

RESOLUTION # 87-194

A RESOLUTION AMENDING AND SUPPLEMENTING RESOLUTION NO. 87-141 OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, ADOPTED JULY 14, 1987, ENTITLED: "RESOLUTION PROVIDING FOR THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF A PUBLIC GOLF COURSE IN ST. JOHNS COUNTY, FLORIDA; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$3,500,000 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 1987A, TO FINANCE THE COST THEREOF; PLEDGING THE PARI-MUTUEL TAXES AND THE GUARANTEED ENTITLEMENT TO STATE REVENUE SHARING TRUST FUNDS PAYABLE ANNUALLY TO THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY AND ALL MONEYS ON DEPOSIT TO THE CREDIT OF THE SINKING FUND CREATED HEREUNDER AND THE EARNINGS ON THE INVESTMENT THEREOF TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; AUTHORIZING A NEGOTIATED SALE OF THE BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE OWNERS OF THE BONDS; AND PROVIDING AN EFFECTIVE DATE;" FOR THE PURPOSE OF EFFECTING CERTAIN AMENDMENTS THERETO TO IMPROVE THE MARKETABILITY OF THE BONDS; CANCELLING AUTHORITY FOR THE ISSUANCE OF \$360,000 PRINCIPAL AMOUNT OF THE BONDS; ACCEPTING THE DISCLOSURE STATEMENT OF THE BOND PURCHASERS AND AUTHORIZING A NEGOTIATED SALE OF THE BONDS AND THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT TO THE BONDS; APPOINTING THE REGISTRAR AND PAYING AGENT FOR THE BONDS, APPROVING A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE BONDS AND AUTHORIZING A FINAL OFFICIAL STATEMENT WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. DEFINITIONS. The terms used in this resolution shall have the respective meanings assigned to them in the Original Instrument and in this Section, unless the text hereof clearly otherwise requires:

"Bond Counsel" shall mean Foley & Lardner, Jacksonville, Florida, bond counsel to the issuer with respect to the issuance of the Bonds.

"Original Instrument" shall mean Resolution No. 87-141 adopted by the Board on July 14, 1987, the title of which is quoted in the title of this resolution.

"Preliminary Official Statement" shall mean the document attached hereto as Exhibit A.

"Purchase Contract" shall mean the Bond Purchase Contract attached hereto as Exhibit B.

"Purchasers" shall mean PaineWebber Incorporated, Orlando, Florida, and Fray Municipal Securities, Inc., Winter Park, Florida, the purchasers of the Bonds.

SECTION 2. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

SECTION 3. FINDINGS. It is hereby found and determined that:

(A) On July 14, 1987, the Board duly adopted the Original Instrument for the purpose of authorizing the acquisition, construction and installation of the Facilities and the issuance of the Bonds to pay the cost of the Facilities.

(B) It is necessary to make the amendments to the Original Instrument hereinafter stated in order to improve the marketability of the Bonds and, accordingly, it is in the best financial interest of the Issuer that such amendments be accomplished as herein provided.

(C) The aggregate principal amount of the Bonds to be issued has been determined to be \$3,140,000, and it is in the best interest of the Issuer that authorization of the remaining \$360,000 principal amount of the Bonds be cancelled.

(D) The Board is advised that due to the present volatility of the market for tax-exempt public obligations such as the Bonds, it is in the best interest of the Issuer to sell the Bonds by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Bonds and, accordingly, the Issuer does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Bonds be authorized. The Purchasers have offered to purchase the Bonds and has submitted to the Issuer the Purchase Contract expressing the terms of such offer; and the Board does hereby find and determine that it is in the best financial interest of the Issuer that the terms expressed in the Purchase Contract be accepted by the Issuer and that the Chairman

or Vice Chairman and the Clerk or Deputy Clerk be authorized to execute its acceptance on the Purchase Contract.

(E) It is appropriate that the Issuer approve and authorize the distribution at this time of a preliminary official statement for the purpose of acquainting potential investors with pertinent information with respect to the Issuer and the Bonds and that the Issuer authorize distribution of a final official statement contemporaneously with the issuance and delivery of the Bonds. For this purpose, the Preliminary Official Statement has been examined by the Board and by its counsel and by Bond Counsel, and it is appropriate that the same be approved and distribution thereof be authorized and that preparation and distribution of a final official statement be authorized in substantially the form of the Preliminary Official Statement, the final form thereof to be approved by the Chairman or the Clerk at any time prior to the issuance of the Bonds.

(F) It is necessary and appropriate that the Issuer appoint a registrar and a paying agent for the Bonds, and the institution hereinafter named is acceptable to the Issuer; and it appears to the Board that the same is qualified to serve as Registrar for the Bonds in accordance with the terms of the Original Instrument.

SECTION 4. AMENDMENTS. The Original Instrument is hereby amended in each of the following respects:

A. The paragraph defining "Authorized Investments" of Section 1.01 thereof is hereby amended to read as follows:

"Authorized Investments" shall mean all accounts with the State Board of Administration of the State of Florida and any of the following described investments which shall be authorized from time to time by applicable laws of the State of Florida for deposit or purchase by the Issuer for the temporary investment of its funds:

A. Federal Securities

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies (full faith and credit agencies):

1. U.S. Export-Import Bank
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration
Certificates of beneficial ownership
3. Federal Financing Bank

4. Federal Housing Administration Debentures
 5. General Services Administration
Participation certificates
 6. Government National Mortgage Association ("GNMA")
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations
 7. U.S. Maritime Administration
Guaranteed Title XI financing
 8. New Communities Debentures
U.S. government guaranteed debentures
 9. U.S. Public Housing Notes and Bonds
U.S. government guaranteed public housing notes and bonds
- C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following U.S. government agencies (non-full faith and credit agencies):
1. Federal Home Loan Bank System
Senior debt obligations
 2. Federal Home Loan Mortgage Corporation
Participation certificates
 3. Federal National Mortgage Association
Mortgage-backed securities and senior debt obligations
 4. Student Loan Marketing Association
Senior debt obligations
- D. Certificates of deposit issued by commercial banks, savings and loan associations and/or mutual savings banks, secured at all times by collateral described in A and/or B above, with respect to which an opinion from a nationally recognized law firm shall have been delivered to the Issuer to the effect that the Issuer will have a perfected first security interest in such collateral and that the collateral is free and clear of all liens, claims and encumbrances, or, with respect to any investment of funds held hereunder for the benefit of the Owners, that the Owners will have a perfected first security interest in such collateral and that the collateral is free and clear of all liens, claims and encumbrances, except those of the Issuer for the sole benefit of the Owners.

- E. Certificates of deposit, savings accounts or deposit accounts which are fully insured by FDIC or FSLIC.
- F. Any investment agreement approved by Municipal Bond Investors Assurance Corporation.
- G. Any repurchase agreement ("Repo") which shall satisfy the following criteria or be approved by Municipal Bond Investors Assurance Corporation.

Each Repo shall provide for the transfer of securities described in this part G from a dealer bank or securities firm described in this part G to the Issuer and the transfer of cash from the Issuer to such dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Issuer in exchange for such securities at a specified date.

- 1. Repos must be between the Issuer and a dealer bank or securities firm:
 - a. Primary dealers on the Federal Reserve reporting dealer list, or
 - b. Banks or savings and loan associations rated A or above by Standard & Poor's Corporation or Moody's Investors Service.
- 2. All or any part of the proceeds of the Bonds or other funds invested hereunder may be invested in a Repo described in this definition.
- 3. The written Repo contract must include the following:
 - a. Description of securities, acceptable for transfer, limited to Federal Securities
 - b. The term of the Repo, not exceeding 30 days
 - c. Control of collateral
 - (1) If the dealer bank or securities firm supplies the collateral pursuant to the Repo, it may not retain possession of such collateral.
 - (2) The collateral must be delivered to the Issuer, a trustee (if the trustee is not supplying the collateral) or a third party acting as agent for the trustee (if the trustee is supplying the collateral) before or simultaneously with

payment (perfection by possession of certificated securities).

d. Valuation of Collateral

(1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest

(a) The value of collateral must be equal to the amount of cash transferred by the Issuer to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral declines below 100% of the sum transferred by the Issuer, then additional cash and/or Federal Securities of a value sufficient to restore the aggregate value of the securities subject to the Repo to not less than 100% of such sum must be transferred by the dealer bank or securities firm to the Issuer or such trustee or agent.

e. Substitution

(1) Only Federal Securities may be used in the event of substitution.

f. Describe default criteria and procedures

(1) Define what performance conditions establish a default (e.g. failure to value collateral weekly, marked-to-market)

(2) Require that the Issuer close out its position with the dealer bank or securities firm in the event of a default.

4. Legal opinions which must be delivered to the Issuer:

a. The Repo satisfies the requirements of Florida law for legal investment of county funds.

b. A perfected first security interest in the securities subject to the Repo has been granted to the Issuer or the trustee or the trustee's agent holding the securities on behalf of the Issuer, and that such obligations are free and clear of all liens, claims and encumbrances, or, with respect to the investment of any funds held hereunder for the benefit of the Owners, that a perfected first

security interest in the securities subject to the Repo has been granted to the Owners or the trustee or the trustee's agent holding the securities on behalf of the Owners and such obligations are free and clear of all liens, claims and encumbrances, except those of the Issuer for the sole benefit of the Owners. This opinion may be rendered by counsel to the Issuer or counsel to the trustee or the trustee's agent.

B. The paragraph defining "Federal Securities" of Section 1.01 thereof is hereby amended to read as follows:

"Federal Securities" shall mean direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) and obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

C. Section 1.01 thereof is hereby amended to add thereto the following definition of "Reserve Account":

"Reserve Account" shall mean the account in the Sinking Fund created pursuant to the provisions of Section 3.04(B) of this Instrument, into which the Issuer shall make the deposits herein required for the purpose of maintaining a reserve fund for the payment of the principal of and interest on the Bonds.

D. Subsection (B) of Section 3.04 thereof is hereby amended to read as follows:

(B) Bond and Interest Sinking Fund. The Issuer covenants and agrees to establish with an Authorized Depository a special fund to be known as the "St. Johns County Capital Improvement Revenue Bonds, Series 1987A, Bond and Interest Sinking Fund," to be used exclusively by the Issuer for the purpose of receiving and holding the accrued interest to be deposited therein from Bond proceeds, the money to be deposited to the credit of the Reserve Account therein from the Issuer's general funds, and the moneys to be deposited therein from the Excise Taxes Fund pursuant to this subsection and paying therefrom to the paying agent for the Bonds all interest on the Bonds as the same shall come due and the principal of the Bonds at the respective maturity dates thereof.

The Issuer covenants and agrees to establish as a separate account in the Sinking Fund a special debt service reserve fund to be known as the "Reserve Account." Prior to or concurrently with the Issuer's receipt of the proceeds of the Bonds, the Issuer will deposit to the credit of the Reserve Account, from moneys of the Issuer on hand and legally available for such purpose, other than proceeds of the Bonds and Pledged Funds, a sum not less than

one-half the Maximum Bond Service Requirement. Moneys in the Reserve Account shall be used only for paying the principal of and interest on the Bonds in the event that the other moneys in the Sinking Fund shall ever be insufficient to meet such payments. Whenever any moneys in the Reserve Account shall be withdrawn by the Issuer and applied to the payment of such principal or interest, such moneys shall be fully restored from the Pledged Funds first deposited thereafter to the Excise Taxes Fund.

On or before the fifteenth day of each month, the Issuer shall withdraw from the Excise Taxes Fund and deposit to the credit of the Sinking Fund and the Reserve Account therein all moneys on deposit in the Excise Taxes Fund until there shall be on deposit to the credit of the Sinking Fund, but the Issuer shall not be required to deposit moneys in the Sinking Fund which shall cause the aggregate amount therein to exceed, a sum equal to one-half the Maximum Bond Service Requirement in the Reserve Account plus a sum equal to (i) the amount of interest coming due on the next two semiannual Interest Payment Dates on all of the Bonds then outstanding and (ii), beginning twelve months prior to the first principal maturity date for the Bonds, the principal of the Bonds maturing on the next succeeding principal maturity date for the Bonds.

Each month after such deposits shall have been made from the Excise Taxes Fund to the Sinking Fund to the extent required, if there shall be on deposit in the Sinking Fund a sum not less than one-half the Maximum Bond Service Requirement in the Reserve Account plus the sum equal to clauses (i) and (ii) described in the immediately preceding paragraph, the balance of the moneys on deposit in the Excise Taxes Fund, if any, and any interest or other earnings which may be thereafter derived by the Issuer from the investment of Sinking Fund moneys may be withdrawn by the Issuer, whereupon the lien in favor of the Bonds upon such moneys so withdrawn shall be and is hereby released, and such moneys and earnings so withdrawn may be used by the Issuer for the purchase of Bonds, or for the redemption of Bonds which shall then be subject to redemption, or for any other lawful county purpose.

E. The first sentence of subsection (C) of Section 3.04 thereof is hereby amended to read: "The Excise Taxes Fund and the Sinking Fund, including the Reserve Account, shall constitute trust funds for the purpose provided herein for such funds."

F. Subsection (J) of Section 3.04 thereof is hereby amended to read as follows:

(J) Compliance with Revenue Sharing and Pari-mutuel Tax Requirements; Coverage. The Issuer will at all times comply with all of the requirements and conditions of Chapter 218, Part II,

Florida Statutes, as amended, to assure its receipt of the Guaranteed Entitlement allocable to the Issuer from the State Revenue Sharing Trust Fund for Counties; the Issuer will at all times comply with all requirements and conditions of Chapter 550 and 551, Florida Statutes, as amended, if any, to assure its receipt of the Pari-mutuel Taxes allocable to the Issuer from the state Pari-mutuel Tax Collection Trust Fund; the Issuer will not take any action which will jeopardize its receipt of the Guaranteed Entitlement or the Pari-mutuel Taxes or adversely affect its undertaking herein to apply the same as provided in this Instrument; and the Issuer will at all times comply with the requirements and conditions of such laws to entitle the Issuer to receive distributions of the Pledged Funds at a level which shall always equal or exceed 1.01 times the Maximum Bond Service Requirement.

G. Section 4.05 thereof is hereby amended to read as follows:

4.05 Defeasance. If, at any time, the Issuer shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to any of the Bonds, then, and in that event, the pledge of and lien on the Pledged Funds in favor of the Owners of such Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit by the Issuer of direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), none of which permit redemption prior to maturity at the option of the obligor, in irrevocable trust with a banking institution or trust company, for the sole benefit of such Owners, in respect to which obligations the principal and interest received will be sufficient to make timely payment of the principal of and interest and redemption premiums, if any, on such Bonds, shall be considered "provision for payment." Nothing in this section shall be deemed to require the Issuer to call any Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair in any way the discretion of the Issuer in determining whether or not to exercise any such option for early redemption.

SECTION 5. CANCELLATION OF AUTHORITY FOR ISSUANCE OF A PORTION OF BONDS. Authority for the issuance of \$360,000 principal amount of Bonds is hereby cancelled and rescinded.

SECTION 6. SALE OF THE BONDS. The Purchasers having filed with the Board their disclosure statement required by Section 218.385(4), Florida Statutes, as amended, a copy of which is attached hereto as Appendix III to the Purchase Contract, the Bonds are hereby sold and awarded to the Purchasers at the price, bearing interest at the rates per annum, having such redemption provisions, and on such other terms and conditions as are stated in the Purchase Contract. The Chairman or Vice Chairman and the Clerk or Deputy Clerk are hereby authorized to execute the

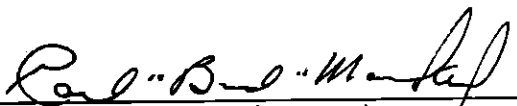
SECTION 11. REPEALING CLAUSE. All resolutions or parts thereof in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 12. EFFECTIVE DATE. This resolution shall become effective immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 17 day of September, 1987.

(SEAL)

ATTEST:


Clerk, Board of County
Commissioners


Chairman, Board of County
Commissioners

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Issuer's acceptance of the Purchase Contract, and said officers and the other officers, agents and employees of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Bonds in accordance with the provisions the Purchase Contract.

SECTION 7. APPROVAL OF PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZATION OF FINAL OFFICIAL STATEMENT. The Preliminary Official Statement is hereby approved for delivery to the Purchasers, and a final official statement in substantially the form of the Preliminary Official Statement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or Vice Chairman or the Clerk or Deputy Clerk prior to the release thereof, is hereby authorized to be delivered by the Issuer to the Purchasers simultaneously with the issuance and delivery of the Bonds. The Chairman or Vice Chairman and the Clerk or Deputy Clerk are hereby authorized to evidence the Issuer's approval of the final official statement by either's endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations may be presumed from such endorsement upon any copy of such final official statement. Bond Counsel is hereby directed to furnish to the Division of Bond Finance of the Department of General Services of the State of Florida a copy of the final official statement, a notice of the impending sale of the Bonds and the other information required by Section 218.38, Florida Statutes, as amended, within the appropriate time periods specified by such section.

SECTION 8. AUTHORIZATION OF EXECUTION OF OTHER CERTIFICATES AND OTHER INSTRUMENTS. The Chairman or Vice Chairman and the Clerk or Deputy Clerk are hereby authorized and directed, either alone or jointly, under the official seal of the Issuer, to execute and deliver certificates of the Issuer certifying such facts as the Board's counsel or Bond Counsel shall require in connection with the issuance, sale and delivery of the Bonds, and to execute and deliver such other instruments as shall be necessary or desirable to perform the Issuer's obligations under the Resolution and the Purchase Contract and to consummate the transactions contemplated thereby.

SECTION 9. REGISTRAR AND PAYING AGENT. Florida National Bank, St. Petersburg, Florida, is hereby appointed as Registrar under the Original Instrument, to serve as registrar and paying agent for the Bonds; and the Chairman and the Clerk are hereby authorized to execute and deliver on behalf of the Issuer the Registrar and Paying Agency Agreement attached hereto as Exhibit C.

SECTION 10. ORIGINAL INSTRUMENT IN FULL FORCE AND EFFECT. Except as hereby amended and supplemented, the Original Instrument shall remain in full force and effect.

NEW ISSUE

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, banks and savings associations, as defined by Chapter 220, Florida Statutes, as amended. See, however, "TAX EXEMPTION" herein for a description of certain federal minimum and other special taxes that may affect the tax treatment of interest on the Bonds.

\$3,140,000
ST. JOHNS COUNTY, FLORIDA
Capital Improvement Revenue Bonds, Series 1987A

Dated: September 1, 1987

Due: July 1,
as shown below

The Bonds are being issued as fully registered bonds in denominations of \$5,000 and integral multiples thereof. Interest on the Bonds (first payment due January 1, 1988 and semiannually on each January 1 and July 1 thereafter) will be payable by check or draft of Florida National Bank, St. Petersburg, Florida, as Registrar, made payable and mailed to the registered owner, as shown on the registration books of the County on the fifteenth day of the month prior to each interest payment date. Principal of and redemption premium, if any, on the Bonds are payable to the registered owner, when due, at the principal corporate trust office of the Registrar.

