shall mean the conversion of the interest rate on the Bonds to the Fixed Interest Rate at the option of the Borrower.

"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 55 Water Street, New York, New York 10041.

"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; 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 (e) 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; (f) 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; (g) 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 (h) 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; provided, however, that all Costs shall be "costs" as defined in the Act.

"Cost of Issuance" shall be restricted to two percent (2%) or less of the aggregate face amount of the 1986 Bonds and shall be deemed to include the following (1) underwriters' spread (whether realized directly or derived through purchase of the bonds at a discount below the price at which they are expected to be sold to the public); (2) counsel fees (including bond counsel, underwriter's counsel, issuer's counsel, company counsel in the case of borrowings such as those for exempt facilities, as well as any other specialized counsel fees incurred in connection with the borrowing); (3) financial advisor fees incurred in connection with the borrowing); (4) rating agency fees; (5) trustee fees incurred in connection with the borrowing; (6) paying agent and certifying and authenticating agent fees related to issuance of the bonds; (7) accountant fees (e.g., accountant verifications in the case of advance refundings) related to issuance of the bonds; (8) printing costs (for the bonds and of preliminary and final offering materials); (9) costs incurred in connection with the required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum); (10) costs of engineering and feasibility studies necessary to the issuance of the bonds (as opposed to such studies related to completion of the project, but not the the financing); and (11) bond insurance fees and letter of credit fees to the extent they are not treated as interest under the Code.

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

"County" means St. Johns County, Florida.

"Custodial Bonds" shall mean any Bonds which, at the time of determination thereof, shall be held by the Custodian under the terms of the Reimbursement Agreement and the Custody Agreement.

"Custodian" shall mean Barclays Bank PLC, Financial Institutions Group, or its successor under the Custody Agreement.

"Custody Agreement" shall mean the Pledge Agreement dated as of November 1, 1986, among the Borrower, the Bank as issuer of the Letter of Credit, and Barclays Bank PLC, Financial Institutions Group, 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.

"Excess Investment Earnings" shall have the meaning defined in Section _____ of the Code.

"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 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 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 Determination Date" shall mean Tuesday in each Interest Determination Period, or if Tuesday is not a Business Day, the Wednesday in each Interest Determination Period.

"Interest Determination Period" shall mean, initially, a period commencing on date of issuance of the Bonds and ending on November 17, 1986, and, thereafter, a weekly period commencing Tuesday and ending on Monday of the following week.

"Interest Payment Date" shall mean the Conversion Date and, prior to the Conversion Date, February 3, 1986, and, thereafter, the first Tuesday of February, May, August and November in each year, and, on and after the Conversion Date, May 1 and November 1, of each year.

"Interest Period" shall mean the three or six month period, as applicable, beginning on an Interest Payment Date and ending on the day next preceeding each Interest Payment Date; provided, however, that the first Interest Period shall be the period from and including the date of the first authentication and delivery of Bonds hereunder, to and including the day next preceding the first Interest Payment Date.

"Investment Agreement" shall mean an investment agreement which may be entered into at the direction of the Borrower between the Trustee 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 to the extent permitted by State law:

(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 firm with respect to the sale and repurchase of any of the foregoing interest bearing obligations provided 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 direct pay irrevocable transferable Letter of Credit dated as of the date of issuance of the Bonds issued by the Bank, securing the payment of principal of and interest on the 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.

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

"Moody's" means Moody's Investors Service, Inc. and shall include any successor thereof.

"Mortgage" shall mean (1) the Mortgage, dated as of November 1, 1986, from the Borrower, as Mortgagor, to the Trustee and Barnett Banks Trust Company, N.A., as Co-Trustee, and the Bank, as Mortgagees, and (2) the Security Agreement and Assignment of Contracts, dated as of November 1, 1986, made by the Borrower to the Bank, as agent for the Bank, the Trustee and the Co-Trustee, each given to secure the repayment of the Loan by the Borrower and to secure the Borrower's obligations under the Reimbursement Agreement.

"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, (c) Bonds, the purchase price of which has been deposited to the Bond Purchase Account or (d) Bonds in lieu of which other Bonds shall have been authenticated and delivered pursuant to Article II hereof.

"Owner or 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.

"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 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 Citicorp Investment Bank, Citibank, N.A. at 55 Water Street (47th Floor), New York, New York 10043; and, in the case of the Bank, the office of Barclays Bank PLC, New York Branch, 75 Wall Street, New York, New York 10265, Attn: Central Loan Administration.

"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 in the County 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 Business Day next preceding each Interest Payment Date, and after the Conversion Date, the date which is the fifteenth day of the calendar month prior to any date on which principal of or interest on any Bond is due and payable.

"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.

"Reimbursement Agreement" means the Letter of Credit and Reimbursement Agreement dated as of November 1, 1986, between the Borrower and the Bank providing

for repayment to the Bank of sums drawn under the Letter of Credit and shall be deemed to include all amendments, modifications, alterations and supplements thereto.

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

"Remarketing Agreement" means the agreement described in Section 7.1 hereof.

"S & P" shall mean Standard and Poor's Corporation and shall include any successor thereof.

"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 a variable annual interest rate computed on the basis of a 365/366 day year by the Remarketing Agent as provided in Article VII hereof (computed weekly in the manner required by Section 2.3A(b) hereof, and paid quarterly) in effect for the Bonds from the date of issuance thereof until (but not including) the Conversion Date.

"1986 Bonds" shall mean the Issuer's Variable Rate Demand Utility Revenue Bonds, Series 1986 (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, to the extent permitted by State law, 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 \$3,200,000 to be designated generally as "Variable Rate Demand Utility Revenue Bonds, Series 1986 (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 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 Bonds. The Bonds shall be initially issued as variable rate demand instruments as set forth in Subsection A of this Section. On a single occasion, the 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 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 Bonds then outstanding shall be subject to mandatory redemption by the Issuer at the principal amount thereof plus accrued interest thereon; provided that there shall not be so redeemed (i) Bonds which shall have been delivered to the Trustee for purchase pursuant to Section 2.3A(e) hereof; (ii) 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) Bonds purchased by the Borrower as described under Subsection B.(c) of this Section.

A. Bonds Prior to Conversion Date.

(a) **Manner and Form.** The Bonds shall be numbered from R-1 upwards. The 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 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 Bond, when due and payable, shall be paid to the Registered Owner thereof as of each Record Date by check 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 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.

All Bonds shall bear the date of their authentication. Each Bond shall bear interest from the Interest Payment Date to which interest has accrued and has been paid or duly provided for next preceding the date of authentication of such Bond, unless the date of authentication (i) is an Interest Payment Date to which interest has accrued, in which event such Bond shall bear interest from its date of authentication, or (ii) is prior to the end of the first Interest Period for the Bonds, in which event such Bond shall bear interest from the Date of the original issuance of the Bonds, and shall mature (subject to the right of prior redemption upon the terms and conditions hereinafter set forth) on November 1, 2016.

The form of the 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 Bonds shall bear interest during each Interest Determination Period at the Variable Rate determined by the Remarketing Agent as of the Interest Determination Date for such Interest Determination Period, but in no event in excess of 15% per annum or the maximum nonusurious contract rate of interest allowed from time to time by applicable law, whichever is less; provided, that with respect to Custodial Bonds, such interest shall be deemed paid without application of any moneys by the Trustee. Interest on the 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 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 Bank, and, if requested, the Issuer, of the Variable Rate as soon as it has been determined on each Interest Determination Date.

The Variable Rate payable during each Interest Determination Period shall be determined by the Remarketing Agent and shall be equal to that rate, not in excess of 15% per annum, determined on the Interest Determination Date of each week by the Remarketing Agent by notice filed on such day by means of telephone or telex confirmed in writing with the Trustee, the Borrower, the Guarantor, the Bank, and, if requested, the Issuer which, upon such Interest Determination Date, would be the interest rate, but would not exceed the interest rate, which would result in the market value of the Bonds on such Interest Determination Date being 100% of the principal amount thereof. In determining the Variable Rate, the Remarketing Agent shall take into account, to the extent applicable, (i) market interest rates for comparable securities (including outstanding tax-exempt bonds) held by tax-exempt open-end municipal bond funds or other institutional or private investors with substantial portfolios (a) with interest periods and demand purchase options substantially identical to the Bonds; (b) bearing interest at a variable rate intended to maintain par value; and (c) rated by a national credit rating agency in the same category as the Bonds, (ii) other financial market rates and indices which may have a bearing on the Variable Rate (including rates borne by commercial paper, tax-exempt commercial paper, HUD project notes and Treasury bills; commercial bank prime rates, certificate of deposit rates, and federal funds rates; the London Interbank Offered Rate; and indices maintained by The Bond Buyer and other publicly available tax-exempt interest rate indices); (iii) general financial market conditions (including current forward supply); and (iv) factors particular to the use of proceeds of the Bonds or the credit standing of the Borrower, the Guarantor or the Bank. Any new Variable Rate shall become effective on Tuesday of the week during which such determination is made, whether such determination is made on Tuesday or on the next succeeding Business Day, and once in effect shall remain in effect until a new Variable Rate shall have become effective pursuant to and in accordance with the procedure described in this Section 2.3A(b).

If for any reason such Variable Rate cannot be established or is held to be invalid or unenforceable by a court of law for any Interest Determination Period, the rate for such Interest Determination Period shall be determined by the Remarketing Agent and shall 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 at which such 13-week Treasury bills shall have been sold (i) at the most recent Treasury Auction conducted during the immediately preceding Interest Determination Period; or (ii) if no such auction shall have been conducted during the immediately preceding Interest Determination Period, at the most recent Treasury auction conducted prior to such preceding Interest Determination Period. If at any time the Remarketing Agent fails to perform its duties as set forth herein, the Variable Rate shall be deemed to be 60% of the rate announced from time to time by the Bank as its prime rate.

The determination of the Variable Rate by the Remarketing Agent shall, in the absence of manifest error, be conclusive and binding upon the Registered Owners of the 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 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 February 3, 1987. The moneys for such redemption shall be derived solely from the proceeds of a drawing under the Letter of Credit, and the notice shall state that such redemption shall be conditioned upon receipt of 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 or Substitution of Alternate Letter of Credit.** (1) The 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 of the Letter of Credit or on the Interest Payment Date next preceding the termination date of the Letter of Credit by substitution of an Alternate Letter of Credit described in clause (ii) of Section 4.5(b) of the Agreement; provided however, that Bonds called for such redemption shall not be mandatorily redeemed if (i) the Borrower shall deliver to the Trustee and the Bank at least two Business Days before such Interest Payment Date written notice specifying the principal amount of 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 Bonds shall have notified the Trustee and the Bank not to redeem any Bond owned or held by him, (iii) any Bond shall have been tendered to the Remarketing Agent for purchase under Section 2.3A(e) hereof on or before such Interest Payment Date and has been remarketed to a Registered Owner described in (ii) above, or (iv) an Alternate Letter of Credit has been provided by the Borrower which will not result in a withdrawal of or a reduction in the rating on the Bonds (as described in clause (i) of Section 4.5(b) of the Agreement). The Trustee shall draw upon the Letter of Credit to provide funds to pay the Redemption Price or the purchase price, as the case be, plus accrued interest to the Redemption Date or repurchase date of the Bonds. An Alternate Letter of Credit may be substituted by the Borrower for the Letter of Credit, but only upon compliance with the notice provision and other requirements contained in Section 4.5(b) of the Agreement.