The purposes for the issuance of the Bonds are (i) to provide funds to acquire and construct a public golf course to be owned, operated and maintained by the County, and (ii) to pay certain costs and expenses relating to the issuance of the Bonds.

The Bonds and interest thereon are payable solely from and secured by a lien upon and pledge of (i) the portion of the Revenue Sharing Trust Fund for Counties payable to the County and designated as the County's "guaranteed entitlement," but excluding the County's "second guaranteed entitlement" under said part, and (ii) the portion of the pari-mutuel tax revenues distributed from the Pari-Mutuel Tax Collection Trust Fund to the County, together with all moneys on deposit to the credit of the

EXHIBIT "A"

Sinking Fund created under the Resolution and the interest and earnings derived on the investment thereof, all as described more fully herein.

The Bonds are subject to optional redemption as described herein.

Neither the Bonds nor the interest thereon constitute general indebtedness of the County within the meaning of any constitutional or statutory provision or limitation and neither the faith nor credit of the County is pledged for their payment. No owner of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond, or for any other payments required by the Resolution. The Bonds and the obligations evidenced by the Resolution shall not constitute a lien upon the County's golf course facilities or any other property owned by or situated within the territorial limits of the County, but shall constitute a lien only upon and shall be payable solely from the Pledged Funds in the manner provided in the Resolution.

Payment of principal of and interest, when due, on the Bonds will be guaranteed by a municipal bond insurance policy to be issued by **MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION** simultaneously with the delivery of the Bonds.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>
1988	\$195,000	5.00%	100%	1994	\$230,000	6.75%	100%
1989	170,000	5.50	100	1995	245,000	7.00	100
1990	180,000	5.75	100	1996	260,000	7.25	100
1991	190,000	6.00	100	1997	280,000	7.50	100
1992	200,000	6.25	100	1998	300,000	7.70	100
1993	215,000	6.50	100	1999	325,000	7.80	100
				2000	350,000	7.875	100

The Bonds are offered when, as and if issued, subject to the legal opinion of Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed on for the County by James G. Sisco, Esquire, County Attorney. Certain legal matters will be passed upon for the Underwriters by Nabors, Giblin, Steffens & Nickerson, P.A., Tampa, Florida, Counsel to the Underwriters. The Bonds are expected to be delivered in definitive form to the Underwriters in New York, New York on or about September 30, 1987.

ST. JOHNS COUNTY, FLORIDA

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Phyllis L. Lydon, Chairman

Sarah W. Bailey

Francis N. Brubaker

Lawrence Hartley

Harry Waldron

COUNTY ADMINISTRATOR

R. Daniel Castle

COUNTY CLERK

Carl "Bud" Markel

COUNTY ATTORNEY

James G. Sisco, Esq.

BOND COUNSEL

Foley & Lardner

Jacksonville, Florida

FINANCIAL ADVISOR

Public Financial Management, Inc.
Fort Myers, Florida

No dealer, broker, salesman or other person has been authorized by St. Johns County to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the County and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the affairs of the County since the date hereof.

The Bonds have not been registered under the Securities Act of 1933 in reliance upon an exemption contained in such Act.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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\$3,140,000
ST. JOHNS COUNTY, FLORIDA
CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 1987A

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish information with respect to the issuance by St. Johns County, Florida (the "County") of its Capital Improvement Revenue Bonds, Series 1987A (the "Bonds") in the aggregate principal amount of \$3,140,000, authorized by a resolution adopted by the Board of County Commissioners of the County on July 14, 1987, as amended and supplemented (the "Resolution").

The Bonds are being issued to provide funds for the purpose of (i) constructing and acquiring a public golf course facility to be owned and operated by the County, and (ii) paying certain expenses related to the issuance and sale of the Bonds. The Bonds are limited obligations of the County payable solely from and secured by a lien upon and a pledge of (i) the portion of the Revenue Sharing Trust Fund for Counties payable to the County pursuant to the provisions of Chapter 218, Part II, Florida Statutes (1987) and designated as the County's "guaranteed entitlement," but excluding the County's "second guaranteed entitlement" as defined in said part (the "Guaranteed Entitlement Revenues"), and (ii) the amount of pari-mutuel tax revenues distributed from the Pari-Mutuel Tax Collection Trust Fund to the County pursuant to Chapters 550 and 551, Florida Statutes (1987) and Chapter 65-1046, Laws of Florida, Acts of 1965 (the "Pari-Mutuel Taxes"), together with all moneys on deposit in the Sinking Fund created under the Resolution and the interest and earnings derived by the County from the investment thereof, in the manner provided by the Resolution. The Bonds have not been validated pursuant to Chapter 75, Florida Statutes.

Capitalized terms used but not defined herein have the same meaning as when used in the Resolution unless the context would clearly indicate otherwise. Complete descriptions of the terms and conditions of the Bonds are set forth in the Resolution, certain provisions of which are summarized in this Official Statement. The descriptions of the Bonds, the documents authorizing and securing the same, and the information from various reports and statements contained herein are not comprehensive or definitive. All references herein to such documents, reports and statements are qualified by the entire, actual content of such documents, reports and statements. Copies

of such documents, reports and statements referred to herein that are not included in their entirety in this Official Statement may be obtained from the County.

THE BONDS

Description of the Bonds

The Bonds are being issued in fully registered form in the denominations of \$5,000 each or integral multiples thereof, will be dated September 1, 1987, and will bear interest at the rates and mature on the dates and in the amounts as shown on the cover page of this Official Statement.

Principal of the Bonds is payable to the registered owner thereof, or his legal representative, when due at the principal corporate trust office of Florida National Bank, St. Petersburg, Florida, as Registrar, or its successor. Interest on the Bonds will be payable semiannually on January 1 and July 1 of each year, commencing January 1, 1988, by check or draft mailed to the registered owner at his address as it appears on the bond registration books kept by the Registrar, at the close of business on the fifteenth day (whether or not a business day) of the month next preceding the applicable interest payment date.

Notice of Redemption

Unless waived by any registered owner of Bonds to be redeemed, notice of any redemption of Bonds prior to maturity shall be given by the Registrar by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of Bonds to be redeemed at the address of such registered owner shown on the Bond Register or at such other address as shall be furnished in writing by such registered owner to the Registrar.

In addition to the foregoing notice, further notice shall be given by the Clerk as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(1) Each further notice of redemption given pursuant to the Resolution shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as

originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(3) Each such further notice shall be published one time in the Bond Buyer of New York, New York or, if such publication is impractical or unlikely to reach a substantial number of the Owners of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of obligations similar to the Bonds, such publication to be made at least 30 days prior to the date fixed for redemption.

Optional Redemption

The Bonds maturing prior to July 1, 1993 shall not be redeemable prior to their stated dates of maturity. Bonds maturing on July 1, 1993 or thereafter may be redeemed prior to their dates of maturity at the option of the County, as a whole on July 1, 1992 or on any date thereafter, or in part by maturities to be selected by the County and by lot within a maturity if less than a full maturity, on July 1, 1992 or any interest payment date thereafter from moneys which may be available for such purpose and deposited with the Paying Agent on or before the date fixed for redemption, at the following amounts expressed as a percentage of the principal amount of the Bonds so redeemed, if redeemed on the following dates:

<u>Redemption Date</u>	<u>Redemption Price</u>
July 1, 1992 through June 30, 1993	105%
July 1, 1993 through June 30, 1994	104
July 1, 1994 through June 30, 1995	103
July 1, 1995 through June 30, 1996	102
July 1, 1996 through June 30, 1997	101
July 1, 1997 and thereafter	100

Registration, Transfer and Exchange

The transfer of Bonds shall be registered on the registration books of the County, upon delivery to the Registrar of a written instrument or instruments of transfer in form and

with guarantee of signatures satisfactory to the Registrar, duly executed by the registered owner of the Bonds to be transferred, or by such owner's attorney duly authorized in writing, containing such identification information for the transferee as the Registrar shall reasonably require.

In all cases of the transfer of any Bond, the Registrar shall enter the transfer of ownership in the registration books and shall deliver in the name of the transferee or transferees a new registered Bond or Bonds, of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. The County or the Registrar may charge the registered owner of such Bond for every such transfer an amount sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and may require that such charge be paid before any such transfer shall be made or any new certificated Bond shall be delivered.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Bonds, including accrued interest on the Bonds to the date of delivery, shall be applied as follows:

Sources of Funds

Principal Amount of	
Bonds	\$3,140,000.00
Accrued Interest	17,388.92
Issuer Contribution	<u>189,268.75</u>
 Total Sources	 <u>\$3,346,657.67</u>

Uses of Funds

Construction Fund	\$3,003,607.20
Deposit to Sinking Fund	17,388.92
Deposit to Reserve Account	189,268.75
Bond Insurance Premium	29,000.00
Underwriter's Discount	54,227.80
Costs of Issuance(1)	<u>53,165.00</u>
 Total Uses	 <u>\$3,346,657.67</u>

(1) Includes bond counsel, administrative and other costs associated with the issuance of the Bonds.

SECURITY

Pledged Funds

The Bonds are payable solely from and secured by a pledge of and lien upon (i) the portion of the Revenue Sharing Trust Fund for Counties payable to the County pursuant to the provisions of Chapter 218, Part II, Florida Statutes (1987) and designated as the County's "guaranteed entitlement," (herein referred to as the "First Guaranteed Entitlement"), but excluding the County's "second guaranteed entitlement," as defined in said part (the "Guaranteed Entitlement Revenues"), and (ii) the amount of the pari-mutuel tax revenues distributed from the Pari-Mutuel Tax Collection Trust Fund to the County pursuant to Chapters 550 and 551, Florida Statutes (1987) and Chapter 65-1046, Laws of Florida, Acts of 1965, (the "Pari-Mutuel Taxes"), together with all moneys on deposit in the Sinking Fund created under the Resolution and the interest and earnings derived by the County from the investment thereof, in the manner provided by the Resolution (collectively, the "Pledged Funds").

Neither the Bonds nor the interest thereon constitute general indebtedness of the County within the meaning of any constitutional or statutory provision or limitation and neither the faith nor credit of the County is pledged for their payment. No owner of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay any Bond, or for any other payments required by the Resolution. The Bonds and the obligations evidenced by the Resolution shall not constitute a lien upon the County's golf course facilities or any other property owned by or situated within the territorial limits of the County, but shall constitute a lien only upon and shall be payable solely from the Pledged Funds in the manner provided in the Resolution.

Guaranteed Entitlement Revenues. The Florida Revenue Sharing Act of 1972, Part II, Chapter 218, Florida Statutes (1987) (the "Revenue Sharing Act"), provides for the distribution of certain State revenues to eligible counties and municipalities. The following taxes, or portions thereof, are required to be deposited in the Revenue Sharing Trust Fund for Counties after deducting therefrom certain charges for administration and collection:

1. Cigarette Taxes -- Pursuant to Chapter 210, Florida Statutes, a state tax is levied at varying rates depending upon weight and length of cigarettes and number of cigarettes in a package. The tax for a standard package of cigarettes is 24 cents. After deducting a service charge, 1/24 of the total is deposited to the Revenue Sharing Trust Fund for Counties.

2. Intangible Personal Property Taxes -- ("intangible taxes") -- Chapter 199, Florida Statutes, levies an annual tax of one mill on all stocks or shares of incorporated or unincorporated companies, business trusts and mutual funds; all notes, bonds and other obligations for the payment of money (except obligations secured by a lien on real property located in the state); all condominium and cooperative apartment leases of recreation facilities, land leases, and leases of other commonly used facilities; and, with some exceptions, all leasehold estates and property of the United States, of the State or any of its subdivisions which are undeveloped or predominantly used for residential or commercial purposes. In addition, a non-recurring tax of two mills is levied on obligations secured by a lien on real property located in the state at the time of recording. After deducting various administrative costs, the balance of collected intangible taxes is transferred on the basis of 55% to the Revenue Sharing Trust Fund for Counties and 45% to the General Revenue Fund.

Certain intangible property is exempt from intangible taxes including certain government-owned property, franchises, partnership interests, bonds of Florida governmental units or the U.S. Government and its agencies, property held by charitable institutions, intangible personal property held in trust pursuant to any plan qualified under Section No. 401 of the Internal Revenue Code, notes and other obligations (except bonds) to the extent secured by liens on property outside the State and assets of corporations registered under the Investment Company Act of 1940. In addition, individual taxpayers receive an exemption for the first \$20,000 of intangible property.

The Revenue Sharing Act includes a formula for the monthly distribution of available revenues in the Revenue Sharing Trust Fund for Counties which provides that each eligible county is entitled to receive a certain amount of such tax revenues, to the extent available, at least equal to the amount received by such county from certain revenues derived from the taxes described above in the fiscal year ended June 30, 1972, which amount constitutes such county's First Guaranteed Entitlement. Section 218.25 of the Revenue Sharing Act further provides that tax revenues received by a county from the Revenue Sharing Trust Fund for Counties in excess of such county's First Guaranteed Entitlement (other than the "second guaranteed entitlement" described below) may not be assigned, pledged, or set aside as a trust for the payment of local government indebtedness.

The Revenue Sharing Act provides that, to be eligible to participate in the revenue sharing distribution, each county must meet certain requirements set forth in Section 218.23, Florida Statutes. The County is presently in full compliance with Part II, Chapter 218, Florida Statutes, and is obligated to take all

lawful action necessary or required to remain entitled to receive its guaranteed entitlement so long as any Bonds are outstanding.

The following table shows the receipts deposited into the county trust fund for the past four fiscal years and illustrates the ratio by which such receipts cover the total guaranteed entitlements of all Florida counties:

	<u>State Fiscal Years Ended June 30</u>			
	<u>1986</u>	<u>1985</u>	<u>1984</u>	<u>1983</u>
County Revenue Sharing Trust Fund Receipts	\$156,449,705	\$156,615,163	\$150,903,346	\$93,183,202
First Guaranteed Entitlement for all Florida Counties	\$ 30,329,957	\$ 30,329,957	\$ 30,329,957	\$30,329,957
Coverage	5.15x	5.16x	4.97x	3.07x

Source: State of Florida, Department of Revenue

The amount of Guaranteed Entitlement Revenues annually received by the County is \$152,548 and is pledged to the payment of the Bonds.

The 1987 session of the Florida legislature amended Chapter 218, Part II to create, in addition to the First Guaranteed Entitlement portion of revenue sharing, a "second guaranteed entitlement" equal to the difference between revenue sharing distributed during the State fiscal year ended June 30, 1982 and the First Guaranteed Entitlement. The second guaranteed entitlement is not pledged to secure the Bonds.

Pari-Mutuel Taxes -- The State generally receives, as a tax on horse racing performances, an amount equal to 3.3% of the "handle" in excess of \$300,000 for each performance per day, although this amount varies under certain circumstances. "Handle" is defined as the total contributions to all pari-mutuel pools on races conducted by the permit holder. The State also receives, as a tax on the handle on dog racing, an amount equal to 7.6% of the handle in excess of \$25,000 for each performance per day, and as a tax on all jai alai fronton performances, an amount equal to 7.1% of the handle in excess of \$25,000 for each performance per day, in each case subject to adjustment in certain situations. In addition to the foregoing taxes, the State receives, as a tax from permit holders conducting dog races, an amount equal to the "breaks," which represents the

portion of each pari-mutuel pool which is not redistributed to the contributors or withheld by the permit holder as commission. The State also imposes an admissions tax equal to 15% of the entrance gate admission charge, or 10 cents, whichever is greater, on each person attending a horse race, dog race or jai alai performance. In addition, each permit holder is required to pay to the State a daily license fee of \$100 per horserace, \$80 per dograce and \$80 per jai alai game, subject to adjustment under certain circumstances. Additional surtaxes are levied on harness racing and greyhound racing and an occupational license tax is imposed upon every person connected with any racetrack or jai alai fronton.

All amounts received by the State as admission tax, tax on the handle and the breaks tax are deposited with the State Treasurer. One-half of that amount is credited to the Pari-Mutuel Tax Collection Trust Fund and the remaining half is credited to the General Revenue Fund. The surtax described above is deposited directly to the General Revenue Fund. The daily license fee is retained by the State Division of Pari-Mutuel Wagering.

Under current Florida law, all moneys which have been deposited to the credit of the Pari-Mutuel Tax Collection Trust Fund are distributed in the following manner:

(1) In each fiscal year, the sum of \$29,915,500 is divided into as many equal parts as there are counties in the State of Florida (67) and one part is distributed to each county; any excess contained within the Pari-Mutuel Tax Collection Fund remaining after the aforementioned distribution is transferred to the General Revenue Fund.

(2) If the sum available for distribution in the Pari-Mutuel Tax Collection Trust Fund is less than \$29,915,500, then the deficiency is paid into such Trust Fund from the General Revenue Fund up to the amount of the deficiency, provided that the deficiency does not exceed the deposits of pari-mutuel tax collections to the General Revenue Fund for that particular fiscal year.

(3) Distributions to the counties commence each fiscal year as described above on or before January 5 and continue monthly for a total of four months. If on April 5 the sums distributed to the counties are less than the total to be distributed, the Division immediately transfers the required amount to the Pari-Mutuel Tax Collection Trust Fund, from deposits made by the division to the General Revenue Fund as described above.

The \$446,500 in Pari-Mutuel Taxes accruing annually to St. Johns County is distributed as follows: the first \$33,000 of such revenues are paid to the County, and the remainder of such

funds are divided equally between the County and the county school board. The County receives \$239,750 per year in Pari-Mutuel Taxes.

The following table illustrates, for each of the last three State fiscal years, state revenues received from pari-mutuel wagering, the total distribution to all counties and the ratio of state revenues received from pari-mutuel wagering to the total distribution to all counties.

	<u>State Fiscal Years Ended June 30</u>		
	<u>1986</u>	<u>1985</u>	<u>1984</u>
State Revenues from Pari-Mutuel Wagering (1)	\$108,878,094	\$112,027,683	\$104,525,484
Total Distribution To All Counties	\$ 29,915,500	\$ 29,915,500	\$ 29,915,500
Coverage	3.63x	3.74x	3.49x

(1) Represents total collections of pari-mutuel revenues, less administrative costs, service charge to General Revenue, payment of breeders and stallion awards and other transfers.

Source: Florida Department of Revenue.

Reserve Account

The Resolution provides for the establishment and maintenance of a Reserve Account within the Sinking Fund. Prior to or concurrently with the County's receipt of the proceeds of the Bonds, the County will deposit to the credit of the Reserve Account, from moneys of the County on hand and legally available for such purpose, other than proceeds of the Bonds and Pledged Funds, a sum not less than one-half the Maximum Bond Service Requirement. Moneys in the Reserve Account shall be used only for paying the principal of and interest on the Bonds in the event that the other moneys in the Sinking Fund shall be insufficient to meet such payments. Whenever any moneys in the Reserve Account shall be withdrawn by the County and applied to

the payment of such principal or interest, such moneys shall be fully restored from the Pledged Funds first deposited thereafter to the Excise Taxes Fund created pursuant to the Resolution.

Additional Bonds

The County has covenanted in the Resolution that, as long as any Bonds shall remain outstanding, it will not issue any other obligations payable from or secured by the Pledged Funds or any part thereof unless the lien of such obligations is junior and subordinate in all respects to the lien of the Bonds.

Bond Insurance

The County has received a commitment from Municipal Bond Investors Assurance Corporation ("Insurer") for a policy of insurance on the Bonds (the "MBIA Corp. Policy"). The MBIA Corp. Policy will unconditionally and irrevocably guarantee the timely payment of principal and interest on the Bonds when due. The MBIA Corp. Policy is noncancellable and the premium will be fully paid at delivery of the Bonds. See, "THE MUNICIPAL BOND INSURANCE POLICY."

THE MUNICIPAL BOND INSURANCE POLICY

The following information has been furnished by Municipal Bond Investors Assurance Corporation for use in this Official Statement. Reference is made to APPENDIX D for a specimen of the MBIA Corp. Policy.

The Insurer's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the County to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Insurer's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently

recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The Insurer's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer's policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer or its designee from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or together with any appropriate proof of ownership of the Bonds, evidence the assignment of the insured amounts due on the Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to Citibank, N.A., Citibank, N.A. shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

The Insurer is the principal operating subsidiary of MBIA Inc. The principal shareholders of MBIA Inc. are Aetna Life and Casualty Company, Fireman's Fund Insurance Company, subsidiaries of CIGNA Corporation, and The Continental Insurance Company and one of its affiliates and they own approximately 85% of the outstanding common stock of MBIA Inc. Neither MBIA Inc. nor its shareholders are obligated to pay the debts of or claims against the Insurer. The Insurer, which commenced municipal bond

insurance operations on January 5, 1987, is a limited liability corporation rather than a several liability association. The Insurer is domiciled in the State of New York and licensed to do business in all 50 states, the District of Columbia and the Commonwealth of Puerto Rico. As of December 31, 1986, the Insurer had admitted assets of \$842 million (audited), total liabilities of \$487 million (audited), and total capital and surplus of \$355 million (audited), prepared in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 1987, the Insurer had admitted assets of \$886 million (unaudited), total liabilities of \$526 million (unaudited), and total capital and surplus of \$360 million (unaudited) prepared in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. Copies of the Insurer's financial statements prepared in accordance with statutory accounting practices are available from the Insurer. The address of the Insurer is 445 Hamilton Avenue, White Plains, New York 10601.

Some of the shareholders of MBIA Inc. are among the members of the Municipal Bond Insurance Association (the "Association"); however, the Insurer is a separate and distinct entity from the Association. THE ASSOCIATION HAS NO LIABILITY FOR THE OBLIGATIONS OF THE INSURER UNDER THE POLICY.

Moody's Investors Service rates all bond issues insured by the Insurer "Aaa" and short term loans "MIG 1" both designated to be of the highest quality.

Standard & Poor's Corporation rates all new issues insured by the Insurer "AAA" Prime Grade.

The Moody's Investors Service rating of the Insurer should be evaluated independently of the Standard & Poor's Corporation rating of the Insurer. No application has been made to any other rating agency in order to obtain additional ratings on the Bonds. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of either or both ratings may have an adverse effect on the market price of the Bonds.

DEBT SERVICE SCHEDULE

The following table sets forth the debt service payments on the Bonds.

<u>Bond Year</u> <u>Ending</u> <u>July 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
1988	\$195,000	\$179,885.42	\$374,885.42
1989	170,000	206,112.50	376,112.50
1990	180,000	196,762.50	376,762.50
1991	190,000	186,412.50	376,412.50
1992	200,000	175,012.50	375,012.50
1993	215,000	162,512.50	377,512.50
1994	230,000	148,537.50	378,537.50
1995	245,000	133,012.50	378,012.50
1996	260,000	115,862.50	375,862.50
1997	280,000	97,012.50	377,012.50
1998	300,000	76,012.50	376,012.50
1999	325,000	52,912.50	377,912.50
2000	<u>350,000</u>	<u>27,562.50</u>	<u>377,562.50</u>
	3,140,000	1,757,610.42	4,897,610.42

THE COUNTY

St. Johns County is located on the east coast of the State of Florida approximately 40 miles south of the City of Jacksonville and encompasses an area of approximately 608 square miles. The County seat is St. Augustine. The County had an estimated 1985 population of approximately 65,993. Principal industries of the County include tourism and agriculture.

Board of County Commissioners

The Board of County Commissioners of St. Johns County is the principal legislative and governing body of the County, as provided by the Florida Constitution and Chapter 125, Florida Statutes. The Board consists of five Commissioners elected by the voters of the County for terms of four years each. The present Commissioners and the years in which their terms expire are as follows:

<u>Commissioner</u>	<u>Term Expires</u>
Phyllis L. Lydon, Chairman	November 21, 1988
Sarah W. Bailey	November 21, 1988
Francis N. Brubaker	November 20, 1990
Lawrence Hartley	November 21, 1988
Harry Waldron	November 20, 1990

For further general information concerning the County see Appendix A hereto.

LITIGATION

The County, the County Attorney, the County Property Appraiser, the County Tax Collector and the Clerk of the Circuit Court for St. Johns County are currently involved in litigation in federal district court with a private citizen (Barrow v. St. Johns County, et al., Case Nos. 84-456-Civ-J-14 and 85-160-Civ-J-10). Mr. Barrow has sued for damages of \$50,000,000 in connection with the calculation of interest on tax sale certificates and the issuance of tax deeds. The United States District Court has ruled that Mr. Barrow's claims are frivolous and held a hearing to assess attorney's fees. The final dismissal of the suits has not been ordered, but special counsel for the County is of the opinion that there is no realistic possibility Mr. Barrow will recover any money from the County. Additionally, a lawsuit and several claims have been filed against the County and against its sheriff seeking

substantial damages, including punitive damages, for injuries alleged to have been incurred by inmates of the county jail, for false arrest, and for various other reasons pertaining to law enforcement or inmate incarceration. The County Attorney has been advised by counsel for the sheriff that such claims are generally covered by the Florida Sheriffs Self-Insurance Fund and should not affect the County's ability to perform its financial obligations. It is, therefore, the opinion of the County Attorney that no legal proceedings are pending or threatened which materially affect the County's ability to perform its obligations to the owners of the Bonds.

There is no litigation or controversy of any nature now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting the validity of the Bonds or any proceedings of the County taken with respect to the authorization, sale or issuance of said Bonds or the pledge or application of any moneys provided for the payment of the Bonds.

LEGALITY

Certain legal matters incident to the validity of the Bonds and the issuance thereof by the County are subject to the approval of Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by the County Attorney, James G. Sisco, Esquire. Certain legal matters will be passed on for the Underwriters by Nabors, Giblin, Steffens & Nickerson, P.A., Tampa, Florida, Counsel to the Underwriters.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion of Bond Counsel set forth in clause (a) above is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with

certain of such requirements could cause the interest on the Bonds to be included in such gross income retroactive to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, banks and savings associations as defined by Chapter 220, Florida Statutes, as amended.

Prospective purchasers of the Bonds should be aware that (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, or in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code) that portion of the interest expense of such financial institution which shall be allocated to interest on the Bonds, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, for taxable years beginning after December 31, 1986, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds, (iii) for taxable years beginning after December 31, 1986 and before January 1, 1992, interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iv) passive investment income including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, and (v) Section 96 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors with respect to the impact of such provisions of the Code and all other provisions thereof on their own tax situations.

BOND RATINGS

Moody's Investors Service and Standard & Poor's Corporation have assigned the Bonds ratings of "Aaa" and "AAA", respectively. Such ratings have been assigned to the Bonds with

the understanding that the standard policy of municipal bond insurance insuring the timely payment of principal of and interest on the Bonds will be issued by the Insurer upon issuance of the Bonds. Such ratings reflect only the views of the rating agencies, and an explanation of the significance of such rating may be obtained from the applicable rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies, if in their judgment, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect upon the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by the Underwriters, PaineWebber Incorporated and Fray Municipal Securities, Inc., at an aggregate purchase price of \$3,085,772.20, plus accrued interest to the date of delivery. The offer of the Underwriters to purchase the Bonds, accepted by the County, provides for the purchase of all but not less than all of the Bonds.

The Underwriters may offer to sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

FINANCIAL ADVISOR

Public Financial Management, Inc., Fort Myers, Florida, is serving as financial advisor to the County with respect to the sale of the Bonds. The financial advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, and issuance of the Bonds and provided other advice. Public Financial Management, Inc., is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments. Public Financial Management, Inc., is a wholly owned subsidiary of Marine Midland Bank, N.A.

ACCOUNTANTS

The financial statements of St. Johns County, Florida, included in this Official Statement have been examined by Price Waterhouse, independent certified public accountants, to the extent and for the periods indicated in their report thereon.

Such financial statements have been included in reliance upon the report of Price Waterhouse.

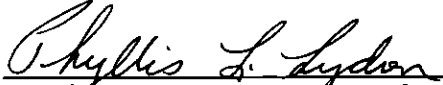
MISCELLANEOUS

The information in the foregoing pages is presented for the information of prospective purchasers of the Bonds described herein. The information has been compiled from official and other sources and, while not guaranteed by the County, is believed to be correct. So far as any statements made in this Official Statement and the Appendices hereto involve matters of opinion or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

AUTHORIZATION AND CERTIFICATION CONCERNING OFFICIAL STATEMENT

This Official Statement has been authorized by the Board of County Commissioners of St. Johns County, Florida. Concurrently with the delivery of the Bonds, the undersigned will furnish her certificate to the effect that, to the best of her knowledge, this Official Statement did not, as of its date, and does not as of the date of delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which this Official Statement is to be used, or which is necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

ST. JOHNS COUNTY, FLORIDA



Chairman of the Board of
County Commissioners

APPENDIX A

Information Regarding St. Johns County

THE FOLLOWING INFORMATION CONCERNING ST. JOHNS COUNTY, FLORIDA, IS INCLUDED ONLY FOR THE PURPOSE OF PROVIDING GENERAL BACKGROUND INFORMATION. THE BONDS ARE PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE OFFICIAL STATEMENT TO WHICH THIS IS APPENDED, AND ARE NOT GENERAL OBLIGATIONS OF THE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE COUNTY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF IS REQUIRED TO LEVY ANY TAXES FOR PAYMENT OF THE BONDS.

Location

St. Johns County encompasses approximately 608 square miles and is located in the Northeast region of the State of Florida. The County is located directly South of Duval County, Florida, and it is bordered on the West by the St. Johns River, on the South by Flagler County, and on the East by the Atlantic Ocean.

There are four incorporated municipalities located in the County: St. Augustine, Hastings, portions of Marineland and St. Augustine Beach. St. Augustine, which was founded in 1565, is the oldest permanent European settlement in the United States and is the County Seat.

Population

St. Johns County currently ranks 32nd out of Florida's 67 counties in gross population and ranks fourth statewide in the percentage change in population growth.

St. Johns County has experienced steady population growth, as shown below:

<u>Year</u>	<u>Population</u>
1940 U.S. Census	20,012
1950 U.S. Census	24,998
1960 U.S. Census	30,034
1970 U.S. Census	31,025
1976 Estimate (1)	40,297
1977 Estimate (1)	42,751
1978 Estimate (1)	44,550
1979 Estimate (1)	45,961
1980 U.S. Census	51,303
1985 Estimate (1)	65,993
1990 Estimate (1)	80,300

(1) University of Florida Bureau of Economic and Business Research.

Commerce And Industry

While tourism ranks high in the economy with more than one million visitors annually, manufacturing and commercial activities, including boat building, food processing, airplane modification and repair, garment manufacturing, book binding, aluminum extrusion and commercial fishing play key roles. The County is also the location of the general offices of the Florida East Coast Railway and the headquarters for the Florida Department of Military Affairs.

The strength of the employment growth and the steady growth in population has brought a corresponding increase in housing construction. Since 1981, multi-family construction has exceeded that for single-family units, but the high population growth is generating a demand for single family housing as well as retailing and service employment.

Agriculture

Agribusiness remains a key sector of the state and Northwest region's economy. Agriculture is a major industry in St. Johns County and in 1986 provided the County with on-farm revenue in excess of \$44 million.

St. Johns County is known as the potato and cabbage capital of Florida, and leads the other counties in the State in value of those products. Agriculture commodities produced in the County and their respective values for 1986 are as follows:

Potatoes	\$30,200,000
Cabbage	3,600,000
Other Vegetables	1,500,000
Forest Products	3,400,000
Livestock and Dairy	1,500,000
Corn and Grain Sorghum	500,000
Cut Flowers and Nurseries	3,000,000
Poultry	<u>1,000,000</u>
	\$44,700,000

Source: Florida Department of Agriculture - St. Johns County Extension Service, 1987.

The County's temperate climate with a mean temperature of 70°F and an average annual rainfall of 50 inches make it ideal for the agriculture products described above.

Employment

The following table shows employment by category:

	<u>Number of Employees</u>	<u>Percentage of Total</u>
<u>Distribution</u>		
Manufacturing	1,740	10.5%
Construction	717	4.3
Transportation, Communications & Utilities	440	2.6
Wholesale Trade	680	4.0
Retail Trade	4,817	28.6
Finance, Insurance and Real Estate ...	565	3.4
Service	4,306	25.6
Government	2,915	17.5
Agriculture (Except Domestic, Self Employed, Unpaid Family Workers and Seasonal Workers) ...	<u>654</u>	<u>3.5</u>
TOTAL	16,834	100%

Source: St. Johns County Chamber of Commerce

Major Employers

The following table shows the major employers in the St. Augustine area and their approximate current level of employment:

<u>Establishment</u>	<u>Product</u>	<u>Approximate Employment</u>
Grumman St. Augustine Corporation	Aircraft overhaul and modification	1,000+
Florida School for the Deaf and Blind	Educational Institution	595
St. Augustine Technical Center	Vocational-Tech Center	450
Parker Hannifan	Manufacturing	400+
Tree of Life	Health Food Distributor	200
V.A.W. of America, Inc.	Aluminum extrusion	300

Florida Department of Military Affairs	Florida National Guard Headquarters	191
Flagler College	Four-year Liberal Arts College	155
Florida East Coast Railway	Interstate railroad freight & express	150
Leonard's Studio	Photo Finishing	140
DuPont & Sons, Inc., W.D.	Construction	103
St. Augustine Record Inc.	Daily Newspaper	100
Wise Foods (Division of Borden, Inc.)	Potato Chip manufacturer	100

Source: St. Johns County Chamber of Commerce, 1985.

Tourism And Recreation

A combination of favorable climate and available recreational activities including public beaches, tennis courts, golf courses and cultural performances has made tourism a major industry in St. Johns County. Each year, more than one million persons visit the County to tour its 300 year old fortress, utilize the recreation facilities and to enjoy the antiquity of the nation's oldest city.

Transportation Facilities

Air: Commercial airline service is available at the Jacksonville International Airport located approximately 60 miles north of St. Augustine. The Daytona Beach Regional Airport is approximately 55 miles south of the City. Charter flights and flight training are available at the St. Augustine Municipal Airport.

Land: Three major north/south highways, Interstate 95, U.S. 1 and State Route 1A, serve the City. Bus transportation is provided by Greyhound with 11 northbound and 11 southbound buses each day.

Rail: The County is served by the Florida East Coast Railway with freight service only. Amtrak and piggyback facilities are located in Jacksonville, 38 miles north of the County.

Waterways: The Port of St. Augustine provides access to the St. Augustine inlet, the Intracoastal Waterway and the Atlantic Ocean. The nearest deep water port is Mayport near Jacksonville, approximately 36 miles north of the County.

Health Care Facilities

Medical facilities are provided by Flagler Hospital, which has 131 beds, and the St. Augustine General Hospital, which has 115 beds. There are approximately 102 physicians in the area, including specialists in most fields. The County has four nursing homes; two of which are funded by the County and two of which are private establishments.

Education

The public school system is operated by the County under authority of the St. Johns County Board of Public Instruction. There are ten elementary schools, two junior high schools, three high schools, two elementary parochial schools, a parochial high school, a tri-county Vocational and Technical Center, and Flagler College, which is a four-year liberal arts institution in which more than 1,000 students are enrolled. The State operates the Florida School for the Deaf and Blind in St. Augustine, with primary school through senior high school levels.

Source: St. Augustine and St. Johns County Chamber of Commerce, 1985.

**ST. JOHNS COUNTY, FLORIDA
CIVILIAN LABOR FORCE
1978-1986
(unadjusted)**

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>	<u>State Unemployment Rate</u>
1978	17,926	16,674	1,252	7.0%	6.6%
1979	18,260	16,961	1,299	7.1	6.0
1980	21,272	19,662	1,609	7.6	5.9
1981	22,716	20,936	1,780	7.8	6.8
1982	23,924	21,709	2,215	9.3	8.2
1983	24,752	22,073	2,679	10.8	8.6
1984	29,212	26,953	2,259	7.7	6.3
1985	30,613	28,264	2,348	7.6	6.0
1986	35,097	32,815	2,282	6.5	5.7

Source: Florida Department of Labor and Employment Security, Bureau of Research and Information, 1978-1986.

**ST. JOHNS COUNTY, FLORIDA
TAXABLE ASSESSED PROPERTY VALUATIONS**

<u>Year</u>	<u>Non-Exempt Real Property Valuations</u>	<u>Non-Exempt Personal Valuations</u>	<u>Non-Exempt Utilities Railroads</u>	<u>Total Taxable Assessed Property Valuations</u>
1977	\$ 588,705,978	\$ 62,714,130	\$ 6,377,056	\$ 657,797,164
1978	628,833,959	65,572,400	7,534,157	701,940,516
1979	667,457,915	72,027,005	7,784,257	757,269,177
1980	732,710,802	89,720,340	9,631,143	832,062,285
1981	815,236,870	104,378,309	7,857,790	927,472,969
1982	1,126,962,798	102,451,844	10,138,271	1,259,552,913
1983	1,223,400,247	144,639,034	12,030,202	1,380,069,483
1984	1,385,119,864	164,540,508	12,110,455	1,561,770,827
1985	1,672,143,342	185,401,615	8,022,393	1,895,567,350
1986	1,968,339,974	207,796,386	10,647,913	2,186,784,273

Source: St. Johns County, Florida, Office of the Property Appraiser.

**ST. JOHNS COUNTY, FLORIDA
1986 TAXPAYERS HAVING LARGEST ASSESSED VALUATIONS**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>
Arvida Corporation	Home Construction/Land Developer/Land Holder	\$29,867,770
General Development Corporation	Land Developer	25,830,110
Ponte Vedra Corporation	Real Estate/Land Holder	16,808,380
Hutton/Con	Multi-Family Developer	13,098,410
Hospital Affiliates	Owner of General Hospital	8,135,920
Ponce de Leon Partnership	Shopping Mall	6,397,470
GWS Corporation	Developer	5,763,600
Epoch, Inc.	Multi-Family Developer	5,580,840
ITT Rayonier, Inc.	Timber	5,479,590
Marsh Landings Venture Limited, Inc.	Developer	5,335,230

Source: St. Johns County Property Appraiser and Tax Collector.