(2) If the Borrower provides the notice described in Section 2.3A(d)(1)(i) 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 Custodian under the Custody Agreement, and, upon certification to the Custodian by the Bank that no reimbursement obligation to the Bank remains unpaid under the Reimbursement Agreement, the Custodian shall deliver such Bonds to the Trustee. The Trustee shall thereupon 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 Bonds from federal income taxation will not be adversely affected.

(3) Except when an Alternate Letter of Credit described in Section 2.3A(d)(1)(iv) above has been provided, the Trustee shall give notice by mail to the Registered Owners of the Bonds not less than 30 days prior to the Interest Payment Date on which the Bonds are subject to redemption or purchase under this Section 2.3A(d) stating (i) that the Bonds are subject to redemption or purchase in whole at the principal amount thereof plus accrued interest on such Interest Payment Date, (ii) that the Letter of Credit will expire and stating the date of such expiration, and (if applicable) that after expiration of the Letter of Credit and repayment of all obligations to the Bank under the Reimbursement Agreement, the Bonds will no longer be secured by the Mortgage, (iii) that the ratings of the Bonds by Moody's or S & P may be withdrawn or reduced from such rating then prevailing, (iv) that Registered Owners may notify the Trustee and the Bank not to redeem any Bond owned or held by him, and (v) if an Alternate Letter of Credit described in clause (ii) of Section 4.5(b) of the Loan Agreement will be provided, the information required in Section 4.5(b) of the Loan Agreement.

(4) A Registered Owner may direct the Issuer not to redeem any Bond or 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 on which the Bonds are subject to redemption or purchase under this Section 2.3A(d) an instrument or instruments in writing executed by such Registered Owner (i) specifying the principal amount of the Bonds held by him, (ii) acknowledging receipt of notice of the matters set forth in clauses (i) through (iv), or (v), as appropriate, of the preceding paragraph (3), and (iii) directing the Trustee not to redeem such Bonds. Any instrument delivered to the Trustee in accordance with this paragraph shall be irrevocable with respect to the Bonds for which such instrument is delivered and shall be binding upon subsequent Registered Owners of such Bonds.

(e) **Demand Purchase.** Any Bond 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 of a written notice, which (A) states the numbers of an principal amount of the Bonds to be purchased and (B) states the date on which such 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 to the Trustee of such Bond along with a proper instrument of transfer at the Corporate Trust Office at or prior to 10:00 a.m. New York City time, on the date specified in the aforesaid notice. The Trustee shall immediately notify the Remarketing Agent and the Borrower of any purchase demand.

The Remarketing Agent will use its best efforts to find a buyer for the Bonds when tendered within the seven-day notice period and will deliver the proceeds from any such sale to the Trustee for payment to the seller of the Bonds. If the Remarketing Agent is unable to locate a buyer for the Bonds at a price permitted by this Section 2.3A(e), then the Remarketing Agent will give notice to the Trustee to draw under the Letter of Credit for payment of the purchase price pursuant to Section 2.3A(f) hereof.

Any Bond tendered for purchase under this Section 2.3(A)(e) after the date notice is given to the Registered Owners of the Bonds of the Conversion Date as provided in Section 2.3B(c) hereof shall not be remarketed except to a buyer who either (i)

acknowledges receipt of the notice of Conversion required to be sent to Registered Owners of the Bonds under Section 2.3B(c) hereof and has directed the Issuer not to redeem such Bond, or (ii) agrees to require purchase of the Bond by demand purchase under Section 2.3A(e) hereof prior to the Conversion Date. On the Conversion Date, Bonds purchased under clause (i) shall not be redeemed but shall (without the need for further direction pursuant to the Indenture) remain Outstanding as Bonds bearing the Fixed Interest Rate.

Any Bond tendered for purchase under this Section 2.3A(e) after the date notice is given to the Registered Owners of the Bonds of redemption or purchase of the Bonds under Section 2.3A(d) hereof shall not be remarketed except to a buyer who either (i) acknowledges receipt of the notice required to be given to Registered Owners of the Bonds under Section 2.3A(d) hereof and has directed the Issuer not to redeem or purchase such Bond, or (ii) agrees to require purchase of the Bond by demand purchase under Section 2.3A(e) hereof prior to the Interest Payment Date on which the Bonds are to be redeemed or purchased under Section 2.3A(d) hereof.

(f) **Purchase of Bonds Delivered to Trustee.** On the date on which Bonds are to be delivered to the Trustee pursuant to Section 2.3A(e) hereof, the Trustee shall purchase such Bonds from any proceeds of the sale of such Bonds (to any person other than the Borrower or the Guarantor) pursuant to Section 2.3A(e) hereof and, if such proceeds are insufficient to pay in full the principal amount of such Bonds, plus accrued interest thereon, from moneys furnished to the Trustee representing proceeds of a drawing under the Letter of Credit, and, if such moneys are insufficient, from other moneys made available to the Trustee by the Borrower or the Guarantor for such purposes. In the event the Remarketing Agent has been unable to sell any Bonds delivered to the Trustee pursuant to Section 2.3A(e) hereof, the Trustee shall purchase such Bonds in an amount equal to the par value thereof plus accrued interest to the date of delivery solely from the proceeds of a drawing under the Letter of Credit, unless the proceeds of such drawing are insufficient, in which case the balance of the purchase shall be made from other funds made available by the Borrower or the Guarantor. Notwithstanding, upon failure of the Remarketing Agent to receive remarketing proceeds by 9:15 a.m. New York City time on the purchase date, the Remarketing Agent shall advise the Trustee before 9:30 a.m. New York City time to draw under the Letter of Credit, prior to 11:30 a.m., New York City time on the same day, an amount equal to the purchase price of such Bonds and to deposit such moneys into the Bond Purchase Account.

(g) **Delivery of Bonds.** (1) Bonds shall be delivered in the following manner:

(i) Bonds, the purchase price of which has been paid from a remarketing pursuant to Section 2.3A(e), shall be made available for delivery to the purchasers thereof;

(ii) Bonds, the purchase price of which has been paid by the Trustee with moneys drawn under the Letter of Credit as provided in Section 2.3A(f) hereof, shall be registered in the name of the Borrower and delivered by the Trustee to the Custodian or its designated agent pursuant to the terms of the Reimbursement Agreement and the Custody Agreement;

(iii) Bonds, the price of which has been paid by the Trustee with moneys described in Section 2.3A(c) hereof, shall be cancelled by the Trustee; and

(iv) Bonds, the purchase price of which has been paid with moneys drawn under the Letter of Credit under Section 2.3A(d) shall be delivered as provided in Section 2.3A(d).

(2) Bonds delivered as provided in this Section 2.3A(g) shall be registered in the manner directed by the recipient thereof.

(h) **Drawings on Letter of Credit.** The Trustee shall 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, this Section 2.3A(h). The Borrower shall direct the Trustee in writing to draw moneys under the Letter of Credit to provide funds, if permitted under the Letter of Credit, 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 2.3A(f), (ii) pay maturing principal of and interest on the Bonds as the same shall become due, (iii) pay the redemption or purchase price for mandatory redemptions or purchases as provided in Section 2.3A(d) and the redemption price upon redemption under Section 2.3A(c) and (iv) upon any acceleration of the Bonds as provided in Section 9.2. All draws on the Letter of Credit shall be held uninvested in the Bond Fund or in the Bond Purchase Account as appropriate, until applied for payment of the Bonds.

(i) **Delivery of Proceeds of Sale.** The proceeds of the sale by the Remarketing Agent of any Custodial Bonds delivered to it by the Bank or its designated agent or any Bonds delivered to it by any other Registered Owner, shall be turned over to the Bank for application pursuant to the Reimbursement Agreement together with any certificate required to reinstate the Letter of Credit, or such other Registered Owner, as the case may be; all Bonds shall be remarketed at par provided, however, 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 or if such Bonds are Custodial Bonds, such premium shall be paid by the Remarketing Agent to the Bank.

(j) The Trustee shall deliver to the Bank such certificates as are required by the Reimbursement Agreement and the Letter of Credit.

B. 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 Bonds delivered in exchange or transfer 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 May 1 and November 1 until the Bonds mature (subject to the rights of prior redemption).

(b) **Fixed Interest Rate.** After the Conversion Date the Bonds will bear interest at the Fixed Interest Rate, computed on the basis of a 360 day year of twelve 30 day months. 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 shall fix the Fixed Interest Rate. The Fixed Interest Rate shall remain in effect from and after the Conversion Date so long as the Bonds remain outstanding.

The Fixed Interest Rate shall be equal to such interest rate which, if borne by the 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 Bond as of the Fixed Rate Calculation Date. In determining the Fixed Interest Rate, the Remarketing Agent shall take into account, to the extent applicable, (i) market interest rates for comparable securities which are held by institutional and private investors with substantial portfolios (a) with a term equal to the period to maturity remaining on the Bonds; (b) with a rate of interest which is exempt from federal income taxation; (c) rated by a national credit rating agency in the same category as the Bonds; and (d) with redemption provisions which are similar to those of the Bonds; (ii) other financial market rates and indices which have a bearing on the Fixed Interest Rate (including, but not limited to, rates borne by Industrial Development Bonds, Pollution Control Revenue Bonds, Public Power Bonds, Housing Bonds, other Revenue Bonds, General Obligation Bonds and Treasury Bills; commercial bank prime rates, certificate of deposit rates, and federal funds rates; and indices maintained by The Bond Buyer and other publicly available tax-exempt interest rate indices); (iii) general financial market conditions (including current forward supply); and (iv) factors particular to the use of the proceeds of the Bonds or the credit standing of the Borrower or the Guarantor. The Fixed Interest Rate so determined by the Remarketing Agent shall become effective on the Conversion Date.

If for any reason such Fixed Interest Rate cannot be established or is held to be invalid or unenforceable by a court of law, the Fixed Interest Rate shall be determined by the Remarketing Agent and shall be equal to the percentage of the average yield, evaluated at par on the basis of a term approximately equal to the time remaining until the maturity of the Bonds, of United States Treasury obligations - State and Local Government Series determined, as follows:

Years Remaining to Maturity of Bonds <u>(inclusive)</u>	<u>Percent of Average Yield</u>
29-18	90%
17-13	86%
12-8	83%
7-4	80%
3-0	77%

The determination of the Fixed Interest Rate by the Remarketing Agent shall, in the absence of manifest error, be conclusive and binding upon the Registered Owners of the 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. The Fixed Interest Rate shall not exceed the maximum nonusurious contract rate of interest allowed from time to time by applicable law.