ST. JOHNS COUNTY, FLORIDA
AD VALOREM TAX LEVIES AND COLLECTIONS

<u>Year</u>	<u>Property Taxes Levied</u>	<u>Total Tax Collections(1)</u>	<u>% of Levy Collected(2)</u>	<u>Delinquent Tax Uncollected</u>
1980	\$12,923,730	\$12,703,385	98.30%	\$220,345
1981	16,539,045	16,208,819	98.00	330,226
1982	19,836,859	19,635,820	98.99	201,039
1983	23,677,638	23,320,383	98.49	357,255
1984	25,229,244	24,805,582	98.32	423,622
1985	31,295,519	31,042,190	99.19	253,329
1986	35,783,406	(3)		

Source: Tax Collector, St. Johns County

- (1) Aggregate amount of tax collections as of close-out of fiscal year ending September 30, which includes the aggregate amount of discounts actually taken by taxpayers as allowed by Florida law. A 4% discount is allowed if the taxes are paid in November with the discount declining by 1% each month thereafter. Total tax collections include current taxes paid, tax certificate proceeds, delinquent tax payments upon taxable personal property, and any prior period payments on County-held tax certificates.
- (2) Represents percentage of current gross collections (total collections plus discounts taken) to property taxes levied.
- (3) Process not completed until September, 1987.

**ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF LONG-TERM DEBT
as of September 30, 1986**

<u>Issue Title</u>	<u>Amount Issued</u>	<u>Outstanding Principal</u>	<u>Pledged for Payment</u>
1966 General Obligation Bonds	\$1,300,000	\$ 375,000	ad valorem taxes
1967 Race Track and Jai Alai Fronton Revenue Bonds(1)	2,000,000	1,110,000	race track and jai alai revenues
1986 Capital Revenue Note(1)	3,000,000	2,950,000	sales tax
1981 Water Revenue Bonds	2,422,700	2,326,000	water revenues
1983 Jail and Criminal Justice Facilities Construction Bonds	5,000,000	4,620,000	ad valorem taxes
1986 Water and Sewer Refunding Revenue Bonds	<u>5,400,000</u>	<u>5,302,801</u>	water and sewer revenues
TOTAL BONDED INDEBTEDNESS	\$19,122,700	\$16,683,801	

(1) Refunded through issuance of \$4,060,000 Refunding Revenue Bonds, dated October 15, 1986, secured by sales tax revenues.

Police And Fire Protection

St. Johns County is served by the Sheriff's Department, which has over 300 full and part-time employees including deputies, the detective division, communications, jail and administrative personnel. There are sixteen fire stations operating within the County, serviced by volunteers. The Fire Department operates a special rescue unit manned by trained emergency medical technicians.

Government

St. Johns County has a five-member Board of Commissioners elected for staggered terms of four years. The Chairman and Vice-Chairman are elected by the Board. The Board apportions and

levies County taxes and controls the expenditure of all County funds, except for schools, which are controlled by the Board of Public Instruction. The budget year of the County runs from October 1 to the following September 30. Operating revenue is raised from ad valorem taxes and real and personal property taxes, with supplements from state and federal sources for county roads, welfare and health. The Board operates a county road system and has power to establish, build, maintain, repair, protect and preserve these public facilities. The Board may issue bonds for all lawful purposes. The Board correlates and is responsible for various types of elections in the County. Other elected officials serving county-wide are a five-member Board of Public Instruction, a Superintendent of Public Instruction, a Property Appraiser, a Tax Collector, a Supervisor of Elections, a Sheriff, and a Clerk of the Circuit Court who is also Ex-Officio Clerk of the Board of County Commissioners. The Board appoints a County Administrator who serves at the will of the Board.

APPENDIX B

Summary of Certain Provisions of the Resolution

The Resolution contains various covenants and security provisions, certain of which are summarized below. Such summaries do not purport to be complete and reference to the Resolution should be made for full and complete statement thereof.

Definitions of Certain Terms

The following are definitions of certain terms used in the Resolution.

"Act" shall mean Part I, Chapter 125, Florida Statutes, as amended, and County Ordinance No. 87-28 enacted by the Board on June 9, 1987.

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

"Authorized Investments" shall mean all accounts with the State Board of Administration of the State of Florida and any of the following described investments which shall be authorized from time to time by applicable laws of the State of Florida for deposit or purchase by the County for the temporary investment of its funds:

A. Federal Securities

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies (full faith and credit agencies):

1. U.S. Export-Import Bank
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration
Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures

5. General Services Administration
Participation certificates
 6. Government National Mortgage Association ("GNMA")
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations
 7. U.S. Maritime Administration
Guaranteed Title XI financing
 8. New Communities Debentures
U.S. government guaranteed debentures
 9. U.S. Public Housing Notes and Bonds
U.S. government guaranteed public housing notes and bonds
- C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following U.S. government agencies (non-full faith and credit agencies):
1. Federal Home Loan Bank System
Senior debt obligations
 2. Federal Home Loan Mortgage Corporation
Participation certificates
 3. Federal National Mortgage Association
Mortgage-backed securities and senior debt obligations
 4. Student Loan Marketing Association
Senior debt obligations
- D. Certificates of deposit issued by commercial banks, savings and loan associations and/or mutual savings banks, secured at all times by collateral described in A and/or B above, with respect to which an opinion from a nationally recognized law firm shall have been delivered to the County to the effect that the County will have a perfected first security interest in such collateral and that the collateral is free and clear of all liens, claims and encumbrances, or, with respect to any investment of funds held hereunder for the benefit of the Owners, that the Owners will have a perfected first security interest in such collateral and that the collateral is free and clear of all liens, claims and encumbrances, except those of the County for the sole benefit of the Owners.
- E. Certificates of deposit, savings accounts or deposit accounts which are fully insured by FDIC or FSLIC.

- F. Any investment agreement approved by Municipal Bond Investors Assurance Corporation.
- G. Any repurchase agreement ("Repo") which shall satisfy the following criteria or be approved by Municipal Bond Investors Assurance Corporation.

Each Repo shall provide for the transfer of securities described in part G from a dealer bank or securities firm described in part G to the County and the transfer of cash from the County to such dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the County in exchange for such securities at a specified date.

- 1. Repos must be between the County and a dealer bank or securities firm:
 - a. Primary dealers on the Federal Reserve reporting dealer list, or
 - b. Banks or savings and loan associations rated A or above by Standard & Poor's Corporation or Moody's Investors Service.
- 2. All or any part of the proceeds of the Bonds or other funds invested hereunder may be invested in a Repo described in this definition.
- 3. The written Repo contract must include the following:
 - a. Description of securities, acceptable for transfer, limited to Federal Securities
 - b. The term of the Repo, not exceeding 30 days
 - c. Control of collateral
 - (1) If the dealer bank or securities firm supplies the collateral pursuant to the Repo, it may not retain possession of such collateral.
 - (2) The collateral must be delivered to the County, a trustee (if the trustee is not supplying the collateral) or a third party acting as agent for the trustee (if the trustee is supplying the collateral) before or simultaneously with payment (perfection by possession of certificated securities).

d. Valuation of Collateral

(1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.

(a) The value of collateral must be equal to the amount of cash transferred by the County to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral declines below 100% of the sum transferred by the County, then additional cash and/or Federal Securities of a value sufficient to restore the aggregate value of the securities subject to the Repo to not less than 100% of such sum must be transferred by the dealer bank or securities firm to the County or such trustee or agent.

e. Substitution

(1) Only Federal Securities may be used in the event of substitution.

f. Describe default criteria and procedures

(1) Define what performance conditions establish a default (e.g. failure to value collateral weekly, marked-to-market).

(2) Require that the County close out its position with the dealer bank or securities firm in the event of a default.

4. Legal opinions which must be delivered to the County:

a. The Repo satisfies the requirements of Florida law for legal investment of county funds.

b. A perfected first security interest in the securities subject to the Repo has been granted to the County or the trustee or the trustee's agent holding the securities on behalf of the County, and that such obligations are free and clear of all liens, claims and encumbrances, or, with respect to the investment of any funds held hereunder for the benefit of the Owners, that a perfected first security interest in the securities subject to the Repo has been granted to the Owners or the trustee or the trustee's agent holding the securities on

behalf of the Owners and such obligations are free and clear of all liens, claims and encumbrances, except those of the County for the sole benefit of the Owners. This opinion may be rendered by counsel to the County or counsel to the trustee or the trustee's agent.

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

"Bond Register" shall mean the registration books kept by the Registrar, for the purpose of registering ownership of the Bonds.

"Bond Service Requirement" for any Bond Year shall mean the amount required to pay the principal of and interest on the Bonds during such Bond Year.

"Bond Year" shall mean the period commencing on the day after the principal maturity date of the Bonds each year and ending on the principal maturity date of the Bonds in the next succeeding year. Each Bond Year shall be designated with the number of the calendar year in which such Bond Year ends.

"Bonds" shall mean the obligations of the County authorized to be issued pursuant to Section 2.01 of the Resolution.

"Chairman" shall mean the Chairman of the Board.

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

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

"Construction Account" shall mean the special account created pursuant to Section 3.03 of the Resolution into which the County shall deposit Bond proceeds.

"Cost" when used in connection with the Facilities, shall mean all expenses necessary, appurtenant or incidental to the acquisition, construction and installation of the Facilities, including without limitation the cost of any land or interest therein or of any fixtures, equipment or personal property necessary or convenient therefor, the cost of labor and materials to complete such construction, architectural, engineering and legal expenses, fiscal expenses, expenses for estimates of costs and of

revenues, expenses for plans, specifications and surveys, interest during construction, administrative expenses related solely to the acquisition and construction of the Facilities and all expenses incident to the financing of the Facilities and the issuance of the Bonds.

"Excise Taxes Fund" shall mean the account created pursuant to the provisions of Section 3.04(A) of the Resolution, into which the County shall deposit, when received, all of the Pari-Mutuel Taxes and the Revenue Sharing Funds.

"Facilities" shall mean the complete public golf course to be owned, operated and maintained by the County, including all appurtenances and facilities incidental thereto such as parking facilities, access roads, club houses, pro shops, restaurants, administration and maintenance buildings, and all equipment, fixtures, furnishings and other personal property necessary or convenient for the operation thereof, together with any and all improvements, extensions and additions thereto hereafter constructed or acquired.

"Federal Securities" shall mean direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) and obligations the principal of and interest on which are fully guaranteed by the United States of America.

"Fiscal Year" shall mean the period commencing on October 1 of each year and ending on September 30 in the next succeeding year.

"Guaranteed Entitlement" shall mean the portion of the Revenue Sharing Funds designated as the County's "guaranteed entitlement" under the provisions of Chapter 218, Part II, Florida Statutes (1987), and shall not be construed to include the County's "second guaranteed entitlement" as defined in said part.

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

"Maximum Bond Service Requirement" shall mean, as of any particular date of calculation, an amount equal to the largest Bond Service Requirement for the then current or any future Bond Year.

"Owner" shall mean the Person in whose name any outstanding Bond is registered according to the Bond Register.

"Pari-mutuel Taxes" shall mean all of that portion of the moneys deposited to the credit of the state Pari-mutuel Tax Collection Trust Fund which shall be allocated to St. Johns County

under Chapters 550 and 551, Florida Statutes (1987) and paid to the Board pursuant to Chapter 65-1046, Laws of Florida, Acts of 1965.

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

"Pledged Funds" shall mean the Pari-mutuel Taxes and the Guaranteed Entitlement, and all moneys on deposit to the credit of the Sinking Fund and the interest and earnings to be derived by the County on the investment thereof.

"Rebate Administrator" shall mean the Person designated as such by Section 3.04(I) of the Resolution and its successors appointed by resolution of the County in the manner provided in such section.

"Rebate Amount" shall mean the amount certified in the Rebate Certificate for deposit to the Rebate Fund as provided in Section 3.04(I) of the Resolution.

"Rebate Certificate" shall mean the certificate furnished by the Rebate Administrator specifying a Rebate Amount for the purposes of Section 3.04(I) of the Resolution.

"Rebate Fund" shall mean the fund created pursuant to Section 3.04(I) of the Resolution.

"Registrar" shall mean the Clerk or the bank or other qualified institution appointed as Registrar and paying agent for the Bonds by resolution of the Board adopted prior to the Issuance Date.

"Reserve Account" shall mean the account in the Sinking Fund created pursuant to the provisions of Section 3.04(B) of the Resolution, into which the County shall make the deposits herein required for the purpose of maintaining a reserve fund for the payment of the principal of and interest on the Bonds.

"Revenue Sharing Funds" shall mean the moneys of the state Revenue Sharing Trust Fund for Counties allocated and paid to the County by the Florida Department of Revenue pursuant to the provisions of Chapter 218, Part II, Florida Statutes, as amended.

"Sinking Fund" shall mean the account created pursuant to the provisions of Section 3.04(B) of the Resolution, into which the County shall make monthly deposits for the payment of the principal of and interest on the Bonds.

Resolution to Constitute Contract

The Resolution constitutes a contract between the County and all Owners; and the covenants and agreements therein set forth to be performed by the County are and shall be for the equal benefit, protection and security of all Owners, all of which shall be of equal rank and without preference, priority or distinction of any of the Bonds over any other, except as provided in the Resolution.

Bonds Not to Be Indebtedness of County

Neither the Bonds nor the interest thereon shall be or constitute general obligations or indebtedness of the County as "bonds" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from and secured by a prior lien upon and pledge of the Pledged Funds as herein provided. No Owner shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond or be entitled to payment of such Bond from any moneys of the County, except from the Pledged Funds in the manner provided in the Resolution.

Security for Bonds

The payment of the principal of and interest on the Bonds is secured equally and ratably by a pledge of and prior lien upon the Pledged Funds. The County irrevocably pledges the Pledged Funds to the payment of the principal of and interest on the Bonds and to the payment into the Sinking Fund at the times provided of the sums required to secure to the Owners the payment of the principal thereof and interest thereon at the respective maturities of the Bonds so held by them.

Application of Bond Proceeds

The County will establish with an Authorized Depository a separate account to be known as the "St. Johns County Golf Course Facilities Construction Account," into which shall be deposited the proceeds from the sale of the Bonds (except accrued interest, if any, which shall be deposited in the Sinking Fund) and the additional funds, if any, required to assure payment in full of the Cost of the Facilities. There shall exist no lien upon or pledge of funds in the Construction Account in favor of the Owners, and the Owners shall have no duty or obligation to see that the proceeds of the Bonds shall be applied as specified in the Resolution or that the moneys in the Construction Account shall be expended in the manner provided in this section entitled "Application of Bond Proceeds."

Moneys in the Construction Account shall be continuously secured by such Authorized Depository in the manner prescribed by the laws of the State of Florida relating to the securing of public funds. The County may direct the Authorized Depository to invest all or any portion of such funds on deposit in the Construction Account not immediately needed to pay items of the Cost of the Facilities in Authorized Investments. The earnings from any such investment shall be deposited in the Construction Account.

Provided, however, anything herein to the contrary notwithstanding, no use will be made of the proceeds of the Bonds which, if such use were reasonably expected on the date of issuance of the Bonds, would cause the same to be "arbitrage Bonds" within the meaning of the Code. The County will at all times while the Bonds and the interest thereon shall remain outstanding and unpaid comply with the requirements of Section 148 of the Code.

When the construction of the Facilities has been completed and all Costs thereof have been paid in full, all funds remaining in the Construction Account shall be retained in the Construction Account and promptly expended by the County to pay all or part of the cost of any other governmental capital project or projects with respect to which the County shall obtain an opinion of nationally recognized bond counsel that such expenditure will not cause the interest on any of the Bonds to be includable in the gross income of the Owners thereof, or applied, to the extent possible, to the purchase of Bonds which may be available in the open market or, if not available, to the redemption of Bonds on the earliest optional redemption date, in the manner provided in the Resolution, whereupon any balance thereof shall be deposited in the Excise Taxes Fund and the Construction Account shall be closed.

Covenants of the County

So long as any of the principal of or premium, if any, or interest on any of the Bonds shall be outstanding and unpaid, or until provision for payment thereof shall have been made within the meaning of Section 4.05 of the Resolution, the County covenants with the Owners as follows:

(A) Excise Taxes Fund. The County shall establish with an Authorized Depository and maintain a special account to be known as the "St. Johns County Excise Taxes Fund," into which the County shall deposit promptly upon receipt thereof all of the Pari-Mutuel Taxes received by the County and, until the full amount of the Guaranteed Entitlement shall have been deposited therein each Bond Year, all of the Revenue Sharing Funds received by the County. The Excise Taxes Fund shall be held by the County separate

and apart from all other funds of the County and shall be expended and used only in the manner specified in this subsection (A).

(B) Bond and Interest Sinking Fund. The County covenants and agrees to establish with an Authorized Depository a special fund to be known as the "St. Johns County Capital Improvement Revenue Bonds, Series 1987A, Bond and Interest Sinking Fund," to be used exclusively by the County for the purpose of receiving and holding the accrued interest to be deposited therein from Bond proceeds, the money to be deposited to the credit of the Reserve Account therein from the County's general funds, and the moneys to be deposited therein from the Excise Taxes Fund pursuant to the Resolution and paying therefrom to the paying agent for the Bonds all interest on the Bonds as the same shall come due and the principal of the Bonds at the respective maturity dates thereof.

The County covenants and agrees to establish as a separate account in the Sinking Fund a special debt service reserve fund to be known as the "Reserve Account." Prior to or concurrently with the County's receipt of the proceeds of the Bonds, the County will deposit to the credit of the Reserve Account, from moneys of the County on hand and legally available for such purpose, other than proceeds of the Bonds and Pledged Funds, a sum not less than one-half the Maximum Bond Service Requirement. Moneys in the Reserve Account shall be used only for paying the principal of and interest on the Bonds in the event that the other moneys in the Sinking Fund shall ever be insufficient to meet such payments. Whenever any moneys in the Reserve Account shall be withdrawn by the County and applied to the payment of such principal or interest, such moneys shall be fully restored from the Pledged Funds first deposited thereafter to the Excise Taxes Fund.

On or before the fifteenth day of each month, the County shall withdraw from the Excise Taxes Fund and deposit to the credit of the Sinking Fund and the Reserve Account therein all moneys on deposit in the Excise Taxes Fund until there shall be on deposit to the credit of the Sinking Fund, but the County shall not be required to deposit moneys in the Sinking Fund which shall cause the aggregate amount therein to exceed, a sum equal to one-half the Maximum Bond Service Requirement in the Reserve Account plus a sum equal to (i) the amount of interest coming due on the next two semiannual Interest Payment Dates on all of the Bonds then outstanding and (ii), beginning twelve months prior to the first principal maturity date for the Bonds, the principal of the Bonds maturing on the next succeeding principal maturity date for the Bonds.

Each month after such deposits shall have been made from the Excise Taxes Fund to the Sinking Fund to the extent required, if there shall be on deposit in the Sinking Fund a sum not less than one-half the Maximum Bond Service Requirement in the Reserve

Account plus the sum equal to clauses (i) and (ii) described in the immediately preceding paragraph, the balance of the moneys on deposit in the Excise Taxes Fund, if any, and any interest or other earnings which may be thereafter derived by the County from the investment of Sinking Fund moneys may be withdrawn by the County, whereupon the lien in favor of the Bonds upon such moneys so withdrawn shall be and is thereby released, and such moneys and earnings so withdrawn may be used by the County for the purchase of Bonds, or for the redemption of Bonds which shall then be subject to redemption, or for any other lawful county purpose.

(C) Trust Funds. The Excise Taxes Fund and the Sinking Fund, including the Reserve Account, shall constitute trust funds for the purpose provided in the Resolution for such funds. All moneys on deposit therein, except those invested as hereinafter provided, shall be continuously secured in the same manner as deposits of county funds are required to be secured by the laws of the State of Florida. A lien shall be created upon such funds in favor of the Owners until the moneys deposited therein shall have been applied in accordance with the Resolution. Moneys on deposit to the credit of the Sinking Fund may be invested in Authorized Investments which shall mature not later than the date on which such moneys shall be needed to pay the principal of and interest on the Bonds in the manner provided in the Resolution, but moneys on deposit to the credit of the Excise Taxes Fund shall not be invested at any time. The securities so purchased as an investment of funds shall be deemed at all times to be a part of the Sinking Fund, and any loss resulting from such investment shall be charged to the Sinking Fund and any interest accruing on such investment or any other profit realized therefrom shall be deposited in the Sinking Fund.

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

The designation and establishment of the funds and accounts in and by the Resolution shall not be construed to require the establishment of any completely independent, self-balancing fund as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to create a lien upon and pledge thereof in favor of the Bonds and establish certain priorities for application of such revenues as provided in the Resolution.

(D) Issuance of Additional Bonds. While any Bonds shall be outstanding, the County will not issue any other obligations payable from or secured by the Pledged Funds or any part thereof unless the lien of such obligations shall be junior and subordinate in all respects to the lien of the Bonds.

(E) Events of Default and Remedies. If one or more of the following events, herein called "Events of Default," shall happen, that is to say, in case:

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

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

(3) the County shall (a) admit in writing its inability to pay its debts generally as they become due, (b) file a petition in bankruptcy or take advantage of any insolvency act, (c) make an assignment for the benefit of its creditors, (d) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (e) be adjudicated a bankrupt; or

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

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

(6) the County shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolution on the part of the County to be performed, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given the

the County by the Owners of not less than 25% in principal amount of the Bonds then outstanding;

then in each and every such case any Owner of the Bonds affected by the Event of Default and then outstanding hereunder or an agent or trustee therefor may proceed to protect and enforce its rights and the rights of the Owners by a suit, action or special proceeding in equity or at law, by mandamus or otherwise, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for any enforcement of any proper legal or equitable remedy (including the appointment of a receiver) as said Owner or Owners shall deem most effectual to protect and enforce the rights aforesaid.

No remedy conferred by the Resolution upon or reserved to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given thereunder or thereafter existing at law or in equity or by statute.

No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this subsection entitled "Events of Default and Remedies" to the Owners may be exercised from time to time, and as often as may be deemed expedient.

Nothing in the Resolution, however, shall be construed to waive any venue privileges of the County or to grant to any Owner any right to or lien on the Facilities or any part thereof or on any other property or income of the County or situated within its territorial limits except the Pledged Funds.

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

(1) to the payment of the reasonable and proper charges, expenses and liabilities of the receiver, the Registrar and the paying agents hereunder;

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

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

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

second: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 4.05 of the Resolution), in the order of their due dates, with interest upon such Bonds at the rate or rates borne by such Bonds, from the respective dates upon which they became 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 first of such interest, ratably according to the amount of such interest due on such dates, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

third: to the payment of the redemption premium on and the principal of any Bonds called for optional redemption pursuant to the provisions of the Resolution.

If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bonds, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

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

So long as any of the Bonds shall be outstanding, the County will furnish on or before one hundred eighty (180) days after the close of each Fiscal Year, to any Owner who shall request the same in writing, copies of an annual audit report prepared by an independent certified public accountant or an auditing official of the State of Florida, covering for the preceding Fiscal Year, in reasonable detail, the financial condition of the County, receipts of the Pari-mutuel Taxes and the Guaranteed Entitlement and all transactions in the Excise Taxes Fund and the Sinking Fund.

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

(H) Compliance with Code. The County will not knowingly make any investments or acquiesce in the making of any investments by any depository pursuant to or under the provisions of the Resolution which could cause the Bonds to be "arbitrage Bonds" within the meaning of Section 148 of the Code. The County will take all reasonable action required to be taken pursuant to the nonarbitrage certificate or instructions from bond counsel, whether delivered in connection with or subsequent to the issuance and sale of the Bonds, in order to comply with all provisions of the Code compliance with which is required to maintain the tax-exempt status of the interest payable on the Bonds.

(I) Rebate Fund. The County shall establish with an Authorized Depository and maintain a special account to be known as the "St. Johns County 1987 Capital Improvement Revenue Bonds Rebate Fund." The County shall withdraw first from moneys on deposit to the credit of the Construction Account, to the extent that such moneys shall be sufficient, and, if necessary, from other moneys of the County derived from sources other than ad valorem taxation and legally available for such purpose, within five days after receipt of a Rebate Certificate from the Rebate Administrator, (i) the aggregate amount of the fee and the expenses of the Rebate Administrator certified in such Rebate Certificate and pay the same to the Rebate Administrator and (ii) the Rebate Amount certified in such Rebate Certificate and deposit the same into the Rebate Fund. Moneys on deposit to the credit of the Rebate Fund shall be used only for the purposes specified in this subsection entitled "Rebate Fund" and for no other purpose. Moneys on deposit to the credit of the Rebate Fund shall not be deemed to be Pledged Funds available for payment of any principal of or

interest or redemption premium, if any, on the Bonds, or available to make any other payment or transfer described in the Resolution except as provided in this subsection entitled "Rebate Fund." Until applied as provided in the Resolution, moneys on deposit to the credit of the Rebate Fund shall be invested in Authorized Investments maturing not later than the date that such moneys shall be required for application by the County as provided in the Resolution. All earnings derived from the investment of sums on deposit in the Rebate Fund shall be retained therein and applied by the County as provided in the Resolution.

Foley & Lardner, Jacksonville, Florida, shall be appointed to serve as Rebate Administrator under the Resolution with respect to every series of the Bonds until the County shall by resolution appoint as successor Rebate Administrator any other bond counsel or any certified public accountant, bank or trust company, or other agent of the County who shall be qualified to perform the duties of Rebate Administrator prescribed thereunder. The Rebate Administrator shall be authorized to hire counsel, accountants and other experts which the Rebate Administrator may, in its sole discretion, determine advisable for the purpose of obtaining the required calculations of the Rebate Amounts and determinations as to the due dates for the rebate thereof and other matters necessary for compliance with section 148(f) of the Code as the same relates to the Bonds. The Rebate Administrator will not be liable for any loss occasioned by its reliance upon the instructions of such experts or upon the County's certification of the amounts earned on all nonpurpose investments in which gross proceeds of the Bonds shall be invested. The duties and responsibilities of the Rebate Administrator may be performed by more than one Person.

With respect to each series of the Bonds, the Rebate Administrator shall provide to the County, by delivery thereof to the Chairman and to the Clerk, as long as any Bonds of such series shall remain outstanding, a Rebate Certificate on each date which shall be twenty days after the expiration date of each Bond Year and on the date which shall be twenty days after the date on which the last bond of such series of the Bonds shall be redeemed. Each Rebate Certificate shall establish compliance with this subsection entitled "Rebate Fund" during the applicable Bond Year, shall be in a form acceptable to the Rebate Administrator, and shall set forth (i) the Rebate Amount, calculated in accordance with Section 148(f) of the Code and in accordance with any promulgation in regard thereto by the Internal Revenue Service, and (ii) the fee and expenses of the Rebate Administrator due from the County as of the date of such Rebate Certificate. Notwithstanding anything herein to the contrary, the Rebate Amount certified in each Rebate Certificate by the Rebate Administrator may be calculated and based upon the County's certification of the

amounts earned on all nonpurpose investments in which gross proceeds of the Bonds shall be invested by the County and may be provided by any bond counsel, certified public accountant or other agent of the Rebate Administrator or of the County who shall be qualified to make the calculations required.

The Rebate Administrator shall provide written investment instructions to the County such that the County will not make or direct any Person to make on its behalf a Prohibited Payment, as such term is defined in Temporary U.S. Treasury Regulations, Section 1.103-15AT(d)(6) or in any promulgation under Section 148(f) of the Code. As set forth therein, a Prohibited Payment is the payment, or an agreement to pay, to a Person other than the United States Treasury, an amount that is required to be paid to the United States Treasury by entering into a nonpurpose investment transaction that reduces the Rebate Amount because such transaction results in a smaller profit or a larger loss to the County than would have resulted had the transaction been at arms length between the parties thereto and the yield on the Bonds not been relevant to either of such parties.

The County shall furnish to the Rebate Administrator the amounts of all earnings derived by the County from such nonpurpose investments and from the investment of Rebate Fund moneys and all such other information, certifications and consents as may be reasonably required by the Rebate Administrator in order that the Rebate Administrator may provide all of the calculations and instructions required for the administration of the Rebate Fund by the County in accordance with this subsection entitled "Rebate Fund."

Simultaneously with submission of each Rebate Certificate, the Rebate Administrator shall give to the County written instructions as to the amount and due date of any rebate payment then required by the Code and shall direct the County to withdraw from the Rebate Fund and pay to the United States Treasury (i) in the case of any rebate payment other than a final rebate payment, for each series of the Bonds, not later than 30 days after the expiration date of each Bond Year which shall be divisible by five (determined for the purpose of this subsection only on the basis of the Bond Years' being numbered from 1 upward commencing with the date of issuance), an amount equal to 90% of the full unpaid rebate requirement as of such date, if any, with respect to such series, and (ii) in the case of a final rebate payment, for each series of the Bonds, not later than 60 days after the date on which the last bond of such series shall be redeemed, an amount equal to 100% of the full unpaid balance of the rebate requirement, if any, with respect to such series of the Bonds; each of which withdrawals from the Rebate Fund and payments to

the United States Treasury as directed by the Rebate Administrator pursuant to this paragraph the County shall make promptly in the amount specified and on or before the date specified in such written instructions.

Notwithstanding anything in the Resolution to the contrary, neither the County nor the Rebate Administrator shall be required to comply with any of the requirements in this subsection entitled "Rebate Fund" as to any series of the Bonds (i) if the gross proceeds of any series of the Bonds (excluding any amounts on deposit in the Sinking Fund) shall be fully spent for the Cost of the Facilities within six months from the date of issuance of such series, or (ii) if such gross proceeds (excluding any amounts on deposit in the Sinking Fund), other than a remaining amount which shall not exceed the lesser of 5% of such gross proceeds or \$100,000, shall be spent for the Cost of the Facilities within six months from the date of issuance of such series and such remaining amount (excluding any amounts on deposit in the Sinking Fund) shall be spent for the Cost of the Facilities within one year from the date of issuance of such series, or (iii) if such series shall qualify for the small governmental unit exemption provided in Section 148(f)(4)(C) of the Code, or (iv) if an opinion of nationally recognized bond counsel (who may be the Rebate Administrator) states that such noncompliance will not cause the interest on any of the Bonds to be includable in the gross income of the Owners thereof.

Any deficiency in Rebate Fund moneys required to assure full compliance with applicable provisions of the Code, U.S. Treasury Regulations and any promulgations of the Internal Revenue Service, as determined by the Rebate Administrator, shall be deposited in the Rebate Fund by the County forthwith from the following sources in the order listed: (i) any moneys remaining on deposit in the Construction Account; and (ii) any moneys of the County which shall have been derived by the County from sources other than ad valorem taxation and which shall be lawfully available for such purpose.

(J) Compliance with Revenue Sharing and Pari-mutuel Tax Requirements. The County will at all times comply with all of the requirements and conditions of Chapter 218, Part II, Florida Statutes, as amended, to assure its receipt of the Guaranteed Entitlement allocable to the County from the state Revenue Sharing Trust Fund for Counties; the County will at all times comply with all requirements and conditions of Chapter 550 and 551, Florida Statutes, as amended, if any, to assure its receipt of the Pari-mutuel Taxes allocable to the County from the state Pari-mutuel Tax Collection Trust Fund; and the County will not take any action which will jeopardize its receipt of the Guaranteed Entitlement or the Pari-mutuel Tax or adversely affect its undertaking herein to apply the same as provided in the Resolution; and the County will at all times comply with the requirements and conditions of

such laws to entitle the County to receive distributions of the Pledged Funds at a level which shall always equal or exceed 1.01 times the Maximum Bond Service Requirement.

Defeasance

If, at any time, the County shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to any of the Bonds, then, and in that event, the pledge of and lien on the Pledged Funds in favor of the Owners of such Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit by the County of direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), none of which permit redemption prior to maturity at the option of the obligor, in irrevocable trust with a banking institution or trust company, for the sole benefit of such Owners, in respect to which obligations the principal and interest received will be sufficient to make timely payment of the principal of and interest and redemption premiums, if any, on such Bonds, shall be considered "provision for payment." Nothing in this section of the Resolution shall be deemed to require the County to call any Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair in any way the discretion of the County in determining whether or not to exercise any such option for early redemption.

Modification or Amendment

Any modification or amendment of the Resolution or of any resolution amendatory thereof or supplemental thereto may be made with the consent in writing of the provider of municipal bond insurance insuring all of the Bonds then outstanding which shall be materially and adversely affected by such modification or amendment, if as a result of which insurance such Bonds shall be rated in the highest rating category by either Moody's Investors Service or Standard & Poor's Corporation; or if such Bonds shall not be so insured or such insurance provider shall be in default or bankrupt, with the consent in writing of the Owners of fifty-one per centum (51%) or more in principal amount of such Bonds; provided, however, that no such modification or amendment shall permit a change in the maturity of such Bonds, or a reduction in the rate of interest thereon or in the amount of the principal obligation thereof, or affecting the promise of the County to pay the principal of and interest on such Bonds as the same shall become due from the Pledged Funds, or reduce the percentage of such Bonds the Owners of which are required to consent to any such modification or amendment without the consent of the Owners of one hundred per centum (100%) of such Bonds. The Resolution and any resolution amendatory hereof or supplemental hereto may be amended, to the extent that the amendment shall not materially

and adversely affect any of the Bonds, without the consent of such insurance provider or any of the Owners for any of the following purposes:

(1) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in the Resolution, as supplemented, or to clarify any matters or questions arising thereunder.

(2) To grant to or confer upon the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners.

(3) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of the Resolution other conditions, limitations and restrictions thereafter to be observed.

(4) To add to the covenants and agreements of the County in the Resolution other covenants and agreements thereafter to be observed by the County or to surrender any right or power herein reserved to or conferred upon the County.

(5) To specify and determine any matters and things relative to the Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect.

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APPENDIX C

ST. JOHNS COUNTY, FLORIDA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1986



February 13, 1987

Board of County Commissioners
St. Johns County, Florida

In our opinion, the general purpose financial statements on pages 2 to 18 present fairly the financial position of St. Johns County, Florida at September 30, 1986 and the results of its operations, the changes in financial position of its proprietary fund types and changes in assets and liabilities of its fiduciary fund types for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.


Certified Public Accountants

ST. JOHNS COUNTY, FLORIDA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 1986

	Governmental Fund Types				Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			Special Assessments	Enterprise	
ASSETS									
Cash	1,915,070	81,753,228	810,308	84,768,463	816,133	5863,785			82,205,218
Investments, at cost					1,630,090	119,394			11,409,086
Receivables (net of allowance for uncollectibles):									
Accounts									
Special assessments	22,057	8,437			275,436	616			306,546
Due from other county funds	778,175	26,908		1,556	36,151				843,334
Due from other governments	187,006	117,476			106,610				408,132
Inventory, at cost									106,610
Restricted assets:									
Cash					400				400
Investments, at cost					1,344,819				1,344,819
Land					167,413				2,070,985
Buildings and improvements					303,081				13,944,870
Water and sewer systems					8,328,433				8,528,433
Furniture and equipment					414,968				9,314,686
Accumulated depreciation					(1,403,855)				(1,403,855)
Construction in progress					4,489,741				5,608,478
Prepaid expenses/expenditures					163,478				4,491
Other assets	4,491					7,816			171,794
Amount available in debt service funds								\$495,447	895,447
Amount to be provided for retirement of general long-term debt								8,592,385	8,592,385
Amount to be provided for retirement of general long-term compensated absences payable								520,745	520,745
Total assets	\$2,876,816	\$3,896,971	\$895,447	\$84,770,819	\$15,992,806	\$991,611	\$25,674,286	\$9,608,577	\$66,398,337

See Accompanying Notes To Financial Statements.

ST. JOHNS COUNTY, FLORIDA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNTS GROUPS
 SEPTEMBER 30, 1966

	Governmental Fund Types				Proprietary Fund Types	Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects			Special Assessments	Enterprise	Trust and Agency		General
LIABILITIES AND FUND EQUITY											
Liabilities:											
Vouchers payable and accrued liabilities	8405,871	8415,481	830	5336,335	825,091	891,202	8453,703				81,554,010
Customer deposits		6,948				278,756	83,946				285,704
Due to individuals	17,562	704,057				35,971					461,803
Due to other county funds											841,536
Due to other governmental units	74,656	15,832				7,628,801	231,391	84,060,000			321,679
Other liabilities	216,655						222,571	4,995,000			11,400,801
Revenue bonds payable								32,832			4,995,000
General obligation bonds payable	5,253							520,745			38,085
Lease purchase agreements											520,745
General long-term compensated absences payable	799,801	1,150,418	30	536,335	75,091	8,034,730	991,611	9,408,577			21,146,593
Total liabilities											75,674,286
Fund equity:											
Investment in general fixed assets						5,253,237					5,253,237
Contributed Capital (net of amortization)						85,158					85,158
Retained earnings:						2,609,481					2,609,481
Reserve for bond debt service											
Unreserved fund balances:											
Reserved:											
Capital Outlay											
Retirement of long-term debt											
Unreserved											
Total fund equity	2,072,015	2,746,553	495,417	4,233,684	66,908	7,957,876		35,674,286			43,251,735
Total liabilities and fund equity	2,072,015	2,746,553	495,417	4,233,684	66,908	7,957,876		35,674,286			43,251,735
	82,876,816	83,896,871	8495,487	84,770,019	891,999	815,992,606	8991,611	825,674,286	99,608,577		864,398,332

See Accompanying Notes to Financial Statements.