(c) **Manner of Conversion.** The Interest Rate on the 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 35 days prior to such Conversion Date. Such conversion shall occur only if a written opinion from a nationally recognized bond counsel is received no later than the Conversion Date by the Issuer and 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 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 $2\frac{1}{2}\%$ per annum, in the manner described in Section 2.3B(b) hereof, on two consecutive Interest Determination Dates. The Remarketing Agent shall be required to determine a Fixed Interest Rate for this purpose only on (i) any Interest Determination Date on which the most recent 20 year revenue bond index published by The Daily Bond Buyer, or any successor index, is less than $2\frac{1}{2}\%$ per annum, or, if no such index then exists, (ii) the first Interest Determination Dates in March and September of each year; and, if the Fixed Interest Rate so determined under (i) or (ii) above is less than $2\frac{1}{2}\%$ per annum, the immediately following Interest Determination 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 tenth Business Day which occurs at least 40 days after the date of the Mandatory Conversion Event and the Conversion Date shall be the tenth Business Day which occurs after the date of the Fixed Rate Calculation Date.

Upon conversion to a Fixed Interest Rate, the 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 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 at least two Business Days before such date a written notice specifying the principal amount of 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 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 on the Bonds being redeemed.

(ii) If the Borrower provides the notice and moneys, if required, described above, the Trustee shall pay the price of 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 Bonds so purchased by the Borrower are received by the Trustee, the Trustee shall deliver such Bonds to the Borrower if the Letter of Credit is not then in effect, or otherwise to the Bank or its Custodian to secure any repayment obligation of the Borrower to the Bank, and, upon certification to the Custodian by the Bank that no reimbursement obligation to the Bank remains unpaid under the Reimbursement Agreement, the Borrower shall thereafter cause such Bonds to be resold at a purchase price not exceeding the Borrower's purchase price. The Bonds so held shall not be remarketed after the Conversion Date unless the Issuer, the Borrower and the Trustee shall receive an opinion from a nationally recognized bond counsel stating that, after remarketing, interest on the Bonds will be exempt from federal income taxation.

The Trustee shall give notice in substantially the form attached as Exhibit B by mail to the Registered Owners of the Bonds not less than 30 days prior to the Conversion Date. Such notice shall state (i) that the interest rate on the Bonds shall be converted to a Fixed Interest Rate, (ii) the Conversion Date, (iii) the Fixed Rate Calculation Date and that the Remarketing Agent will inform the Registered Owners of the 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, and (if applicable) that after expiration of the Letter of Credit and repayment of all obligations to the Bank under the Reimbursement Agreement, the Bonds will no longer be secured by the Mortgage, (v) that the ratings of the Bonds by Moody's or S & P may be withdrawn or reduced from such rating then prevailing, (vi) that subsequent to the Conversion Date the Registered Owners of Bonds will no longer have the right to require payment of the purchase price of Bonds by the Remarketing Agent or the Trustee, (vii) that all Outstanding 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 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 Bond or 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 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 Bonds. Any instrument delivered to the Trustee in accordance with this paragraph shall be irrevocable with respect to the Bonds for which such instrument is delivered and shall be binding upon subsequent Registered Owners of such Bonds.

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 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 Bonds shall be subject to redemption as follows:

(i) The Bonds shall be subject to optional redemption by the Issuer, at the option of the Borrower and upon timely prepayment and notice to the Trustee by the Borrower at least 45 days before the redemption date of the redemption price herein specified, as follows:

(A) if the conversion of the rate on the Bonds to a Fixed Interest Rate shall be prior to the Interest Payment Date occurring in November 1996, the Bonds shall be subject to redemption, in whole at any time or in part on any Interest Payment Date, on or after November 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>
November 1 of tenth year through last day in October of eleventh year	103.0%
November 1 of eleventh year through last day in October of twelfth year	102.5%
November 1 of twelfth year through last day in October of thirteenth year	102.0%
November 1 of thirteenth year through last day in October of fourteenth year	101.5%
November 1 of fourteenth year through last day in October of fifteenth year	101.0%
November 1 of fifteenth year through last day in October of sixteenth year	100.5%
November 1 of sixteenth year and thereafter	100.0%

(B) if the conversion of the rate on the Bonds to a Fixed Interest Rate shall be on or after the Interest Payment Date occurring in November 1996, the Bonds shall be subject to redemption, in whole at any time or in part on any Interest Payment Date, on or after November 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>
November 1 of fifth year through last day in October of sixth year	103.0%
November 1 of sixth year through last day in October of seventh year	102.0%
November 1 of seventh year through last day in October of eighth year	101.0%
November 1 of eighth year and thereafter	100.0%

(ii) The 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 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 Bonds shall be redeemed on any date whether before or after the Conversion 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, the interest payable on any Bond is includable for federal income tax purposes in the gross income of any Registered Owner of Bonds (other than a Registered Owner who is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, 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 Bonds would have the result that interest payable on the Bonds remaining Outstanding would not be includable in the gross income of the Registered Owners, then only such amount of Bonds need be redeemed, the 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 Bond, and until the conclusion of any appellate review, if sought. "Interest on a Bond shall not be deemed to be includable for federal income tax purposes in the gross income of an Owner of Bonds merely by reason of treatment of such interest as a tax preference item for purposes of a federal alternative minimum tax, loss of or reduction in a related deduction, or other indirect adverse tax consequence."

(iv) Upon conversion to a Fixed Interest Rate, the Borrower shall have the option to make the Bonds subject to mandatory redemption requiring redemption of the 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 and the Issuer, stating that such election will not adversely affect the exemption of interest on the Bonds from federal income taxation. If the Conversion Date occurs on or before November 1, 2006, the Borrower may elect to establish annual Amortization Installments beginning on November 1, 2007, and to be made on each November 1 thereafter, which Amortization Installments will provide for substantially level amortization of the principal of the Bonds over the period commencing with November 1, 2007 and ending November, 2016 (at maturity). Alternatively, if the Conversion Date occurs after November 1, 2006, the Borrower may elect to establish annual Amortization Installments beginning on the immediately following November 1 and to be made on each November 1 thereafter, which Amortization Installments will be provided to the Trustee by the Borrower and will provide for substantially level amortization of the principal of the Bonds over the time remaining until the maturity of such Bonds. Each Amortization Installment shall be in the amount of \$5,000 or an integral multiple thereof.

Whenever any principal amount of 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 Bonds and receive credit in respect of Amortization Installment(s) for any such 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 Bonds. Each such 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 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 initial Trustee is hereby designated as initial 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 the Trustee shall, at the written request of the Issuer or the Borrower, deliver to the Issuer and the Borrower its certificate of cancellation.

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 issued on the same 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 1986 Bonds. The 1986 Bonds, in the aggregate principal amount of \$3,200,000, 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 1986 Bonds. Prior to authentication and delivery of the 1986 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 1986 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 \$1,600,000 of the 1986 Bonds, duly certified by the Clerk or Deputy 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 Harry Waldron, member of the Board, or other officer of the Issuer requesting and authorizing the Trustee on behalf of the Issuer to authenticate and deliver the 1986 Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the proceeds of the sale of the 1986 Bonds;

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

(e) an original executed counterpart of the Mortgage, with proof satisfactory to the Trustee that the Mortgage has been recorded in the official public records of the County;

(f) ALTA Form B mortgagee policy of title insurance (or binding commitment therefor) with respect to the Mortgage, insuring or committing to insure the Bank and the Trustee, as their respective interests may appear, subject only to Permitted Encumbrances (as such term is defined in the Mortgage) or, at the option of the Borrower an opinion of counsel acceptable to the Bank and Trustee as to title;

(g) a copy of the completed IRS Form 8038 relating to the Bonds;

(h) a copy of the Application of Notice of Intent to Issue Bonds and Request for Written Confirmation signed by the Director of the Office of Planning and Budgeting, Executive Office of the Governor, confirming the requested allocation;

(i) proof of publication of the Notice of Public Meeting and Public Hearing (TEFRA Notice) published at least 14 days prior to the public hearing held by the Issuer on October 14, 1986;

(j) Non-Arbitrage Certificates of the Issuer and the Borrower and such other instruments as the Issuer or Bond Counsel may reasonably request;

(k) an opinion of bond counsel to the Issuer, addressed to the Issuer, to the purchaser or purchasers thereof and to the Trustee, that is satisfactory in form and substance to the Trustee, to the effect that all of the conditions precedent to the issuance of the Bonds as are set forth in this Indenture have been satisfied, that the Bonds, the Indenture, the Loan Agreement, the Note, the Mortgage, the Remarketing Agreement, the Letter of Credit and the Guaranty in their final forms are consistent with and valid under the bond validation proceedings for the Bonds;

(l) a certificate from the Borrower certifying that the Guarantor owns all of the outstanding capital stock of the Borrower;

(m) certificates from the Borrower and the Guarantor certifying that there have been no significant or material adverse changes in the finances or operations of the Borrower or the Guarantor, respectively, since the finances and operations of the Borrower and the Guarantor, respectively, reflected in the Borrower's application, and supporting data submitted to the Issuer on or prior to October 7, 1986, wherein the Borrower requested the Issuer to adopt its resolution increasing the Bond amount for the Project not to exceed \$4,000,000 and that there is no litigation pending or threatened which would materially change or affect the finances or operations of the Borrower or the Guarantor;

(n) an original signed counterpart of an opinion of General Counsel for the Borrower, addressed to the Issuer, the Trustee, the Bank 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, the Mortgage 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;

(o) an original signed counterpart of an opinion of General Counsel for the Guarantor, addressed to the Issuer, the Trustee, the Bank 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;

(p) an original signed opinion of New York counsel for the Bank, addressed to the Trustee, the Guarantor and the Borrower with respect to the validity and enforceability of the Letter of Credit and a telexed copy of an opinion of Bank's English counsel with respect to the due organization and existence of the Bank and the enforceability of the Letter of Credit;

(q) an opinion of bond counsel to the Issuer, addressed to the Issuer and to the Trustee, to the effect that (i) 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 (ii) interest on the Bonds would be exempt from federal income taxation under the Internal Revenue Code of 1986, the Bank, except to the extent of the following;

1. The Code includes the interest earned on bonds, such as the Bonds, as an item of tax preference, for purposes of calculating an alternative minimum tax for individuals and corporations. Additionally, interest on bonds, such as the Bonds, is included in the adjusted net book income of certain corporations for taxable years after 1986. The Code includes a provision that would treat as a preference item (i) one-half of the excess of a corporation's "adjusted net book income" over its alternative minimum taxable income (before this adjustment and the alternative tax net operating loss deduction), for taxable years beginning in 1987, 1988, and 1989, and (ii) 75% of the amount by which "adjusted current earnings" exceeds alternative minimum taxable income (before this adjustment) whether such amounts are positive or negative, for taxable years beginning after December 31, 1989. Interest on tax-exempt bonds is includable in "book income" and in "adjusted current earnings" for the purpose of computing this alternative minimum tax applicable to corporations. In either event, an alternative minimum tax of 20% applies to both individuals and corporations.

2. Banks and thrift institutions will be unable to deduct any portion of the interest cost of purchasing or carrying tax-exempt obligations (except "qualified tax exempt obligations") if such interest costs are incurred in taxable years ending after December 31, 1986, with respect to bonds acquired after August 7, 1986.

3. Property and casualty insurance companies will be required for taxable years beginning after December 31, 1986, to reduce the amount of their deductible underwriting losses by 15% of the amount of tax-exempt interest received or accrued on obligations, including the Bonds, acquired after August 7, 1986. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includible in income.

4. In addition, the Superfund Amendments and Reauthorization Act of 1986 (the "Superfund Act") imposes a deductible broad-based tax on a corporation's "alternative minimum taxable income" (before net operating losses and any deduction for the tax) at a rate of \$12 per \$10,000 of "alternative minimum taxable income" in excess of \$2 million. The tax will be imposed for taxable years beginning on or after January 1, 1987, and will be imposed even if the corporation pays no alternative minimum tax because the corporation's regular income tax liability exceeds its minimum tax liability. For purposes of the Superfund Act, "alternative minimum taxable income" will include interest on all tax-exempt bonds to the same extent and in the same manner as the Code.

5. Noncompliance by the Borrower with the applicable provisions of the Code may cause the interest on the Bonds to be subject to Federal income taxation retroactive to the date of issue.

(r) such other instruments and opinions as the Issuer or 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 1986 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 within the County (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, completion or refunding 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.

(5) prior to the Conversion Date, notice of such issuance shall be given to the Owners of the Outstanding Bonds.

(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 to guarantee payment of the Additional Bonds in the same manner as is provided in the Guarantee 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, 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 and Section 11.5 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 147(a) 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 1986 Bond Proceeds; Disbursements from Project Fund. (a) The proceeds received from the sale of the 1986 Bonds shall be applied in the following manner and priority:

1. the accrued interest received upon delivery of the 1986 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 1986 Bonds;

2. all expenses incurred in the authorization, sale and issuance of the 1986 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 1986 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 1986 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 1986 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 95%) 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 142(a)(4) or Section 142(a)(5) 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 completed or delivered 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 Bank or 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 Bank, 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.

Any money in the Bond Fund or in the Project Fund determined to be surplus and so designated by a Certificate of the Engineer shall be transferred to the Special Redemption Fund to be promptly applied to purchase or redeem Bonds in accordance with the terms of this Section 4.3 upon receipt of such Certificate.

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, the Bank 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 the Trust Estate 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 the third day 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 5.11 hereof;
- (e) all payments specified in Section 4.2(a) of the Agreement;
- (f) any moneys received pursuant to the Guarantee or, subject to the Intercreditor Agreement, the Mortgage; 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 5.11 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. If other moneys are held in the Bond Fund for the same purpose, the Trustee shall pay to the Bank 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) on the date of receipt of a corresponding draw on the Letter of Credit.

Subsequent to the Conversion Date, from and to the extent money is on deposit and held for redemption of Bonds, the Trustee may purchase Bonds then subject to redemption upon tender by the Borrower, but no such purchase shall be made by the Trustee within the period of 60 days next preceding any Redemption Date; the Trustee shall thereafter redeem and retire Bonds then subject to redemption, less the principal amount of such Bonds retired by purchase, at the applicable Redemption Price, plus accrued interest to the Redemption Date.

Section 5.5 Moneys to be Held in Trust. All moneys required to be deposited with or paid to Trustee for the account of any fund referred to in any provision of this Indenture or the Agreement shall be held by Trustee in trust, and except for moneys deposited with or paid to Trustee for the redemption of Bonds, notice of the

redemption of which has been duly given, shall, while held by Trustee, constitute part of the Trust Estate and be subject to the lien or security interest created thereby.

Section 5.6 Custody of Bond Fund. The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable, which authorization and direction the Trustee hereby accepts. While the Letter of Credit is in effect, the Trustee shall advise the Bank of any reduction in the amount of Bonds Outstanding.

Section 5.7 Trustee as Paying Agent and Bond Registrar. The initial Trustee is hereby designated and agrees to act as initial Paying Agent and as initial Bond Registrar for and in respect to the Bonds.

Section 5.8 Payments Due on Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after the stated date for payment.

Section 5.9 Investment of Funds. Money in the Bond Fund (including all accounts therein), shall be invested in Investment Securities in accordance with the written direction of the Borrower; provided, that all proceeds of drawings under the Letter of Credit shall either be held uninvested or be invested solely in Federal Securities maturing on or prior to the date on which such funds will be needed. Such investments shall be made so as to mature on or prior to the date or dates that the Borrower anticipates that money therefrom will be required hereunder. The Trustee shall not be liable or responsible for any loss resulting from any such investment.

Section 5.10 Arbitrage Provision. The Issuer covenants and agrees for the benefit of the Trustee and the Registered Owners of the Bonds that it will not knowingly exercise any powers or fail to exercise any powers granted to it in the Loan Agreement or in this Indenture in such manner as to cause any Bond an "arbitrage bond" as that term is defined in Section 148 of the Code.

Section 5.11 Custody of Separate Trust Fund. As 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 5.12 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 (including the fees and expenses of counsel) 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 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 payable in accordance with their terms.

Section 6.3 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. In a manner consistent with Section 6.9(b)(i) hereof, 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 Trust Estate under this 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 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.

Section 6.10 Compliance with Internal Revenue Code. The Issuer will use its best efforts to comply with all provisions of the Internal Revenue Code in order to assure that interest on the 1986 Bonds will not be included in gross income of any Registered Owner for federal income tax purposes, all from the date of issuance of the 1986 Bonds until the Issuer receives an opinion from nationally recognized bond counsel to the effect that noncompliance with any or all of such provisions specified in the opinion will not cause interest on the Bonds to become taxable; provided, however, that the Issuer shall not be required to take any action that would adversely affect the Issuer or other bonds issued by the Issuer.

Section 6.11 Required Rebate.

(a) **Definitions.** Words and terms used in this Section 6.11 shall have the meanings set forth below and the Internal Revenue Code of 1986, and if not defined below, shall have the meanings set forth in this Trust Indenture or in Section 1.1 of the Loan Agreement. Definitions shall apply whether or not the words or terms have initial capitals, unless the context or use indicates another meaning or intent, and shall apply equally to both the singular and plural forms of any of the words or terms defined:

"Bona Fide Debt Service Fund" means a fund that is used primarily to achieve a proper matching of revenues and debt service within each Bond Year. Such fund must be depleted at least once a year except for a reasonable carryover amount (not to exceed the greater of (A) one year's earnings on the fund or (B) one-twelfth of annual debt service).

"Gross Proceeds" includes, but is not limited to, proceeds of the sale of the Bonds, amounts received (including repayments of principal) as a result of investing the original proceeds of the Bonds and amounts used or expected to be used to pay debt service on the Bonds, including any payments made under the Loan Agreement and received by the Issuer or the Trustee.

"Higher Yielding Investments" means any Investment Property which can reasonably be expected, at the time of issuance of the Bonds, to produce a yield over the term of the Bonds which is materially higher (taking into account any discount or premium) than the yield on the Bonds.

"Investment Property" means investment property as defined in Section 148 of the Code, but such term shall not include any tax exempt bond.

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose for which the Bonds were issued.

"Nonpurpose Obligation" means an obligation other than obligations acquired to carry out the purpose for which the Bonds were issued.

"Rebate Amount" means that amount described in Subsection 6.11(b)(1)(C) hereof.

"Yield" means the yield on the Bonds determined on the basis of the issue price (within the meaning of Section 1273 or 1274 of the Code).

(b) **Rebate Account.** A Rebate Account is hereby established in the Bond Fund.

(1) The Trustee shall keep all records and the Borrower at its own expense retain a certified public accountant to calculate and furnish the following information in accordance with standard accounting practices. The Borrower shall furnish to the Trustee, by October 1 of each Bond Year, a certificate setting forth:

(A) The amount earned on all Nonpurpose Investments. In determining this amount, (1) any gain or loss on the disposition of a Nonpurpose Investment shall be taken into account, and (2) unless the Issuer notifies the Trustee that it has elected otherwise, the amount earned on a Bona Fide Debt Service Fund shall not be taken into account if the gross earnings on such fund for the Bond Year is less than \$100,000.

(B) The Yield on the Bonds for the Bond Year.

(C) The Rebate Amount, which shall be an amount equal to the cumulative sum of:

(i) the excess of the aggregate amount earned on all Nonpurpose Investments (other than investments attributable to an excess described in this subsection (i)), over the amount which would have been earned if all Nonpurpose Investments were invested at a rate equal to the yield on the Bonds, plus (ii) any income attributable to the excess described in subsection (i) above, less any rebate already paid.

(2) There shall be deposited in the Rebate Account, on the April 1 following each Bond Year, commencing on November 1, 1987, the Rebate Amount, from moneys paid by the Borrower.

(3) The Borrower shall instruct the Trustee to pay to the United States the Rebate Amount (or specified portion thereof) unless the Borrower has received an opinion of nationally recognized bond counsel that failure to do so will not cause interest on the Bonds to become taxable for federal income tax purposes, as follows:

(A) On November 1, 1991 and November 1 of every fifth Bond Year thereafter, at least 90% of the Rebate Amount then applicable shall be paid to the United States, and

(B) no later than 60 days following the day on which the last Bond is redeemed, an amount sufficient to pay the remaining balance of the Rebate Amount shall be paid to the United States.

(C) Any deficiency in the Rebate Account as determined by the Trustee upon consultation with a certified public accountant, Bond Counsel or such other consultant as deemed appropriate by the Trustee to assure compliance with applicable Treasury Regulations. Such deficiencies shall be payable from the following sources in the order listed, or at the option of the Borrower, from the source designated by the Borrower: (i) moneys on deposit in the Project Fund; (ii) moneys on deposit in the Bond Fund; or (iii) from funds of the Borrower paid pursuant to Section 10.4 of the Loan Agreement. Such amounts shall be deposited to the Rebate Account within five days of notice from the Trustee to the Borrower stating the amount of such deficiency and requesting the Borrower to designate the source of payment.

(D) The Borrower, through its retained certified public accountant, will determine any rebate to the U.S. Treasury which is required by the Internal Revenue Code. However, the Trustee will be authorized to hire counsel, accountants or experts which the Trustee, in its sole discretion, determines advisable to determine the amount, due dates and any other requirements of the rebate. The Trustee will not be liable for any loss occasioned by its reliance on the instructions of such experts.

ARTICLE VII

REMARKETING PROVISIONS

Section 7.1. Remarketing Agent. (a) The Issuer shall, with the approval of the Borrower, appoint the Remarketing Agent for the Bonds, subject to the requirements set forth in Section 7.2 hereof. The Remarketing Agent shall designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by execution of the Remarketing Agreement delivered to the Issuer, the Trustee, the Guarantor and the Borrower under which the Remarketing Agent will agree, particularly:

- (i) to perform the duties set forth in Section 7.3 hereof; and
- (ii) 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, the Trustee and the Borrower at all reasonable times.