ST JOHNS COUNTY, FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1986

	General	Special Revenue	Debt Service	Capital Projects	Special Assessments	Totals (Memorandum Only)
Revenues:						
Taxes	98,005,376	83,657,584	9582,643	91,814,021	9929,648	\$14,989,472
Special assessments levied	522,181	59,848				59,848
Licenses and permits						522,181
Federal shared revenues		593,339				593,339
State revenue:						
Shared revenues	2,727,251	1,635,648	490,784	60,000		4,853,683
Grants	45,712	488,515				594,227
Local grants and shared costs	2,160				217,340	2,160
Charges for services	546,047	2,067,647				885,983
Fines and forfeitures	885,983					885,983
Interest income	439,286	212,738	28,862		466	863,488
Miscellaneous revenue	130,029	75,379				742,738
Total revenues	13,304,225	8,790,698	1,102,289	2,593,487	1,147,454	26,938,153
Expenditures:						
Current:						
General government	3,165,287	2,444,572			822,504	5,609,859
Public safety	3,463,685	3,673,854				7,910,043
Physical environment	693,522				24,458	2,958,844
Transportation		2,934,386				83,179
Economic environment	30,521	52,658				1,329,723
Human services	620,611	709,112			17,796	735,155
Culture and recreation	558,463	158,896				6,626,152
Capital outlay	496,727	2,588,574		3,154,612	386,239	320,000
Debt service:			320,000			492,947
Principal retirement			492,947			
Interest and fiscal charges						
Total expenditures	9,028,816	12,512,052	812,947	3,154,612	1,250,997	26,759,424
Excess (deficit) of revenues over expenditures	4,275,409	(3,721,354)	289,342	(561,125)	(103,543)	178,729
Other financing sources (uses):						
Operating transfers in	663,883	5,238,030		597,301	303	6,499,517
Operating transfers (out)	(15,724,026)	(600,783)		(109,750)	(64,938)	(6,499,517)
Bond proceeds and other uses	(79,695)	(17,936)		2,440,646	(114)	2,393,101
Excess (deficit) of revenues and other sources over expenditures and other uses	(814,429)	897,957	289,342	2,367,272	(168,312)	2,571,830
Fund balance, beginning of year	2,891,444	1,848,596	206,075	1,866,412	235,220	7,047,747
Fund balance, end of year	\$2,077,015	\$2,746,553	\$495,417	\$4,233,684	\$66,908	\$9,619,577

See Accompanying Notes To Financial Statements.

DEPARTMENT OF COMMERCE, BUREAU OF STATISTICS
FINANCIAL STATEMENTS OF THE UNITED STATES GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 1935

Statement	General Fund		Special Fund		Trust Funds		Post Office Fund		Federal Reserve Bank		Federal Reserve Bank	
	Balance	Change	Balance	Change	Balance	Change	Balance	Change	Balance	Change	Balance	Change
Total	\$35,315,000	\$2,203,578	\$1,011,000	\$10,100,000	\$2,203,578	\$1,011,000	\$1,011,000	\$10,100,000	\$1,011,000	\$10,100,000	\$1,011,000	\$10,100,000
Federal Reserve Bank												
Federal Reserve Bank - Receipts												
Federal Reserve Bank - Disbursements												
Federal Reserve Bank - Total												
Special Fund												
Special Fund - Receipts												
Special Fund - Disbursements												
Special Fund - Total												
Trust Funds												
Trust Funds - Receipts												
Trust Funds - Disbursements												
Trust Funds - Total												
Post Office Fund												
Post Office Fund - Receipts												
Post Office Fund - Disbursements												
Post Office Fund - Total												
General Fund												
General Fund - Receipts												
General Fund - Disbursements												
General Fund - Total												

See accompanying notes for further information.

ST JOHNS COUNTY, FLORIDA
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED SEPTEMBER 30, 1986

	ENTERPRISE FUNDS
Operating revenues:	
Water sales	\$1,502,830
Sewage treatment charges	771,741
Service fees	109,763
Merchandise sales	52,457
	2,436,791
Operating expenses:	
Contractual services	199,247
Salaries and employee benefits	521,140
Operating expenses	599,469
Maintenance	273,823
Depreciation	398,021
	1,991,700
Total operating expenses	1,991,700
Operating income	445,091
Nonoperating revenues (expenses):	
Interest income	250,159
Interest expense	(537,814)
Other expenses	(13,639)
	(301,294)
Total nonoperating revenues (expenses)	(301,294)
Net income	143,797
Add depreciation on fixed assets acquired by grants externally restricted for capital acqui- sitions and construction that reduces contributed capital	109,726
	253,523
Increase in retained earnings	253,523
Retained earnings, beginning of year	2,451,116
Retained earnings, end of year	\$2,704,639

See Accompanying Notes To Financial Statements.

ST JOHNS COUNTY, FLORIDA
 COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
 PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED SEPTEMBER 30, 1986

	ENTERPRISE FUNDS
Cash was provided by:	
Net income	\$143,797
Add (deduct) items not affecting cash:	
Depreciation	398,021
Amortization of bond discount	3,428
Increase in accounts receivable	(46,178)
Decrease in inventory	(22,612)
Change in accounts payable and accrued liabilities	(641,561)
Change in other current assets and liabilities	(164,800)
	(329,905)
Cash provided by operations	
Capital contributions	338,291
Increase in customer deposits	101,020
Proceeds from sale of Revenue Bonds and Anticipation Notes	5,562,801
Decrease in restricted assets	4,410,736
	10,082,943
*Total cash provided	
Cash was used for:	
Net additions to fixed assets	1,208,712
Reduction of long-term debt	9,294,700
	10,503,412
Total cash used	
Net decrease in cash & investments	(420,469)
Cash & investments, beginning of year	2,066,700
Cash & investments, end of year	\$1,646,231

See Accompanying Notes to Financial Statements.

**ST JOHNS COUNTY, FLORIDA
 COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 TRUST AND AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1986**

	Balance September 30, 1985	Additions	Deductions	Balance September 30, 1986
	-----	-----	-----	-----
ASSETS				
Cash	\$379,613	\$40,428,121	\$39,943,949	\$863,785
Investments	173,306	169,351	223,263	119,394
Juror and Witness Payrolls	8,896	33,928	35,008	7,816
Accounts Receivable	393	7,164	6,941	616
	-----	-----	-----	-----
Total assets	\$562,208	\$40,638,564	\$40,209,161	\$991,611
	-----	-----	-----	-----
LIABILITIES				
Documentary stamps	(\$100,000)	\$2,926,533	\$2,603,962	\$222,571
Due to individuals	277,986	1,386,015	1,210,298	453,703
Due to other county funds	86,013	14,772,759	14,774,826	83,946
Due to other governmental agencies	298,209	21,199,118	21,265,936	231,391
	-----	-----	-----	-----
Total liabilities	\$562,208	\$40,284,425	\$39,855,022	\$991,611
	-----	-----	-----	-----

See Accompanying Notes To Financial Statements.

ST. JOHNS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies

St. Johns County, Florida (the County) is an instrument of the State of Florida established to carry on a centralized municipal government. The financial statements include organizations, activities and functions where elected officials of the County exercise oversight responsibility. Oversight responsibility includes final decision-making authority and accountability for fiscal matters, designation of management and the ability to influence operations.

The following is a summary of the significant accounting principles and policies used in the preparation of these financial statements.

Basis of Presentation - The financial statements presented represent the combined financial statements of St. Johns County, Florida which includes the fund types and account groups of the Board of County Commissioners, Clerk of the Circuit and County Courts, Property Appraiser, Sheriff and Tax Collector. The accounts of the Supervisor of Elections are maintained by the Board of County Commissioners and are thus included therein.

The public schools within St. Johns County are operated by the St. Johns County School Board, an independent entity, and are excluded from these financial statements as are the assets, liabilities and operations of other independent authorities and agencies.

Although the Anastasia Sanitary District is an independent authority, its financial statements are included because it is governed by the same persons who constitute the Board of County Commissioners. The assets and revenues are not available to the County and the County is not liable for any expenses or liabilities of Anastasia.

The County records its financial transactions in numerous individual funds and two account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which is established to account for specific activities or functions. For reporting purposes, the various funds of the County are classified into three basic fund types (governmental, proprietary and fiduciary funds) and two account groups (general fixed assets and general long term debt).

All governmental funds and expendable trust funds (a fiduciary fund type) are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." The long term portions of assets and liabilities are included in the account groups. Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financial uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

All fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Each fiduciary fund is classified for accounting measurement purposes as either a governmental fund or a proprietary fund.

The columns entitled "Totals (Memorandum Only)" are included for information purposes only and are not comparable to consolidated financial information. The basic reporting entities are fund types which utilize different bases of accounting. In addition, interfund type eliminations have not been made in arriving at the amounts included in these columns.

Purposes of Funds and Account Groups - St. Johns County, Florida uses the following funds and account groups:

Governmental Fund Types

- o The General Fund is used to account for the general operations of the county government which are not accounted for in another fund. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

- o Special Revenue Funds are operating funds used to account for revenues which are restricted or designated as to use by outside sources. The general operating funds of the Clerk of the Circuit and County Courts, Property Appraiser, Tax Collector and Sheriff are included as special revenue funds.
- o Debt Service Funds are used to account for the payment of principal, interest and related costs of general long-term debt. Debt service revenues are primarily from property taxes or state-shared revenues.
- o Capital Project Funds are used to account for resources designated to construct or acquire general fixed assets and major improvements other than those financed by special assessments or enterprise funds.
- o Special Assessment Funds are used to account for special assessments levied to finance public improvements or services deemed to benefit the properties against which assessments are levied.

Proprietary Fund Types

- o Enterprise Funds are used to account for water and sewer services and merchandise sales that are financed and operated in a manner similar to profit-oriented business enterprises. The costs of sales and services are financed or recovered primarily through sales and user charges.

Fiduciary Fund Types

- o Trust and Agency Funds are used to account for assets held by the County as trustee or agent.

Account Groups

- o The General Fixed Asset Account Group is used to account for those fixed assets owned by the County except those accounted for in the Enterprise Funds.
- o The General Long-Term Debt Account Group is used to account for the outstanding principal balances of general long-term debt, except those accounted for in the Enterprise Funds, and to account for compensated absences which are not payable from currently expendable financial resources applicable to the Governmental Funds.

Basis of Accounting - The combined financial statements have been prepared in conformity with the accounting principles and reporting guidelines of the Governmental Accounting Standards Board.

The accounts of the governmental fund types are maintained on the modified accrual basis of accounting. Under the modified accrual basis, expenditures are recorded at the time liabilities are incurred except accrued interest on general long-term debt which is recorded when due; revenues are recorded when they are both measurable and available.

The financial statements of the enterprise funds are prepared on the accrual basis of accounting.

Expenditures for the overall accounting and investment function are recorded in the General Fund, except where there is a contractual requirement to record such expenditures in another type fund or account group.

Budget - Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board of County Commissioners.

Investments - Cash in excess of operating requirements is pooled and invested. Investment income is recorded in the General Fund, except where there is a contractual requirement to record such revenues in another fund. Investments are stated at cost which approximates market value.

Inventories - Inventories included in the enterprise funds consist primarily of utility stores. The inventory is valued at the lower of first-in first-out cost or market.

Ad Valorem Property Taxes - The County assesses property taxes effective in November of each year. Taxpayers are given five months within which to pay the tax, while a discount commencing at 4% and declining by 1% each additional month is allowed if taxes are paid within this five month period. After that time, the County sells tax certificates to collect unpaid taxes and any applicable penalties and interest. The County can hold the certificates up to two years, at which time it can apply for a tax deed to the property if taxes remain unpaid.

Interfund Transactions - During the course of normal operations, the County has various transactions between funds. Those transactions which are operating subsidies are recorded as transfers.

NOTE 2 - Fixed Assets

General Fixed Assets (Governmental Funds) - General fixed assets are recorded at cost as capital outlay in the purchasing fund at the time of acquisition. Rights-of-way and infrastructure improvements, such as roads and bridges, are not carried as assets. No depreciation is provided on those assets capitalized in the General Fixed Asset Account Group.

The County capitalizes major expenditures for additions and improvements. Expenditures for maintenance and repairs are charged to operations.

The following is a schedule of changes in the General Fixed Asset Account Group for the fiscal year ended September 30, 1986:

	Balance September 30, 1985	Additions	Dispositions	Balance September 30, 1986
Land	\$ 1,575,694	\$ 277,678		\$ 1,853,372
Buildings and improve- ments	5,062,004	8,579,785		13,641,789
Furniture and equipment	6,980,832	2,191,117	\$ 495,902	8,676,047
Equipment under lease-purchase agreement	223,681			223,681
Construction in progress	6,668,667	1,963,111	7,352,381	1,279,397
	<u>\$20,510,878</u>	<u>\$13,011,691</u>	<u>\$7,848,283</u>	<u>\$25,674,286</u>

Fixed Assets (Enterprise Funds) - Acquisitions by the enterprise funds are capitalized at cost. Those acquired prior to 1972 are recorded at the 1971 appraised market values. Assets are depreciated on the straight-line method over the estimated lives of the assets, which range from 10 to 50 years. Major expenditures for additions and improvements are capitalized. Expenditures for maintenance and repairs are charged to operations.

NOTE 3 - Interfund Balances

The summary of individual interfund balances at September 30, 1986 follows:

	<u>Due from other county funds</u>	<u>Due to other county funds</u>
<u>General</u>		
Board of County Commissioners	<u>\$778,175</u>	<u>\$ 17,562</u>
<u>Special Revenue</u>		
County Transportation	4,657	
Clerk of the Courts		69,838
Sheriff	22,251	238,830
Tax Collector		395,389
	<u>26,908</u>	<u>704,057</u>
<u>Special Assessments</u>		
Vilano Street Lighting	109	
St. Augustine South Street Lighting	<u>193</u>	
	<u>302</u>	<u>-</u>
<u>Enterprise</u>		
Anastasia Sanitary District	32,765	3,567
Mainland Water System	<u>3,386</u>	<u>32,404</u>
	<u>36,151</u>	<u>35,971</u>
<u>Trust and Agency</u>		
Clerk of the Courts		76,748
Sheriff		<u>7,198</u>
	<u>-</u>	83,946
Total	<u>\$841,536</u>	<u>\$841,536</u>

NOTE 4 - Long-Term Debt

Long-term debt transactions of the County for the year ended September 30, 1986 are summarized below:

	<u>General Government</u>	<u>Enterprise</u>	<u>Total</u>
Long-term debt payable at September 30, 1985	\$6,834,369	\$11,357,272	\$18,191,641
Issuance of long-term debt	3,000,000	5,562,801	8,562,801
Amortization of debt issuance discount		3,428	3,428
Sinking fund payments & maturities	(364,679)	(9,294,700)	(9,659,379)
Increase in liability for compensated absences	<u>138,887</u>	_____	<u>138,887</u>
Long-term debt payable at September 30, 1986	<u>\$9,608,577</u>	<u>\$ 7,628,801</u>	<u>\$17,237,378</u>

Long-term debt at September 30, 1986 is comprised of the following individual issues:

General Government:-

Revenue bonds:

\$2,000,000 1967 Race Track and Jai Alai
Fronton Revenue Bonds secured by state
race track and jai alai tax revenues,
due in annual installments of \$70,000 to
\$130,000 through July 1, 1997; interest
at 5.7% to 5.75% payable semi-annually

\$1,110,000

\$3,000,000 1986 Capital Improvement
Revenue Note secured by half-cent sales
tax revenues, due in monthly installments
of \$50,000 through October 1, 1991; in-
terest at 61.8% of the current prime bank
lending rate (7.5% at 9/30/86) payable
monthly

2,950,000

4,060,000

General obligation bonds:	
\$1,300,000 1966 General Bonds due in annual installments of \$65,000 to \$85,000 through July 1, 1991; interest at 4.4% to 5.5% payable semi-annually	375,000
\$5,000,000 1983 Jail and Criminal Justice Facilities Construction Bonds due in annual installments of \$135,000 to \$500,000 through March 1, 2003; interest at 5% to 9.1% payable semi-annually	<u>4,620,000</u>
	<u>4,995,000</u>
Lease-purchase agreement:	
Secured by data processing equipment; monthly payments of \$4,394 including interest at 11.5% through August 1987	32,832
General long-term compensated absences payable	<u>520,745</u>
Total General Government	<u><u>\$9,608,577</u></u>

Enterprise:-

Revenue bonds:	
\$2,422,700 1981 Water Revenue Bonds secured by County water and sewer revenues, due in annual installments of \$26,000 to \$137,000 through September 1, 2020; interest at 5% payable annually	\$2,326,000
\$5,400,000 1986 Water and Sewer Refunding Revenue Bonds secured by County water and sewer revenues, due in annual installments of \$90,000 to \$460,000 through June 1, 2011; interest at 4.25% to 7.75% payable semi-annually (less unamortized discount of \$97,199)	<u>5,302,801</u>
Total Enterprise	<u><u>\$7,628,801</u></u>

The annual requirements to amortize all debt outstanding as of September 30, 1986, including interest payments of \$4,274,946 and \$9,169,607 for general government and enterprise fund debt, respectively, are as follows:

<u>Year ending, September 30</u>	<u>General Government</u>	<u>Enterprise</u>	<u>Total</u>
1987	\$ 4,748,794	\$ 557,852	\$ 5,306,646
1988	602,365	617,338	1,219,703
1989	608,880	624,662	1,233,542
1990	608,818	617,863	1,226,681
1991	612,197	623,812	1,236,009
1992-2020	<u>6,181,724</u>	<u>13,854,080</u>	<u>20,035,804</u>
	<u>\$13,362,778</u>	<u>\$16,895,607</u>	<u>\$30,258,385</u>

The bond resolutions authorizing each of the above debt obligations specified certain restrictive covenants. The bond restrictions require establishment of separate funds to control the order in which pledged proceeds are utilized by the County. The pledged proceeds in excess of debt service requirements may be used for any lawful purpose at the discretion of the Board of County Commissioners.

On August 15, 1986 the County issued \$5,400,000 of Revenue Refunding Bonds in the enterprise funds. Proceeds were used to redeem the Series 1984 and 1985 Water and Sewer Revenue Bonds and the Series 1973 Water and Sewer Revenue Bonds. \$320,000 was placed in escrow for defeasance of \$295,000 outstanding principal plus interest of the 1973 Water and Sewer Revenue Bonds. The Series 1973 bonds are scheduled to be redeemed on July 1, 1987.

On October 29, 1986, the County issued \$4,060,000 of General Government Refunding Revenue Bonds. Proceeds were used to redeem the 1967 Race Track and Jai Alai Fronton Revenue Bonds and the 1986 Capital Improvement Revenue Note.

NOTE 6 - Pension Plan

Substantially all of the County's employees are covered under the State of Florida Retirement System Pension Plan. Employer contributions of \$1,122,389 were recorded as expenditures or expenses during the current year.

NOTE 7 - Commitments and Contingent Liabilities

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, could constitute liabilities of the applicable funds. Management does not anticipate any such disallowances.

Litigation

The County is involved in various litigation arising in the normal course of governmental operations. The legal proceedings are not, in the opinion of the County Attorney, likely to have a material adverse impact on the County's financial position.