(b) The Issuer shall cooperate with the Trustee, the Bond Registrar, and the Borrower to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified herein and in the Loan Agreement will be made available for the purchase of Bonds presented at the Corporate Trust Office of the Trustee and whereby Bonds, executed by the Issuer and authenticated by the Trustee, shall be made available to the Remarketing Agent to the extent necessary for delivery pursuant to Section 2.3A(g) hereof.

Section 7.2. Qualifications of Remarketing Agent. The Remarketing Agent shall be (a) a bank or trust company organized under the laws of the United States or any State or territory thereof, having a capitalization of at least \$15,000,000 or (b) a member of the National association of Securities Dealers, Inc. having a capitalization of at least \$15,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture and, so long as the Bonds are rated by S&P, either the Remarketing Agent or the parent company of the Remarketing Agent shall have, at the time of the appointment of the Placement Agent, outstanding securities rated in one of the four highest Rating Categories of S&P.

Section 7.3. Duties of Remarketing Agent. The Remarketing Agent shall be required to perform the duties set forth in this Section 7.3:

(a) **Establish the Variable Interest Rate.** On each Interest Determination Date, the Remarketing Agent shall determine the Variable Interest Rate in the manner set forth in Section 2.3A(b) hereof.

(b) **Remarketing Effort.** Upon receipt of notification from the Trustee of its receipt of the notice of a demand as specified in Section 2.3(A)(e) of this Indenture, the Remarketing Agent shall notify the Bank of each purchase demand and will use its best efforts to remarket the Bonds. Any such remarketing must be at a price equal to par plus accrued interest, if any, to the date of delivery. The Remarketing Agent shall not remarket the Bonds to any person if such remarketing activity would result in a violation

of any provision of Federal Securities law or applicable state blue sky law. The Remarketing Agent shall notify the Trustee, the Bank and the Borrower of any remarketing of the Bonds. Such notice shall be by telephone by 4:00 p.m. on the Business Day prior to the purchase date and confirmed in a writing sent by an overnight delivery service satisfactory to the Trustee. If the Remarketing Agent has arranged for the purchase of the Bonds, the Remarketing Agent shall instruct the purchaser that payment must be made on the date specified in the demand or on any later date consented to by the Borrower; provided that provision is made that the Bondholder making the demand will receive payment on the date specified in the demand.

(c) **Fixed Rate Conversion.** Upon notice of a proposed Fixed Rate Conversion received pursuant to Section 2.3B(c) of this Indenture, and so long as no Event of Default under the Indenture has occurred and is continuing, the Remarketing Agent will use its best efforts to remarket the Bonds at the rate, not in excess of 15% per annum, which, in the judgment of the Remarketing Agent would be the interest rate necessary to produce as nearly as practicable a par bid for each Bond (the "Fixed Interest Rate"). The Remarketing Agent shall determine the Fixed Interest Rate in the manner set forth in Section 2.3B(b) hereof, and shall promptly notify the Bondholders, the Bank, the Borrower, the Trustee, and the Issuer of its determination.

Section 7.4. Bond Purchase Account. There is hereby created and established an account which shall be designated the Bond Purchase Account wherein amounts received by the Trustee from the proceeds of the remarketing of Bonds or from drawings under the Letter of Credit shall be deposited and held in trust. Such account shall not constitute a part of the Trust Estate or be subject to the lien of the Indenture but shall be used by the Trustee for the purchase of Bonds pursuant to Section 2.3A(d) or Section 2.3A(f) hereof.

The Trustee shall hold in the Bond Purchase Account, in trust for the benefit of the Bank, all monies drawn under the Letter of Credit for the purchase of Bonds pursuant to Section 2.3A(d) until Bonds purchased with such monies shall have been delivered to or for the account of the Bank, and, after delivery of the Bonds, such amounts shall be held in trust for the sellers of the Bonds purchased with such monies and delivered to such sellers; provided, however, that if interest on the Bonds shall have become due and payable, the Trustee shall deposit to the Bond Fund, from such monies, the amount necessary to pay such interest.

In addition, the Trustee shall hold in the Bond Purchase Account, in trust for the benefit of the Bank, all monies drawn under the Letter of Credit for the purchase of Bonds pursuant to Section 2.3A(f) until Bonds purchased with such monies shall have been delivered to the Custodian; and, after delivery of the Bonds to the Custodian, such monies shall be held in trust for the sellers of the Bonds purchased with such monies and delivered to such sellers; provided, however, that if interest on the Bonds shall have become due and payable the Trustee shall deposit to the Bond Fund, from such monies, the amount necessary to pay such interest.

Amounts described in this Section 7.4 shall be applied in the order of priority set forth in Section 2.3A(f) hereof. To the extent that monies in the Bond Purchase Account are not sufficient to pay for all Bonds delivered pursuant to Section 2.3A(d) or Section 2.3A(f) any monies in the Bond Fund may be used for such purposes.

Section 7.5. Remarketing Agent Not Acting as Underwriter. It is understood and agreed upon by all the parties hereto that the Remarketing Agent is only obligated hereunder to act as agent for the Registered Owner of Bonds which are being remarketed, and to use its best efforts to remarket any tendered Bonds. The Remarketing Agent shall not act as an underwriter for the tendered Bonds and is in no way obligated to advance its own funds to purchase any tendered Bonds.

Section 7.6. Removal of Remarketing Agent and Successor to Remarketing Agent. Any Remarketing Agent may resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days' notice to the Borrower, the Guarantor, the Issuer, the Bank and the Trustee. The Remarketing Agent may be removed at any time upon fifteen (15) days' notice given by an instrument signed by the Issuer, upon the direction of the Borrower, and filed with the Borrower, the Guarantor, the Remarketing Agent, the Bank and the Trustee. The Issuer, with the approval of the Borrower and the Bank, shall appoint a successor Remarketing Agent, which successor shall provide a certificate described in Section 7.1 hereof and shall meet the requirements of Section 7.2 hereof.

In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to its successors or, if there be no successor, to the Trustee.

In the event that the Issuer shall fail to appoint a Remarketing Agent hereunder, or in the event that the Remarketing Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Issuer shall not have appointed its successor as Remarketing Agent, the Trustee, shall ipso facto be deemed to be the Remarketing Agent for all purposes of this Indenture until the appointment by the Issuer of the Remarketing Agent or successor Remarketing Agent, as the case may be; provided, however, that the Trustee, in its capacity as Remarketing Agent, shall not be required to sell Bonds or determine the interest rate on the Bonds pursuant to Section 7.3 hereof.

Section 7.7. Remarketing to or by the Borrower. The Borrower shall have no right to remarket any Bonds except through the Remarketing Agent under this Indenture. The Remarketing Agent shall not remarket any Bonds to the Borrower or the Guarantor while the Letter of Credit is in effect.

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 clauses (a), (e) or (f) of Section 9.1 hereof or if any event shall have occurred which with the lapse of time would constitute such an Event of Default.

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).

Notwithstanding the foregoing, prior to the Conversion Date, Custodial Bonds shall be redeemed prior to any other Bonds.

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, premium, if any, 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, premium, if any, 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, the Borrower, the Bank and the Guarantor or made to the Issuer, the Borrower, the Bank, the Guarantor 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 as defined in the Loan Agreement;

(e) receipt by the Trustee of written notice from the Bank that an Event of Default (as defined thereunder) 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;

(f) receipt by the Trustee prior to 5:00 p.m. (New York City time) on the tenth day following the date of a drawing for interest on the Bonds of written notice from the Bank of a failure to reinstate drawings for interest under the Letter of Credit; or

(g) an Event of Default as defined in 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) or 9.1(f) 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) or 9.1(f) 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 Administration Expenses 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. Provided no Event of Default described in Section 9.1(a) has occurred, the Bank may rescind its notice given pursuant to Section 9.1(e) or (f), and upon receipt of such rescission and (in the case of a default under Section 9.1(f)) reinstatement of the Letter of Credit, the Trustee shall annul the declaration of acceleration as set forth hereinabove.

(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, the Mortgage, 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 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 Bank or the Registered Owners of such Bonds for the enforcement of the provisions of the Note, the Loan Agreement, the Mortgage 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, the Mortgage 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 Bank or Bondholders to Direct Proceedings. With respect to an Event of Default under Section 9.1(e) or (f), the Bank or 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. In the event of a conflict between the directions of the Bank and those of the Bondholders, with respect to an Event of Default described in Section 9.1(e) or (f), the directions of the Bank shall prevail, and with respect to any other Event of Default, the directions of the Bondholders shall prevail. Notwithstanding, so long as no Event of Default described in Section 9.1(a), (e) or (f), the Trustee shall not be empowered to accelerate the principal on the Bonds as a remedy hereunder absent written consent of the Bank.

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, the Bank 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, the Bank or 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, the Bank 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, the Bank or the Registered Owners of the Bonds.

Section 9.9 Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article (except as to required deposits into the Rebate Account) shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys in the Bond Fund shall be applied, as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared 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 on the Bonds (other than installments of interest on Bonds with respect to the payment of which moneys or Federal Securities are set aside in the special account in the Bond Fund), in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment to the persons entitled thereto, without any discrimination or privilege; and

SECOND to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than principal of Bonds with respect to the payment of which moneys or Federal Securities are set aside in the special account in the Bond Fund), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and the interest then due and unpaid upon the Bonds (other than principal of and the interest on Bonds with respect to the payment of which moneys or Federal Securities are set aside in the special account in the Bond Fund), 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 Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.9, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Registered Owner of any Bond until such Bond shall be presented to the Trustee.

Whenever all Bonds and the interest thereon have been paid under the provisions of this Section and all expenses and charges of the Trustee and paying agent have been paid, any balance remaining in the two accounts in the Bond Fund shall be paid to the Bank or the Borrower as provided in Section 5.12.

ARTICLE X

TRUSTEE; PAYING AGENT; REGISTRAR

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;

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

(l) the Trustee will have the right to assume (i) no default other than that of payment, absent notice from the Issuer, the Borrower, the Remarketing Agent or the Bank to a responsible officer, and (ii) no act of bankruptcy absent actual notice.

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 Issuer shall cause the Borrower to pay the Trustee reasonable compensation for its services hereunder, and also its reasonable expenses and disbursements. If the Borrower shall have failed to make any such payment, 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 and Issuer 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 for cause by the Issuer, with or without direction of the Borrower, 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, the Bank 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, the Bank and the Borrower subject to paragraph (a) hereof, such appointment shall take effect at any time commencing 30 days thereafter as may be specified in 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, the Bank 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 \$100,000,000 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, the Bank 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, with the approval of the Borrower (so long as no Event of Default exists hereunder) 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. The Trustee, with the approval of the Borrower (so long as no Event of Default exists hereunder) shall have the right to remove the Co-Trustee.

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.

Section 10.10 Paying Agent; Co-Paying Agents. The Issuer shall, with the approval of the Borrower, appoint the Paying Agent for the Bonds and may at any time or from time to time, with the approval of the Company, appoint one or more Co-Paying Agents for the Bonds, subject to the conditions set forth in Section 10.11 hereof. The Paying Agent and each Co-Paying Agent shall designate to the Trustee its Principal Office and signify its acceptance for the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer and the Trustee under which such Paying Agent or Co-Paying Agent will agree, particularly:

(a) to hold all sums held by it for the payment of the principal of and premium, if any, or interest on Bonds in trust for the benefit of the Owners of the Bonds until such sums shall be paid to such Owners for the Bonds or otherwise disposed of as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the Issuer, the Trustee and the Company at all reasonable times and, in the case of a Co-Paying Agent, to promptly furnish copies of such books and records to the Paying Agent; and

(c) in the case of a Co-Paying Agent, upon the request of the Paying Agent, to forthwith deliver to the Paying Agent all sums so held in trust by such Co-Paying Agent.

The Issuer shall cooperate with the Trustee and the Borrower to cause the necessary arrangements to be made and to be thereafter continued whereby funds will be made available for the payment when due of the Bonds as presented at the Principal Offices of the Paying Agent and the Co-Paying Agents.

Section 10.11 Qualifications of Paying Agent and Co-Paying Agents; Resignation; Removal. The Paying Agent and any Co-Paying Agent shall be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$15,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The Paying Agent and any Co-Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days' notice to the Issuer, the Bank, the Borrower and the Trustee. The Paying Agent and any Co-Paying Agent may be removed at any time, at the direction of the Borrower, by an instrument, signed by the Issuer, filed with the Paying Agent or such Co-Paying Agent, as the case may be, and with the Trustee and the Bank.

In the event of the resignation or removal of the Paying Agent or any Co-Paying Agent, the Paying Agent or such Co-Paying Agent, as the case may be, shall pay over, assign and deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Issuer shall fail to appoint a Paying Agent hereunder, or in the event that the Paying Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Paying Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Issuer shall not have appointed its successor as Paying Agent, the trustee shall ipso facto be deemed to be the Paying Agent for all purposes of this Indenture until the appointment by the Issuer of the Paying Agent or successor Paying Agent, as the case may be.

Section 10.12 Bond Registrar. The Issuer shall, with the approval of the Borrower, appoint the Bond Registrar for the Bonds, subject to the conditions set forth in Section 10.13 hereof. The Bond Registrar shall designate to the Trustee its Corporate Trust Office and each successor Bond Registrar shall signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer and the Trustee under which such Bond Registrar will agree, particularly, 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, the Trustee and the Company at all reasonable times.

The Issuer shall cooperate with the Trustee and the Borrower to cause the necessary arrangements to be made and to be thereafter continued whereby Bonds, executed by the Issuer and authenticated by the Trustee, shall be made available for exchange, registration and registration of transfer at the Corporate Trust Office of the Bond Registrar. The Issuer shall cooperate with the Trustee, the Bond Registrar and the Borrower to cause the necessary agreements to be made and thereafter continued whereby the Paying Agent, and Co-Paying Agent, and the Remarketing Agent shall be furnished such records and other information, at such times, as shall be required to enable the Paying Agent, such Co-Paying Agent, and the Placement Agent to perform the duties and obligations imposed upon them hereunder.

Section 10.13 Qualifications of Bond Registrar; Resignation; Removal. The Bond Registrar shall be a corporation duly organized under the laws of the

United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$15,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The Bond Registrar may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days' notice to the Issuer, the Trustee, the Bank and the Company. The Bond Registrar may be removed at any time, at the direction of the Company, by an instrument, signed by the Issuer, filed with the Bond Registrar and the Trustee and the Bank.

In the event of the resignation or removal of the Bond Registrar, the Bond Registrar shall deliver any Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Issuer shall fail to appoint a Bond Registrar hereunder, or in the event that the Bond Registrar shall resign or be removed, or be dissolved, or if the property or affairs of the Bond Registrar shall be taken under the control of any state or federal court or administrative body because of the bankruptcy or insolvency, or for any other reason, and the Issuer shall not have appointed its successor as Bond Registrar, the Trustee shall ipso facto be deemed to be the Bond Registrar for all purposes of this Indenture until the appointment by the Issuer of the Bond Registrar or successor Bond Registrar, as the case may be.

Section 10.14 Several Capacities. Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Paying Agent or a Co-Paying Agent, the Bond Registrar and the Remarketing Agent and in any other combination of such capacities to the extent permitted by law.

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, with the consent of the Borrower, 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; or

(7) to make any changes required by Moody's or S & P in connection with their respective rating of the Bonds; or

(8) to conform to requirements in any law enacted in the current session of the Congress of the United States of America in order to assure that interest on the 1986 Bonds will not become includable in gross income for federal income tax purposes;

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, or for the purposes described in Section 11.1(7) or (8) hereof.

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, nor shall there be any documents supplemental thereto 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 bear 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. If such Bonds bear interest at the Variable Rate they shall be deemed Outstanding unless (a) the Registered Owners have waived their right to require the Bonds to be repurchased prior to maturity or any scheduled redemption date or (b) the Letter of Credit or other credit facility meeting the requirements of an Alternate Letter of Credit under Section 4.5(b) of the Loan Agreement supplied by the Borrower remains in effect for the purpose of providing funds for any required purchase of Bonds prior to maturity or scheduled redemption, in at least the amounts initially required under the Letter of Credit, but only with respect to the Bonds Outstanding at the time of such deposit under this Section.

No payment shall be made or provided for by deposit under this Section 12.1 from any source except from a drawing on the Letter of Credit 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 (at the direction of the Borrower) 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 (maturing not less than 30 days from the date of investment) 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 and the Issuer 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.

Section 13.4 Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Indenture.

Section 13.5 Governing Law. The laws of the State shall govern this Indenture; provided however, the rights, immunities and obligations of the Trustee shall be governed by the laws of the State of New York.

Section 13.6 No Liability on General Credit of Issuer. No provision, covenant or agreement contained in this Indenture or in the Bonds, or any obligations herein or therein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit or taxing powers or a pecuniary liability upon a member of the Issuer or upon the officers, agents and employees of the Issuer nor shall they be liable personally on the Bonds or for any act or omission related to the authorization and issuance of the Bonds. In making the agreements, provisions and covenants set forth in this Indenture, the Issuer has not obligated itself except with respect to the application of the Trust Estate.

Section 13.7 Term of Bank's Rights. All rights of the Bank under this Indenture shall exist only so long as the Letter of Credit is in effect or any amount is due and owing from the Borrower to the Bank under the Reimbursement Agreement.

IN WITNESS WHEREOF, St. Johns County, Florida and Chemical Bank 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: _____
Member
Board of County Commissioners

Attest:

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

STATE OF NEW YORK

COUNTY OF NEW YORK

On this ____ day of November, 1986, before me personally came Harry Waldron and Carl "Bud" Markel, to me known, who, being by me duly sworn, did depose and say that they are a Member of 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 authority of the Issuer; and they signed their names thereto on behalf of the Issuer by like authority.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this ____ day of November, 1986.

Notary Public
My Commission Expires: _____

CHEMICAL BANK

(SEAL)

By: _____
Senior Trust Officer

Attest:

Trust Officer

STATE OF NEW YORK

COUNTY OF NEW YORK

On the ____ day of November, 1986, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that he is a Senior Trust Officer of Chemical Bank, 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 November, 1986.

Notary Public
My commission expires: _____

EXHIBIT A

General Project Description

The proceeds of such bond issue will be used to finance the design and construction of a new water treatment plant and pumping station to be located on Flora Branch Blvd., construction of additional water distribution systems, design and construction of a new wastewater treatment plant, effluent disposal pond to be located on Davis Pond Blvd., a pump station and force main for disposal of treated effluent and construction of additional wastewater collection systems, all to be located in the Julington Creek area of St. Johns County, Florida.

EXHIBIT B

NOTICE OF CONVERSION TO FIXED INTEREST RATE

\$ _____ St. Johns County, Florida
Variable Rate Demand Utility Revenue Bonds, Series 1986
(General Development Utilities, Inc. Project)

Notice is hereby given that the rate of interest on the captioned issue of Bonds (the "Bonds") will be converted on _____, to a Fixed Rate of interest pursuant to the provisions of the Bonds and the Trust Indenture (the "Indenture"), dated as of November 1, 1986, between St. Johns County, Florida and Chemical Bank, as trustee. Pursuant to the Bonds, notice is hereby given that:

1. The effective date of the conversion to the Fixed Rate will be _____ (the "Conversion Date").
2. On and after the Conversion Date, the Bonds will bear interest at a fixed rate of interest (the "Fixed Rate") determined on _____ (the "Fixed Rate Calculation Date") in the manner provided in the Indenture. You will be informed by the Remarketing Agent of the Fixed Rate.
3. After the Conversion Date, you will no longer have the right to require payment of the purchase price of the Bonds by the Remarketing Agent or the Trustee.
4. All Bonds will be deemed to have been tendered on the Conversion Date for redemption by the Trustee at a price of par plus accrued interest except for (i) Bonds which the Registered Owner thereof has notified the Trustee in the manner described below of his election to retain such Bonds, (ii) Bonds which are remarketed by the Remarketing Agent at the Fixed Rate, or (iii) Bonds which the Borrower elects to purchase pursuant to the Indenture.
5. The Letter of Credit described in the Bonds will expire 15 days following the Conversion Date. (If applicable, add the following sentence.) After expiration of the Letter of Credit and repayment of all obligations to the issuer of the Letter of Credit, the Bonds will no longer be secured by the Mortgage or by the Security Agreement and Assignment of Contracts described in the Bonds.
6. The ratings of these Bonds by Moody's or Standard & Poors may be withdrawn or reduced as a result of the expiration of the Letter of Credit.
7. (If applicable.) In accordance with the terms of the Indenture, the Bonds will be subject after conversion to mandatory redemption in part at the principal amount thereof plus accrued interest to the redemption date. The schedule for such amortization shall be as follows:

(Insert Amortization Schedule)

In order to retain Bonds after the Conversion Date, a Registered Owner must notify the Trustee at 55 Water Street, New York, New York 10041 Attention: Trustee Administration Department, in writing received no later than (date three Business Days prior to Conversion Date) stating: (a) the Bond numbers and principal amounts of the Bonds which the Registered Owner thereof wishes to retain after the Conversion Date; (b) that the Registered Owner has received this notice and recognizes that the events set forth in this notice will occur and that the rating assigned to the Bonds based on the Letter of Credit will no longer apply; and (c) that the Registered Owner thereof wishes to continue to own the Bonds specified in the notice after the Conversion Date. Such notice is irrevocable and binding upon subsequent Registered Owners of the Bonds to which such notice is applicable.

Registered Owners of Bonds who do not provide said notice shall be required to tender their Bonds to the Trustee on the Conversion Date for purchase or redemption on the Conversion Date at a price of par plus accrued interest to the Conversion Date (the "Purchase or Redemption Price").