APPENDIX D
MUNICIPAL BOND GUARANTY
INSURANCE POLICY

Municipal Bond Investors Assurance Corporation
White Plains, New York 10601

SPECIMEN

Municipal Bond Investors Assurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, the full and complete payment required to be made by or on behalf of the Issuer to

or its successor (the "Paying Agent") of an amount equal to (i) the principal of either at the stated maturity or at the advancement of maturity pursuant to a mandatory sinking fund payment and interest on, the Obligations (as that term is defined below) which shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of advance or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to Citibank, N.A., Citibank, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 445 Hamilton Avenue, White Plains, New York 10601 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed and attested on its behalf by its President and its Secretary, this

_____ day of _____, 19 ____

SPECIMEN

President

Attest: Secretary

APPENDIX E

Form of Legal Opinion

_____, 1987

Board of County Commissioners
of St. Johns County
c/o Mr. Henry S. Hendrix
4020 Lewis Speedway
St. Augustine, FL 32084

Ladies and Gentlemen:

We have examined the Constitution and statutes of the State of Florida, most particularly Part I, Chapter 125, Florida Statutes, as amended, County Ordinance No. 87-28 enacted on June 9, 1987, by the Board of County Commissioners (the "Board") of St. Johns County, Florida (the "Issuer"), and other applicable laws, certified copies of proceedings of the Board and other proofs submitted to us relative to the issuance and sale by the Issuer of the bonds hereinafter more particularly described (the "Bonds"), to wit:

\$3,500,000
St. Johns County, Florida
Capital Improvement Revenue Bonds, Series 1987A
Dated as of _____ 1, 1987

In denominations of \$5,000 and integral multiples thereof not exceeding the aggregate amount of Bonds maturing on the same date, and bearing interest payable semi-annually on _____ 1 and _____ 1, commencing _____ 1, 1988, at the rates per annum and maturing on _____ 1 of the years and in the amounts as follows:

Board of County Commissioners
of St. Johns County, Florida
_____, 1987

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<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$	%		\$	%

Bonds maturing in the years _____ through _____, both inclusive, are not redeemable prior to their respective stated dates of maturity. Bonds maturing in the years _____ and thereafter, are redeemable prior to their respective stated dates of maturity, at the option of the Issuer, in whole or in part, but in inverse order of maturities and by lot within each maturity if less than all, on _____, _____ or on any interest payment date thereafter, at par plus accrued interest to the date of redemption, plus the following premiums, expressed in percentages of the principal amount of Bonds being redeemed, if redeemed on the following dates:

Redemption Dates

Redemption Premiums

The Bonds are issued pursuant to the Constitution and laws of the State of Florida, particularly County Ordinance No. 87-28 enacted by the Board on June 9, 1987, and Resolution No. _____ duly adopted by the Issuer on _____, 1987, as amended and supplemented (the "Resolution"), authorizing issuance of the Bonds to finance the cost of constructing and acquiring a public golf course facility to be owned and operated by the Issuer. The Bonds are payable solely from and secured by a prior lien upon and pledge of (i) all of that portion of the Revenue Sharing Trust Fund for Counties payable to the Issuer pursuant to the provisions of Chapter 218, Part II, Florida Statutes, ~~as amended~~, and designated as the Issuer's "guaranteed entitlement," but excluding the Issuer's "second guaranteed entitlement," as defined in said part,

(1987)

Board of County Commissioners
of St. Johns County, Florida
_____, 1987

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(1987)
and (ii) all of that portion of the race track funds and jai alai fronton funds distributed from the Pari-Mutuel Tax Collection Trust Fund to the Issuer pursuant to Chapters 550 and 551, Florida Statutes, and Chapter 65-1046, Laws of Florida, Acts of 1965, and (iii) the earnings on the investment of moneys held in the Sinking Fund established pursuant to the Resolution (the "Pledged Funds"). The Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provision or limitation.

We are of the opinion, under existing statutes, regulations, rulings and court decisions, that:

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

2. The Issuer had and has good right and lawful authority under the Constitution and the laws of the State of Florida to adopt the Resolution and to authorize the issuance of the Bonds; the Resolution has been duly adopted by the Issuer, is in full force and effect and constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms (subject as to enforceability of any remedies to any applicable bankruptcy or insolvency laws or other laws affecting creditors' rights generally, from time to time in effect); and the Issuer has duly authorized all necessary action to be performed in connection with the issuance of the Bonds pursuant to the Resolution.

3. The Bonds and the interest thereon do not constitute a general indebtedness of the Issuer or a pledge of its faith and credit, but are payable solely from the Pledged Funds in the manner provided in the Resolution. No owner of any of the Bonds shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay the Bonds or interest thereon or be entitled to payment of the Bonds or interest thereon from any moneys of the Issuer except the Pledged Funds.

4. The Legislature of the State of Florida, while the Bonds are outstanding and unpaid, will not have the legal authority to enact any Act which will impair or remove the security of the race track funds and jai alai fronton funds pledged, as above described, for the payment of the Bonds and the interest thereon without making other adequate provisions for the payment thereof.

Board of County Commissioners
of St. Johns County, Florida
_____, 1987

Page Four

5. The Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, banks and savings associations as defined by Chapter 220, Florida Statutes, as amended.

6. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that interest on the Bonds is included in calculating the following: (i) "adjusted net book income" and "adjusted current earnings" for purposes of calculating the alternative minimum tax on corporations pursuant to Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) the environmental tax on corporations imposed by Section 59A of the Code, (iii) the branch profits tax imposed on foreign corporations by Section 884 of the Code, and (iv) the tax on "excess net passive income" imposed by Section 1375 of the Code on certain Subchapter S corporations that have Subchapter C earnings and profits. The opinion set forth in clause (a) above is subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements.

7. The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

Respectfully submitted,

SS9SJIOL1

\$3,140,000
ST. JOHNS COUNTY, FLORIDA
CAPITAL IMPROVEMENT REVENUE BONDS
SERIES 1987A

PURCHASE CONTRACT

September 17, 1987

Board of County Commissioners
St. Johns County, Florida
P.O. Box 1533
St. Augustine, Florida 32085-1533

Ladies and Gentlemen:

PaineWebber Incorporated and Fray Municipal Securities, Inc. (the "Underwriters"), hereby offer to enter into this Purchase Contract with St. Johns County, Florida (the "County") for the purchase by the Underwriters and sale by the County of its \$3,140,000 St. Johns County, Florida Capital Improvement Revenue Bonds, Series 1987A (the "Bonds"), to be dated as of September 1, 1987 which upon the acceptance by the County of this offer, will be binding upon the County and the Underwriters. This offer is made subject to acceptance by the County prior to 4:00 p.m., St. Augustine time, date hereof, and if not so accepted, will be subject to withdrawal by the Underwriters upon notice to the County at any time prior to the acceptance thereof by the County.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriters, jointly and severally, hereby agree to purchase from the County for offering to the public and the County hereby agrees to sell and deliver to the Underwriters all (but not less than all) of the Bonds at an aggregate purchase price of \$3,085,772.20 plus accrued interest on the Bonds from September 1, 1987, to the Date of Closing referred to in Section 6 hereof. The Bonds shall be as described in, and shall be issued under the authority of and in full compliance with, the Constitution and Statutes of the State of Florida, including particularly Chapter 125, Florida Statutes, Ordinance No. 87-28, enacted by the Board of County Commissioners of the County on June 9, 1987 (the "Act"), and a Resolution duly adopted by the County on July 14, 1987, as supplemented (collectively, the "Resolution"), with only such changes therein as shall be mutually agreed upon by the parties hereto. The Bonds shall mature at the times and in the

amounts and bear interest at the rates set forth in Appendix I hereto and shall be redeemable as set forth in Appendix II hereto. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Resolution.

The Bonds will be payable solely from and secured by a lien upon and pledge of (i) the portion of the pari-mutuel tax revenues distributed from the Pari-Mutuel Tax Collection Trust Fund to the County, and (ii) the portion of the Revenue Sharing Trust Fund for Counties payable to the County and designated as the County's "guaranteed entitlement," but excluding the "second guaranteed entitlement" provided under said part, together with all moneys on deposit to the credit of the Sinking Fund created under the Resolution and the interest and earnings derived on the investment thereof, all as described in the Resolution.

The Underwriters agree to make a public offering of the Bonds at the initial offering prices set forth in Appendix I hereto; provided, however, the Underwriters reserve the right to make concessions to dealers and to change such initial offering prices as the Underwriters shall deem necessary in connection with the marketing of the Bonds.

PaineWebber, Incorporated has been duly authorized to execute this Purchase Contract and has been duly authorized to act hereunder on behalf of Fray Municipal Securities, Inc.

2. Good Faith Check. We herewith deliver a corporate check payable to the order of the County in the amount of \$32,000.00 as security for the performance by the Underwriters of their obligation to accept and pay for the Bonds at the Closing in accordance with the provisions of this Purchase Contract. Said check shall not be cashed except under the circumstances set forth in the last sentence of this Section 2. If the County does not accept this offer, or upon your failure to deliver the Bonds at the Closing, or if you shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Purchase Contract (unless waived by the Underwriters), or if such obligations shall be terminated for any reason permitted by this Purchase Contract, or otherwise permitted by the County and the Underwriters at the Closing, you shall return the check to us, and all of our rights hereunder against you shall be fully released and discharged, except as otherwise set forth in Section 8 hereof. If the Underwriters fail (other than for a reason permitted under this Purchase Contract) to accept and pay for the Bonds at the Closing, such check shall be cashed and the proceeds thereof shall be retained by the County as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and thereupon all your

claims and rights hereunder against the Underwriters shall be fully released and discharged.

3. Offering. The Underwriters' purchase and acceptance of delivery of the entire \$3,140,000 aggregate principal amount of the Bonds shall be a condition to the County's obligation to sell and deliver any Bonds to the Underwriters.

In accordance with Section 218.385, Florida Statutes, the Underwriters hereby disclose the required information as provided in Appendix III attached hereto. The County hereby accepts Appendix III as constituting full compliance with such Section 218.385.

4. Official Statement. Promptly after your acceptance hereof, the County shall deliver, or cause to be delivered, to the Underwriters, executed copies of the Official Statement relating to the Bonds (the "Official Statement"), substantially in the form attached as an exhibit to the Resolution, dated the date hereof, with only such changes therein as shall have been accepted by the Underwriters, such acceptance to be conclusively presumed by the Underwriters' purchase of the Bonds. The term "Official Statement" shall include the cover page and the Appendices thereto and shall be signed on behalf of the County by the Chairman or Vice-Chairman of the Board of County Commissioners of the County.

5. Use of Documents. The County hereby authorizes the use by the Underwriters of (a) the Resolution, (b) the Official Statement and (c) any other documents related to the transactions contemplated in the Official Statement in connection with the public offering, sale and distribution of the Bonds.

6. Representations, Warranties and Agreements. The County hereby represents and agrees as follows:

(a) The County is and will be at the Date of Closing duly organized and validly existing as a political subdivision with the powers and authority set forth in the Act and any other applicable laws;

(b) The County has full legal right, power and authority to: (i) enter into this Purchase Contract (ii) adopt the Resolution, (iii) sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iv) carry out and consummate the transactions contemplated by this Purchase Contract, the Resolution and the Official Statement, and the County has complied, and at the Closing will be in compliance in all respects, with the terms of the Act and with the obligations on its part in connection with the issuance of the Bonds

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(a) The County is and will be at the Date of Closing duly organized and validly existing as a political subdivision with the powers and authority set forth in the Act and any other applicable laws;

(b) The County has full legal right, power and authority to: (i) enter into this Purchase Contract (ii) adopt the Resolution, (iii) sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iv) carry out and consummate the transactions contemplated by this Purchase Contract, the Resolution and the Official Statement, and the County has complied, and at the Closing will be in compliance in all respects, with the terms of the Act and with the obligations on its part in connection with the issuance of the Bonds

contained in the Resolution, the Bonds and this Purchase Contract;

(c) By all necessary official action, the County has duly adopted the Resolution, has duly authorized and approved the Official Statement, has duly authorized and approved the execution and delivery of, and the performance by the County of, the obligations on its part in connection with the issuance of the Bonds contained in the Resolution and this Purchase Contract, and the consummation by it of all other transactions contemplated by this Purchase Contract in connection with the issuance of the Bonds; the Resolution constitutes a legal, valid and binding obligation of the County, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law); and the Bonds, when issued, authenticated and delivered to the Underwriters in accordance with the Resolution and this Purchase Contract, will be duly authorized and will constitute legal, valid and binding obligations of the County, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law);

(d) The County is not in material breach of or material default under any applicable constitutional provision, law or administrative regulation of the State of Florida (the "State") or the United States or any applicable judgment or decree, of any loan agreement, indenture, bond, note, or material resolution, agreement or other material instrument to which the County is a party or to which the County or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the execution and delivery of the Bonds, this Purchase Contract and the adoption of the Resolution, and compliance with the provisions on the County's part contained therein and herein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the County is a party or to which the County or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County or under the terms of any such

law, regulation or instrument, except as provided by the Bonds and the Resolution;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter have been duly obtained which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the County of, its obligations in connection with the issuance of the Bonds under this Purchase Contract and the Resolution, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of the United States or any state in connection with the offering and sale of the Bonds;

(f) The descriptions of the Bonds and the Resolution in the Official Statement shall conform in all material respects to the Bonds and the Resolution;

(g) The Bonds, when issued, executed and delivered in accordance with the Resolution and sold to the Underwriters as provided herein, will be validly issued and outstanding obligations of the County, entitled to the benefits of the Resolution, and upon such issuance, execution and delivery, the Resolution will provide for the benefit of the holders from time to time of the Bonds, a legally valid and binding pledge of and prior lien on the Pledged Funds (as described in the Official Statement), in each case subject only to the provisions of the Resolution permitting the application thereof on the terms and conditions set forth in the Resolution;

(h) Except as described in the Official Statement, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body pending or, to the best knowledge of the officials of the County executing this Purchase Contract, threatened against the County, affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Pledged Funds, or the pledge of and lien on the Pledged Funds pursuant to the Resolution, or contesting or affecting as to the County the validity or enforceability of the Act in any respect relating to authorization for the issuance of the Bonds, the Resolution, this Purchase Contract or contesting the tax exempt status of interest on the Bonds, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the authority of the County for the issuance of the Bonds, the adoption of the Resolution, or the execution and delivery by the County of this Purchase Contract;

(i) The County will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order to (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate, and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the County shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction;

(j) At the time of the County's acceptance hereof and (unless an event occurs of the nature described in Paragraph (l) of this Section 6) at all times subsequent thereto up to and including the Date of the Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If the Official Statement is supplemented or amended pursuant to Paragraph (l) of this Section 6, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such Paragraph) at all times subsequent thereto up to and including the Date of the Closing, the Official Statement, as so supplemented or amended, will not contain any untrue statement of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(l) If between the date of this Purchase Contract and the Date of the Closing any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the County shall notify the Underwriters thereof and, if in the opinion of the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriters;

(m) At the time of Closing, the County will be in compliance in all respects with the covenants and agreements

contained in the Resolution and no event of default which, with the lapse of time or giving of notice, or both, would constitute an event of default under the Resolution will have occurred or be continuing;

(n) The County is lawfully empowered to pledge, and grant a prior lien on, the Pledged Funds for payment of the principal of, redemption premium, if any, and interest on the Bonds; and

(o) Between the date of this Purchase Contract and the date of Closing, the County will not execute any bonds, notes or obligations for borrowed moneys payable from the Pledged Funds, other than the Bonds, without giving prior written notice to the Underwriters.

7. Closing.

(a) At 11:00 A.M., St. Augustine Time, on September 30, 1987, or at such other time or on such earlier or later date upon which we mutually agree, the County will deliver or cause to be delivered to us, at the location to be agreed upon by you and the Underwriters in New York, New York, the Bonds in definitive form (all the Bonds to be lithographed on steel engraved borders and to bear proper CUSIP numbers) duly executed and authenticated in accordance with the Resolution and shall further deliver the other documents hereinafter mentioned; and the Underwriters will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof, in immediately available Federal Funds to the order of the County. This delivery and payment is herein called the "Closing" and the date of such delivery and payment is herein called the "Date of Closing". The Bonds will be made available at least one business day before the Date of Closing for checking and packaging at a location in New York, New York to be agreed upon by us. The Bonds to be delivered at Closing shall be prepared and delivered only in fully registrable form.

(b) The failure of the County to use its best efforts to deliver the Definitive Bonds as soon as possible after Closing and in any event before 12:00 Noon, St. Augustine time, October 7, 1987, as provided in Subsection 7(a), shall constitute a breach of this Purchase Contract for which the County and the Underwriters agree that the Underwriters shall have any and all rights and be entitled to any and all remedies legally available to them.