IN THE EVENT OF A FAILURE BY A REGISTERED OWNER OF BONDS (OTHER THAN A REGISTERED OWNER OF BONDS WHICH HAS GIVEN NOTICE AS PROVIDED ABOVE) TO DELIVER ITS BONDS ON OR PRIOR TO THE CONVERSION DATE, SAID REGISTERED OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE CONVERSION DATE) OTHER THAN THE PURCHASE OR REDEMPTION PRICE FOR SUCH UNDELIVERED BONDS, AND ANY UNDELIVERED BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE INDENTURE, EXCEPT FOR THE PURPOSE OF PAYMENT OF THE PURCHASE OR REDEMPTION PRICE THEREFOR.

Terms used herein with initial letters capitalized and not otherwise defined are used with the meanings assigned to them in the Indenture.

Dated:

**CHEMICAL BANK,
AS TRUSTEE**

EXHIBIT D

LOAN AGREEMENT

by and between

ST. JOHNS COUNTY, FLORIDA

and

GENERAL DEVELOPMENT UTILITIES, INC.

Dated as of November 1, 1986

Securing
\$3,500,000
Variable Rate Demand Utility Revenue Bonds, Series 1986
(General Development Utilities, Inc. Project)

LOAN AGREEMENT

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VARIABLE RATE DEMAND UTILITY REVENUE BONDS, SERIES 1986
(GENERAL DEVELOPMENT UTILITIES, INC. PROJECT)**

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LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of November 1, 1986, 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 \$3,200,000 aggregate principal amount of its Variable Rate Demand Utility Revenue Bonds, Series 1986 (General Development Utilities, Inc. Project) (the "1986 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 1986 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 Chemical Bank, 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 1986 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

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Rev.11/10/85
Rev.11/16/85
Rev.12/04/85
Rev.12/05/85
Rev.12/13/85
Rev.01/23/86
Rev.03/20/86
Rev.04/23/86
Rev.10/09/86
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WHEREAS, General Development Corporation, a Delaware corporation (the "Guarantor", as hereinafter defined) has executed and delivered to the Issuer and 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 meanings set forth in Section 1.2 of the Indenture or in this Section, unless the context clearly indicates a different meaning:

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

"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.

"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.

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 \$3,200,000 aggregate principal amount of the 1986 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 1986 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, the Note and the Mortgage, and its performance of its duties and obligations contained therein and herein have been duly taken, and this Agreement, the Note and the Mortgage (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, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles relating to or limiting creditors' rights generally.

(b) The Borrower has furnished to the Issuer a consolidated financial statement as of December 31, 1985, 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 in the County, 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 October 8, 1986, 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 collection, storage, treatment, utilization, processing, or final disposal of sewage and for the furnishing of water, all of 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 Issuer, 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.

(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 1986 Bonds.

(k) At least ninety-five percent (95%) of the proceeds of the sale of the 1986 Bonds (exclusive of amounts disbursed to pay or reimburse costs incurred in connection with the issuance of the 1986 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. No more than two per cent (2%) of the aggregate face amount of the 1986 Bonds will be used to pay Costs of Issuance.

(l) No part of the Project was placed in service more than one year prior to the date of issue of the Series 1986 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.

(q) The Borrower warrants that no proceeds from the sale of the Bonds shall be used to provide any airplane, skybox or other private luxury box, facility primarily used for gambling, private health club or store the primary business of which is the sale of alcoholic beverages for consumption off premises.

(r) The Borrower shall not cause the proceeds of the Bonds to be used or applied in such a manner as to cause the Bonds to become "arbitrage bonds" as defined by the Code.

(s) The average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project as described in the Code.

(t) The Borrower covenants that less than twenty-five percent (25%) of the proceeds of the Bonds are to be used directly or indirectly for the acquisition of land not used for farming purposes, or any interest therein.

(u) The Borrower covenants that, if any portion of the proceeds of the Bonds is to be used for the acquisition of any building (and the equipment therefor), the rehabilitation expenditures, as defined in the Code, with respect to such building equals or exceeds fifteen percent (15%), and in the case of facilities other than a building equals or exceeds one hundred percent (100%), of the portion of the cost of acquiring such building or facility (and equipment) financed with the proceeds of the Bonds.

(v) No capital expenditures as described in the Code ("Capital Expenditures") have been paid or incurred in the three years preceding the date of the issuance of the Bonds with respect to the Project or any facilities which are located within the territorial limits of the Issuer and of which the Borrower or any Person related to the Borrower within the meaning of the Code will be a "principal user," as that term is used in the Code, the amounts of which, when added to the aggregate amount of the Bonds

will exceed \$10,000,000 or such higher amount as may be authorized by the Code as applicable to the Bonds.

(w) Borrower covenants that at no time during any Bond Year will the aggregate amount of Gross Proceeds as defined in Treasury Regulations, Section 1.103-15AT) of the Bonds invested in Nonpurpose Obligations (as defined in Treasury Regulations, Section 1.103-15AT) with a yield higher than the yield on the Bonds exceed 150 percent of the Debt Service (as defined in Treasury Regulations Section 1.103-15AT) on the Bonds for such Bond Year. Borrower further covenants that the aggregate amount of Gross Proceeds of the Bonds invested in Nonpurpose obligations with yield higher than the yield on the Bonds will be "promptly and appropriately reduced" (within the meaning of Treasury Regulations, Section 1.103-15AT) as the amount of principal of the Bonds is reduced. Borrower will give timely directions to enable the Trustee to complete any necessary sales or disposals of Nonpurpose Obligations in order to comply with the provisions of Treasury Regulations, Section 1.103-15AT.

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 \$3,200,000. The Loan shall be evidenced by the Note in the aggregate principal amount of \$3,200,000 in the form attached hereto as Exhibit "B". The Borrower shall make payments in satisfaction of said Note as hereinafter 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, the Mortgage 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 that may be 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 1986 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 1986 Bonds and all other costs and for paying the Cost of the Project, the Issuer agrees that it will sell and cause to be delivered to the purchasers thereof, \$3,200,000 aggregate principal amount of 1986 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 Project in accordance with Section 3.3 hereof.

The Borrower, as an independent contractor and not as agent of the Issuer, 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 1986 Bond 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 Specifications 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 received or inspected such contractor affidavits as are described in the Florida Mechanics Lien law and 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 and the surplus funds in the Project Fund for redemption of outstanding bonds upon receipt of a certificate of the Engineer pursuant to Sections 4.1 and 4.3 of the Indenture. 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 1986 Bonds will be applied in full to pay the Costs of the Project. In the event the proceeds derived from the sale of the 1986 Bonds including proceeds, if any, from Additional Bonds, are insufficient to pay in full all Costs of the Project, 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." In no event shall the Completion Date be later than November 1, 1989. 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 1986 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 1986 Bonds on such Payment Date in accordance with the terms thereof; and

(ii) The principal amount of all 1986 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 1986 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, the Note 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 1986 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 1986 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 including the fees and expenses of counsel, 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 1986 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 1986 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 three (3) 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 1986 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 (i) the Borrower must furnish to the Trustee written evidence from Moody's, if the 1986 Bonds are rated by Moody's, or S & P if the 1986 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 withdrawal of or a reduction in its ratings of the 1986 Bonds or alternatively (ii) if such substitution results in a withdrawal of or a reduction in its ratings the Trustee shall provide each Owner of the 1986 Bonds and any Additional Bonds written notice, transmitted by certified mail (return receipt requested) both 30 days and 15 days prior to such substitution, which notice shall state as follows:

1. The name of the issuer of the proposed Alternate Letter of Credit (or other proposed credit facility).
2. The investment rating of such issuer.
3. That the Trustee will, absent affirmative notice from the Owner that it does not want the Trustee to repurchase or redeem Bonds owned by it, repurchase or redeem such Bonds on the Interest Payment Date next preceding the termination of the Letter of Credit at par plus accrued interest to such date.
4. The rating on the Bonds may be reduced or withdrawn as a result of such substitution.

Prior to any delivery of an Alternate Letter of Credit the Borrower shall also provide thirty-five (35) days prior written notice to the Trustee, the Bank and the Remarketing Agent.

Section 4.6 Mortgage. Simultaneously with the execution and delivery of this Agreement, the Borrower shall deliver to the Bank, the Trustee and the Co-Trustee or their respective assigns, as additional security for the Bonds, the Mortgage, together with title insurance insuring said mortgage lien, or at the option of the Borrower, an opinion of counsel acceptable to the Bank and the Trustee as to title. The requirements of this Section may be waived in writing by the Bank and the Trustee.

ARTICLE V

INDEMNIFICATION OF ISSUER; INSURANCE

Section 5.1 Release and Indemnification Covenants. The Borrower releases the Issuer and as appropriate, the Registrar, Paying Agent and 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 Registrar, Paying Agent and 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 or the Note; (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; provided, however, that such indemnity shall not be effective with respect to the Issuer to the extent of the Issuer's own gross negligence or intentional misconduct.

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 lawfully 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, except a judgment resulting from the Issuer's intentional misconduct or gross negligence.

(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 1986 Bonds at par unless all of the Outstanding 1986 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. Any redemption of Bonds prior to the Conversion Date shall be accomplished pursuant to Section 2.3A(c) of the Indenture.

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. Any redemption of Bonds prior to the Conversion Date shall be accomplished pursuant to Section 2.3A(c) of the Indenture.

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 of Project. (a) The Borrower covenants and agrees to maintain and operate the Project as a "project" within the meaning of the Act.

(b) The Borrower shall keep and maintain the Project in good repair and operating condition as the completion of the Project and the operation of the Project permits, reasonable wear and depreciation excepted, at its own expense in each instance. The Borrower shall from time to time make all needful and proper repairs, renewals and replacements to the Project. The Borrower shall have the right, at its own expense, to make any alterations or improvements in the Project, provided that neither the value of the Project nor its utility for the purpose intended is thereby impaired.

Section 6.7 Taxes, Other Governmental Charges and Utility Charges. The Borrower will pay, or cause to be paid, as the same respectively become due, (i) all ad valorem taxation by the State or by any political subdivision thereof or special district therein and all other taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the System, or any personal property installed or brought by the Borrower on the System (including, without limiting the generality of the foregoing, any taxes levied on or with respect to the income or profits of the Borrower from the System, and any other taxes levied upon or with respect to the System which, if not paid, will become a lien on the System, prior to or on a parity with the lien of the Indenture (ii) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the System, and (iii) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the System; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Borrower shall be obligated to pay only such installments as are required to be paid during the term of this Agreement.

The Borrower may, at its own expense and in its own name, in good faith contest any such taxes, assessments and other charges, and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom, if the Trustee is furnished with an opinion of counsel reasonably satisfactory to the Trustee that by such action the System shall not be materially endangered nor shall any part thereof be in danger of becoming subject to loss or forfeiture.

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 or the Note 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. For so long as the Letter of Credit is outstanding there shall be no amendment to this Agreement without the Bank's prior written consent.

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 at all reasonable times 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 Trustee and to the Issuer upon their request 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 Borrower deliver to the Trustee and the Issuer an opinion of nationally recognized bond counsel to the effect that such transaction will not adversely affect the legality, validity or tax-exempt status of the 1986 Bonds; 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 or the Mortgage.

(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 involving a liability of \$1,000,000 or more 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 written notice from the Bank that an Event of Default as defined in the Reimbursement Agreement has occurred and is continuing and that such Event of Default is to be treated as an Event of Default under the Loan 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) Additionally, the Trustee may, in the manner provided in the Indenture, 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. Upon the same terms and subject to the same limitations as provided in the Indenture for acceleration of the Bonds, the Trustee shall upon the occurrence of certain Events of Default, and may upon the occurrence of certain other Events of Default 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. The foregoing rights and duties shall, however, be subject to the right of the Trustee, as provided in the Indenture, to annul such declaration and destroy its effect at any time.

(b) The Trustee may proceed to protect and enforce its rights and the rights of the Registered Owners of the Bonds hereunder and (subject to the limitations in the Mortgage) under the Mortgage, and under the Bonds, by a suit or suits, whether for the specific performance of any covenant or agreement herein or in the Mortgage contained or in execution or aid of any power granted herein or in the Mortgage or for the collection of all amounts due under the Guarantee or for the enforcement of any other proper, legal or equitable remedy hereunder or with respect to the Trust Estate, 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, the Note or the Mortgage 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 10.1 General Covenant with Respect to Tax Exemption. 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 as specified in the opinion of Bond Counsel) under the Internal Revenue Code of 1986 (the "Code"). The Borrower covenants to comply with all provision of the Internal Revenue Code of 1986 and any regulations promulgated thereunder from the date of issuance of the Bonds until the Borrower receives an opinion from nationally recognized bond counsel to the effect that noncompliance with any or all of such provisions specified in the opinion will not cause interest on the Bonds to become taxable. Reference to Treasury Regulations issued under the Internal Revenue Code of 1954 shall include equivalent regulations issued under the Code. This covenant includes, but is not limited to, the specific covenants described in Section 10.2 hereof.

Section 10.2 Specific Requirements of Tax Exemption. In addition to the representations and warranties contained in Section 1.3 hereof, the Borrower represents and warrants as follows:

(a) The Borrower represents and covenants that it has not previously done any act that would cause the interest payable on the 1986 Bonds to be included in the gross income of the Registered Owners thereof for federal income tax purposes.

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

Section 10.3 Payment Upon Determination of Taxability.

(a) An event of taxability ("Event") shall mean a failure by the Borrower to observe any covenant, agreement or representation in this Agreement which cause 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 the Code).

(b) A "Determination of Taxability" shall mean a final 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.

(c) 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 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.

(d) 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.

(e) The obligation of the Borrower to pay the amounts required to be paid in this Section 10.3 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.

Section 10.4 Covenant Regarding Calculation and Payment of Rebate. The Borrower will take all required action and make all required payments into the Rebate Account, as are required of it under Section 6.11 of the Indenture to ensure compliance with applicable provisions of the Code and applicable regulations and rulings thereunder relating to rebate of amounts to the United States.

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 Trust Indenture. The Borrower hereby approves and accepts the terms of the Indenture and agrees to do and perform all acts and things contemplated in the Indenture to be done or performed by the Borrower.

Section 11.7 No Liability on General Credit of Issuer. No provision, covenant or agreement contained in this Loan Agreement, or any obligations herein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit or taxing powers or a pecuniary liability upon a member of its governing body or upon the officers, agents and employees of the Issuer not shall they be liable personally for any act or omission related to the authorization and execution of this Loan Agreement. Recourse to the Issuer hereunder is limited solely to the Trust Estate created under the Indenture.

Section 11.8 Governing Law. This Agreement is made and entered into under, and shall be construed in accordance with, the laws of the State.

Section 11.9 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 and the Bank, 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 and the Bank. The Issuer, the Bank, 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: _____
Member
Board of County Commissioners

Attest:

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

STATE OF NEW YORK

COUNTY OF NEW YORK

On the ____ day of November, 1986, before me personally came Harry Waldron and Carl "Bud" Markel, to me known, who, being by me duly sworn, did depose and say that they are a Member of and Clerk of the Board of County Commissioners of the Issuer, respectively, described in and which executed the foregoing instrument; that they know 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 they signed their names thereto on behalf of the Issuer by like authority.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this ____ day of November, 1986.

(SEAL)

Notary Public
My Commission Expires: _____

GENERAL DEVELOPMENT UTILITIES, INC.

By: _____
Treasurer

(SEAL)

ATTEST:

Assistant Secretary

STATE OF NEW YORK

COUNTY OF NEW YORK

On the ____ day of November, 1986, 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 November, 1986.

(SEAL)

Notary Public
My commission expires: _____

EXHIBIT A

General Project Description

The proceeds of such bond issue will be used to finance the design and construction of a new water treatment plant and pumping station to be located on Flora Branch Blvd., construction of additional water distribution systems, design and construction of a new wastewater treatment plant, effluent disposal pond to be located on Davis Pond Blvd., a pump station and force main for disposal of treated effluent and construction of additional wastewater collection systems, all to be located in the Julington Creek area of St. Johns County, Florida.

EXHIBIT "B"

PROMISSORY NOTE

Date: November 12, 1986

For value received, **GENERAL DEVELOPMENT UTILITIES, INC.**, a Florida corporation ("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 Three Million Two Thousand Dollars (\$3,200,000), together with interest and other amounts from the date hereof as specified in the Loan Agreement dated as of November 1, 1986 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 Chemical Bank, as Trustee under the Indenture.

This Note is evidence of the Loan described in the Loan Agreement and part of the Trust Estate created by the Indenture, all of which is provided for and set forth in the Loan Agreement and the Indenture. The Borrower irrevocably and unconditionally promises and agrees to make payments hereunder sufficient to pay all of the principal of, premium, if any, and interest on the 1986 Bonds when and as the same become due and to timely pay all other sums required to be paid by the Borrower under the terms and provisions of the Loan Agreement, the Mortgage and the Indenture, including, without limitation, the payment of the purchase price of the 1986 Bonds by the Remarketing Agent and all Administration Expenses. 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 of Default which under the terms of the Loan Agreement or Indenture has been so declared to constitute an Event of Default. Upon the occurrence of an Event of Default and such declaration of same, 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.
a Florida corporation

By: _____
Treasurer

(SEAL)

ATTEST:

Assistant Secretary

ASSIGNMENT TO TRUSTEE

For value received the undersigned hereby sells, assigns and transfers unto Chemical Bank, 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 November 1, 1986.

ST. JOHNS COUNTY, FLORIDA

By: _____
Member
Board of County Commissioners

Attest:

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

EXHIBIT F

GUARANTEE AGREEMENT

by

GENERAL DEVELOPMENT CORPORATION

to

CHEMICAL BANK
Trustee

and

ST. JOHNS COUNTY, FLORIDA

Dated as of November 1, 1986

In connection with the issuance of
\$3,200,000 St. Johns County, Florida
Variable Rate Demand Utility Revenue Bonds, Series 1986
(General Development Utilities, Inc. Project)

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GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT, made as of the first day of November, 1986, from **GENERAL DEVELOPMENT CORPORATION**, a Delaware corporation (the "Guarantor"), to **CHEMICAL BANK**, a corporation 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 1986 (General Development Utilities, Inc. Project), in an aggregate principal amount of \$3,200,000 (the "1986 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 1986 Bonds, in an aggregate principal amount of \$3,200,000 and under which the Borrower is agreeing 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 1986 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 issuance of the 1986 Bonds, if any, which are not paid out of the proceeds of the 1986 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 1986 Bonds and any Additional Bonds (as defined in the Loan Agreement) which may hereafter be issued pursuant to the Indenture (the 1986 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 Loan 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 1986 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 1986 Bonds and to loan the proceeds of the 1986 Bonds to the Borrower, in order to induce the purchase of the 1986 Bonds by the purchasers thereof and by all other persons who from time to time shall become Registered Owners of the 1986 Bonds, in order to enhance the marketability of the 1986 Bonds, and thereby obtain a lower interest rate on the 1986 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 1986 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, | Chemical Bank
55 Water Street
New York, New York 10041
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 and Issuer.

Section 1.06. Parties Accept the Loan Agreement, the Indenture and the 1986 Bonds.

The parties hereto accept the terms and provisions of the Loan Agreement, the Indenture and the 1986 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 Event of 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, but shall not be required to, 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.

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 or the State of New York 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, the Issuer, or any Registered Owner of Bonds to serve legal process in any other manner permitted by law or affect the right of the Trustee, the Issuer, 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, provided, however, that the rights and obligations of the Trustee shall be governed by the laws of the State of New York.

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, the Loan Agreement 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, the Loan Agreement, 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, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles relating to or limiting creditors' rights generally; and

(d) the consolidated financial statements as of December 31, 1985, of the Guarantor, provided by the Guarantor to the Issuer and the Trustee accurately reflect the financial condition of the Guarantor as of their respective dates and there has been no material adverse change in the financial condition of the Guarantor since such date.

Section 2.03. Affirmative Covenants.

The Guarantor covenants and agrees that, unless the Trustee and Issuer 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 and shall notify the Trustee of such payment, 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 Remarketing Agent, 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 (uncured within any applicable grace period) by the Borrower or the Issuer of any warranty, covenant, term or condition in, or the occurrence of any default (uncured within any applicable grace period) hereunder or under the Loan Agreement, the Indenture or the Guaranteed Bonds by the Borrower or the Guarantor, 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, the Borrower 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) failure to make any payment required under this Agreement (including the payments under Section 3.01 hereof) that has become due and payable by the terms hereof;

(b) the occurrence of an event which constitutes an Event of Default under the Indenture which has the effect of accelerating payment of the Bonds;

(c) 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 sixty (60) days after notice thereof by the Trustee, the Issuer or any Bondholder;

(d) the dissolution or liquidation of the Guarantor or the filing by the Guarantor of a voluntary petition in bankruptcy, or failure by the Guarantor promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its business operations; the Guarantor's seeking of or consenting to or acquiescing in the appointment of a receiver of all or substantially all its property; or the commission by the Guarantor of any Act of Bankruptcy; or adjudication of the Guarantor as a bankrupt or insolvent; or any assignment by the Guarantor for the benefit of its creditors; or the entry by the Guarantor 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 Guarantor 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 Guarantor" as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Guarantor resulting either from a merger or consolidation of the Guarantor into or with another corporation or a dissolution or liquidation of the Guarantor following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such actions as herein or in the Loan Agreement provided.

Section 4.02. Remedies.

The Trustee, the Issuer and any of the Bondholders shall be entitled to enforce this Agreement and exercise remedies hereunder only 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 (for the amounts due under Article III 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 involves 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 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 Events 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 an Event of 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:

Assistant Secretary

Accepted:

CHEMICAL BANK

By: _____
Corporate Trust Officer

Accepted:

ST. JOHNS COUNTY, FLORIDA

By: _____
Member
Board of County Commissioners

Attest:

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