8. Closing Conditions. The Underwriters have entered into this Purchase Contract in reliance upon the representations and warranties of the County contained herein, and in reliance upon the representations and warranties to be contained in the

documents and instruments to be delivered at the Closing and upon the performance by the County of its respective obligations hereunder, both as of the date hereof and as of the Date of the Closing. Accordingly, the Underwriters' obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds are conditioned upon the performance by the County of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and are also subject to the following additional conditions:

(a) The representations and warranties of the County contained herein shall be true, complete and correct on the date hereof and on and as of the Date of the Closing, as if made on the Date of the Closing;

(b) At the time of the Closing, the Resolution shall be in full force and effect in accordance with its terms and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriters, such agreement to be conclusively presumed by the Underwriters' purchase of the Bonds;

(c) At the time of the Closing, all official action of the County and the other parties thereto relating to this Purchase Contract, the Bonds and the County approval of the Official Statement shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect, except in each case as may have been agreed to by the Underwriters, such agreement to be conclusively presumed by the Underwriters' purchase of the Bonds;

(d) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents:

(1) The Official Statement, as printed, and each supplement or amendment, if any, thereto, executed on behalf of the County by the Chairman or Vice-Chairman of the Board of County Commissioners of the County;

(2) The Resolution, certified by the Clerk of the Circuit Court, ex-officio Clerk of the Board of County Commissioners under seal as having been duly adopted by the Board of County Commissioners of the County and as being in effect, with such supplements, modifications or amendments as may be agreed to by the Underwriters;

(3) An unqualified opinion, dated the Date of the Closing and addressed to the County, of Foley & Lardner, Jacksonville, Florida, Bond Counsel to the County, in substantially the form

included in the Official Statement as an Appendix together with a letter of such counsel, dated the Date of the Closing and addressed to the Underwriters, to the effect that the foregoing opinion addressed to the County may be relied upon by the Underwriters to the same extent as if such opinion were addressed to the Underwriters;

(4) An unqualified opinion, dated the Date of the Closing and addressed to the Underwriters and the County, of Foley & Lardner, Bond Counsel to the County, to the effect that (i) this Purchase Contract has been duly authorized, executed, and delivered by, and constitutes a legal, valid and binding agreement of, the County in accordance with its terms, except to the extent that the enforceability of the rights and remedies set forth herein may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity; (ii) the Official Statement has been duly authorized, executed and delivered by the County and the County has consented to the use thereof by the Underwriters; (iii) they affirm any opinions attributed to them in the Official Statement; and (iv) the statements contained in the Official Statement under the captions "Introduction," "The Bonds," "Sources and Uses of Funds," "Security," "Tax Exemption," "Legality," and "Exhibit B - Summary of Certain Provisions of the Resolution" insofar as such information purports to be descriptions or summaries of the Resolution, the Bonds, the Act and the Constitution and laws of the State of Florida and federal law, are correct as to matters of law and, to the extent indicated therein, accurate and fair statements or summaries of the matters set forth or documents referred to therein;

(5) An opinion, dated the Date of the Closing and addressed to the Underwriters, of James G. Sisco, County Attorney, to the effect that (i) this Purchase Contract has been duly authorized, executed and delivered by the County and constitutes a binding and enforceable agreement of the County in accordance with its terms except to the extent that the enforceability of the rights and remedies set forth herein may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally; (ii) the County has duly authorized, executed and delivered the Official Statement and the use by the Underwriters of the Official Statement has been duly ratified by the County; (iii) the information in the Official Statement as to legal matters relating to the County, the Act, the Bonds and the Resolution is correct in all material respects and does not omit any statement which in his opinion should be included or referred to therein and, in addition, such counsel shall state that, based upon his participation in the preparation of the Official Statement as County Attorney and without having undertaken to determine

independently the accuracy, completeness or fairness of the statements contained in the Official Statement (except to the extent expressly set forth above in this Subparagraph (iii)), as of the Date of the Closing he has no reason to believe that (A) the Official Statement as of its date contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the financial and statistical information contained in the Official Statement as to all of which no view need be expressed) or (B) the Official Statement (as supplemented or amended, if applicable) as of the Date of the Closing contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except as aforesaid); (iv) to the best of his knowledge, the County is not in material breach of or material default under any applicable constitutional provisions, law or administrative regulations of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, material resolution, material agreement or other material instrument to which the County is a party or to which the County or any of its property or assets is otherwise subject, and no event has occurred and is continuing to his knowledge which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the execution and delivery of the Bonds, this Purchase Contract and the adoption of the Resolution, and compliance with the provisions on the County's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County or under the terms of any such law, regulation or instrument, except as expressly provided by the Bonds and the Resolution; (v) the County has the right and power under the Act to adopt the Resolution and the Resolution has been duly and lawfully adopted by the County, is in full force and effect and constitutes the legal, valid and binding obligation of the County, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law); (vi) the Bonds

are valid and binding limited obligations of the County, enforceable in accordance with their terms and the terms of the Resolution, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and are entitled to the benefits of the Resolution and the Act; (vii) to the best of his knowledge, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, pending or threatened against the County affecting or seeking to prohibit, restrict or enjoin the sale, issuance or delivery of the Bonds or the collection of the Pledged Funds or contesting or affecting as to the County the validity or enforceability of the Act in any respect relating to authorization or issuance of the Bonds, the Resolution or this Purchase Contract, or contesting the tax-exempt status of interest on the Bonds or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or the authority for the issuance of the Bonds, the adoption of the Resolution, or the execution and delivery by the County of this Purchase Contract; and (viii) all authorizations, consents, approvals and reviews of governmental bodies or regulatory authorities then required for the County's adoption, execution or performance of the Bonds, the Resolution and this Purchase Contract have been obtained or effected and, to the best of his knowledge, he has no reason to believe that the County will be unable to obtain or effect any such additional authorization, consent, approval or review that may be required in the future for performance of any of them by the County; and, in addition, he shall give his opinion to the same effect set forth under the caption "Litigation" in the Official Statement; the opinion rendered pursuant to this subparagraph (5) may state that the County's Attorney has assumed that interest on the Bonds is excluded from gross income for federal income tax purposes and that neither the Bonds, the Resolution nor any other matter or documents need be registered or qualified under the Securities Act of 1933, as amended, the Florida Securities Act, Chapter 517, Florida Statutes, as amended, the Trust Indenture Act of 1939, as amended, the laws of Florida or the securities or blue sky laws of any jurisdiction;

(6) A certificate, dated the Date of Closing, signed by the Chairman or Vice Chairman of the Board of County Commissioners of the County and the Clerk of the Circuit Court, ex-officio Clerk of the Board of County Commissioners to the effect that, to the best of their knowledge: (i) the representations of the County herein are true and correct in all material respects as of the Date of Closing; (ii) the County has performed all obligations to

be performed hereunder as of the Date of Closing; (iii) since September 30, 1986, no material and adverse change has occurred in the financial position of the County, except as set forth in or contemplated by the Official Statement; and (iv) the Official Statement did not as of its date, and does not as of the Date of Closing, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purposes for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading;

(7) The County shall cause to be delivered to the Underwriters a letter from Price Waterhouse, addressed to the County, dated as of the Date of Closing, covering the period from October 1, 1986, to a date not earlier than five (5) days prior to the Date of Closing, to the effect that (i) they are independent certified public accountants, as defined in Rule 101 of the Code of Professional Ethics of the American Institute of Certified Public Accountants, with respect to the County, (ii) they consent to the use of their name and their report in the Official Statement, and (iii) based on a reading of the audited financial statements of the County for the year ended September 30, 1986, included in the Official Statement, a reading of the minutes of meetings of the County and inquiries of and discussions with certain officials of the County responsible for accounting and financial matters, nothing has come to their attention which has caused them to believe that (a) as of the date not earlier than five (5) business days prior to the Date of Closing, there was any material change in the long-term debt of the County, or any decrease in net current assets, Fund equity or retained earnings as compared with amounts shown in the September 30, 1986 financial statements relating to the County's Governmental Fund Types and Expendable Trust Fund, except as disclosed in the Official Statement; (b) for the period ending at a date not earlier than five (5) days prior to the Date of Closing, as compared with the corresponding period in the fiscal year ended September 30, 1986, there was any decrease in the excess of revenues over expenditures as of such date, except in all instances for changes which the Official Statement discloses have occurred or may occur;

(8) An opinion of Nabors, Giblin, Steffens & Nickerson, P.A., Counsel to the Underwriters, addressed to the Underwriters, and dated the Date of Closing, to the effect that, (i) with respect to the information in the Official Statement and based upon said firm's participation in the preparation of the Official Statement as Counsel to the Underwriters and without having undertaken to determine independently the accuracy or completeness of the contents of the Official Statement, said firm

has no reason to believe that the Official Statement (except for the financial and statistical data contained therein and the information contained in Appendices A-E, as to which no view need be expressed) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (ii) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended;

(9) A letter from Nabors, Giblin, Steffens & Nickerson, P.A., Counsel to the Underwriters, addressed to the County and dated the Date of Closing, to the effect that the foregoing opinion may be relied upon by the County to the same extent as if addressed to the County, excluding information in the Official Statement under the headings "The County" and "Appendix A - Information relating to St. Johns County";

(10) Evidence, satisfactory to the Underwriters, dated the date of Closing, to the effect that payment for the insurance policy of the Municipal Bond Investors Assurance Corporation ("MBIA") described in the Official Statement has been made by the County and received by MBIA, that MBIA has received all documents that it has deemed necessary to review and that such insurance policy is in full force and effect;

(11) A certificate of MBIA or opinion of Counsel to MBIA, dated the date of Closing, addressed to the Underwriters, in form and substance satisfactory to the Underwriters, to the effect that (A) MBIA is duly qualified to do business in the State of Florida, (B) MBIA has full corporate power and authority to execute and deliver the insurance policy for the Bonds (the "Policy") and the Policy has been duly authorized, executed and delivered by MBIA and constitutes a legal, valid and binding obligation of MBIA enforceable in accordance with its terms, and (C) the statements contained in the Official Statement under the heading "The MBIA Insurance Policy" insofar as such statements constitute summaries of the matters referred to therein, accurately reflect and fairly present the information purported to be shown and, insofar as such statements purport to describe MBIA, fairly and accurately describe MBIA.

(12) A letter of Standard & Poor's Corporation to the effect that the Bonds have been assigned a rating no less favorable than AAA and a letter of Moody's Investors Service, Inc. to the effect that the Bonds have been assigned a rating no less favorable than Aaa, both of which ratings shall be in effect as of the date of Closing; and

(13) Such additional legal opinions, certificates, instruments and other documents as the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Date of the Closing, of the County's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the County on or prior to the Date of the Closing of all the agreements then to be performed and conditions then to be satisfied by it.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters in their reasonable opinion.

If the County shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the County shall be under any further obligation hereunder, except that: (i) the Good Faith Check shall immediately be returned to the Underwriters by the County; and (ii) the respective obligations of the County and the Underwriters set forth in Section 9 and 10 hereof shall continue in full force and effect.

9. Right to Terminate Obligations. The Underwriters shall have the right to terminate their obligations under this Purchase Contract to purchase, to accept delivery of, and to pay for, the Bonds by notifying the County of their election to do so if, after the execution hereof and prior to the Closing: (i) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Underwriters, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation (A) enacted by the United States, (B) recommended to the Congress for passage by the President of the United States, or (C) favorably reported for passage to either house of the Congress by any committee of such house to which such legislation has been referred for consideration, or has been materially adversely affected by any decision of any court of the United States or by any ruling or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States, the Internal Revenue Service or any other authority of the United States affecting the Federal tax status of the County, its property or income, or the

interest on its bonds (including the Bonds); (ii) the United States shall have become engaged in hostilities which have resulted in declaration of war or a national emergency; (iii) there shall have occurred the declaration of a general banking moratorium by any authority of the United States or the states of New York or Florida or trading in securities generally shall have been suspended on the New York Stock Exchange; (iv) an event described in Paragraph (1) of Section 6 hereof shall have occurred which in the reasonable opinion of the Underwriters requires the preparation and publication of a supplement or amendment to the Official Statement; (v) any rating of the Bonds shall have been downgraded or withdrawn by Standard & Poor's Corporation or Moody's Investors Service, and such action, in the reasonable opinion of the Underwriters, will materially adversely affect the marketability of the Bonds or the market price thereof; (vi) legislation is introduced or proposed in either House of the Congress or a conference committee of the House and Senate shall make a report (or take any other action) with respect to Federal taxation upon revenues or other income of the general character of the revenues pledged to the payment of the Bonds or upon interest received on bonds of the general character of the Bonds or which would in the reasonable opinion of the Underwriters have the effect of changing directly or indirectly the Federal income tax consequences of interest on bonds of the general character of the Bonds in the hands of the holders thereof and which materially adversely affects the market price or the marketability of the Bonds; (vii) legislation shall be enacted or any action taken by the Securities and Exchange Commission which, in the opinion of Bond Counsel and Counsel to the Underwriters, has the effect of requiring the contemplated issuance or distribution of the Bonds to be registered under the Securities Act of 1933, as amended; (viii) an order, decree or injunction of any court of competent jurisdiction, or any order, ruling, regulation or administrative proceeding by any governmental body or board, shall have been issued or commenced, or any legislation enacted with the purpose or effect of prohibiting the issuance, offering or sale of the Bonds as contemplated hereby or by the Official Statement or prohibiting the enactment or performance of the Resolution; (ix) the County has, without the prior written consent of the Underwriters, offered or issued any bonds, notes or other obligations for borrowed money, or incurred any material liabilities, direct or contingent, other than as described in the Official Statement in either case payable from the Pledged Funds, or there has been an adverse change of a material nature in the financial position, results of operations or conditions, financial or otherwise, of the County in either case other than in the ordinary course of its business; or (x) MBIA shall inform the County or the Underwriters that it will not insure payment of the principal of and interest on the Bonds as described in the Official Statement.

10. Expenses. Upon the sale and delivery of the Bonds, the Underwriters shall be under no obligation to pay, and the County shall pay, any expense incident to the performance of the County's obligations hereunder including, but not limited to: (i) the cost of preparation, printing and delivery of the Official Statement, and any supplement and amendments thereto; (ii) the cost of preparation and printing of the Bonds; (iii) the fees and disbursements of Foley & Lardner, Bond Counsel, and James G. Sisco, Esquire, County Attorney; (iv) the fees and disbursements of Price Waterhouse for their services as certified public accountants for the County; (v) the fees and disbursements of Public Financial Management, Inc., as financial advisor; (vi) the fees and disbursements of any other experts, consultants or advisors retained by the County; (vii) the fees and expenses of the Paying Agent and Bond Registrar; and (viii) fees for bond ratings and premium for municipal bond insurance. In the event that the Bonds are not sold and delivered pursuant to this Purchase Contract, the County shall only be responsible for costs and expenses for items or services that it had specifically agreed in writing to pay.

The Underwriters shall pay the following issuance expenses: (i) the cost of preparation and printing of this Purchase Contract; (ii) advertising expenses; (iii) all Blue Sky requirements and filings; and (iv) all other expenses incurred by it in connection with the public offering of the Bonds, including fees and disbursements of counsel retained by it.

11. Notices. Any notice or other communications to be given to the County under this Purchase Contract may be given by delivering the same in writing signed by an authorized officer of PaineWebber Incorporated at the address set forth above, and any such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to PaineWebber Incorporated, 1290 Barnett Plaza, 201 South Orange Avenue, Orlando, Florida 32801.

12. Parties in Interest. This Purchase Contract is made solely for the benefit of the County and the Underwriters and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All representations and agreements of the County in this Purchase Contract shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriters and shall survive the delivery of any payment for the Bonds.

13. Approval. The approval of the Underwriters when required hereunder or the determination of their satisfaction

with any document referred to herein, unless otherwise evidenced by the Underwriters' purchase of the Bonds shall be in writing signed by an officer of PaineWebber Incorporated and delivered to you. This Purchase Contract shall become legally effective upon its acceptance by you, as evidenced by the signature of the Chairman or Vice Chairman of the Board of County Commissioners of the County in the space provided therefor below.

14. No Individual Liability. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the County in his individual capacity.

PAINWEBBER INCORPORATED
on behalf of the Underwriters

By: *Norman K. Kagan*
Its: *First Vice President*

ST. JOHNS COUNTY, FLORIDA

By: *Phyllis L. Lydon*
Chairman, Board of County
Commissioners

ATTEST:

Carl B. Markel
Clerk, Board of County
Commissioners

APPENDIX I

TERM OF BONDS

The Bonds shall be dated September 1, 1987, shall be issued in the form of fully registered Bonds in the denomination of \$5000, or any integral multiple thereof, shall be numbered consecutively from one upward in order of maturity preceded by the letter "R", shall bear interest from September 1, 1987, payable semi-annually on January 1 and July 1 of each year, commencing January 1, 1988, at such rates and maturing in such amounts on July 1 of such years as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1988	\$195,000	5.00%
1989	170,000	5.50
1990	180,000	5.75
1991	190,000	6.00
1992	200,000	6.25
1993	215,000	6.50
1994	230,000	6.75
1995	245,000	7.00
1996	260,000	7.25
1997	280,000	7.50
1998	300,000	7.70
1999	325,000	7.80
2000	350,000	7.875

APPENDIX II

REDEMPTION PROVISIONS

The Bonds maturing prior to July 1, 1993 shall not be redeemable prior to their stated dates of maturity. Bonds maturing on July 1, 1993 or thereafter may be redeemed prior to their dates of maturity at the option of the County, as a whole on July 1, 1992 or on any date thereafter, or in part by maturities to be selected by the County and by lot within a maturity if less than a full maturity, on July 1, 1992 or any interest payment date thereafter from moneys which may be available for such purpose and deposited with the Paying Agent on or before the date fixed for redemption, at the following amounts expressed as a percentage of the principal amount of the Bonds so redeemed, if redeemed on the following dates:

<u>Redemption Date</u>	<u>Redemption Price</u>
July 1, 1992 through June 30, 1993	105%
July 1, 1993 through June 30, 1994	104
July 1, 1994 through June 30, 1995	103
July 1, 1995 through June 30, 1996	102
July 1, 1996 through June 30, 1997	101
July 1, 1997 and thereafter	100

APPENDIX III

DISCLOSURE STATEMENT

September 17, 1987

Board of County Commissioners
St. Johns County, Florida
P. O. Box 1533
St. Augustine, Florida 32085-1533

Re: \$3,140,000 St. Johns County, Florida Capital
Improvement Revenue Bonds, Series 1987A

Ladies and Gentlemen:

In connection with the proposed issue by St. Johns County, Florida (the "County") of \$3,140,000 principal amount of Capital Improvement Revenue Bonds, Series 1987A, referred to above (the "Bonds"), PaineWebber Incorporated and Fray Municipal Securities, Inc. (the "Underwriters") have agreed to underwrite a public offering of Bonds. Arrangements for underwriting the Bonds will include a Purchase Contract between the County and the Underwriters which will embody the negotiations in respect thereof.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(4), Florida Statutes, as amended, certain information in respect of the arrangements contemplated for the underwriting of the Bonds as follows:

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

(b) No person has entered into an understanding with the Underwriters, or to the knowledge of the Underwriters, with the County for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the County and the Underwriters or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Bonds.

(c) The amount of underwriting spread, excluding the original issue discount, expected to be realized is as follows:

Board of County Commissioners
St. Johns County, Florida
September 17, 1987
Page Two

	<u>Per \$1,000</u>	<u>Total</u>
Takedown/Commission	\$10.86	\$34,100.40
Management Fee	2.00	6,280.00
Underwriting Risk	0.00	0.00
Underwriters' Expenses	4.41	13,847.40
	⁷	⁷
Total Underwriting Spread	17.28	\$54,228.80

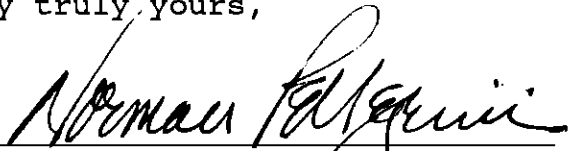
(d) As part of the estimated underwriting spread set forth in paragraph (c) above, the Underwriters will charge a fee of .2% of the principal amount of the Bonds for managing the account.

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

Board of County Commissioners
St. Johns County, Florida
September 17, 1987
Page Three

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

Very truly yours,

By 
First Vice President and Manager
PaineWebber Incorporated

SCHEDULE I

\$3,140,000
ST. JOHNS COUNTY, FLORIDA
CAPITAL IMPROVEMENT REVENUE BONDS
SERIES 1987A

Underwriters' Expenses

Clearance - (.25/\$1,000)	\$ 785.00
Cusip	66.00
Legal Fees	10,000.00
MSRB Assessment - (.02/\$1,000)	62.80
PSA Assessment (.03/\$1,000)	94.20
Dalcomp (.05/\$1,000)	157.00
DTC Charge	188.00
Miscellaneous and Closing	2,500.00 2,494.40
Total Underwriters Expenses	\$13,853.00 * 13,847.40 =====

\$3,140,000
ST. JOHNS COUNTY, FLORIDA
CAPITAL IMPROVEMENT REVENUE BONDS
SERIES 1987A

Estimated Issuance Expenses

Bond Counsel	\$16,665
County Attorney	4,000
Financial Advisor	17,000
Auditor	1,500
Paying Agent/Registrar	500
Official Statement Printing	2,000
Bond Printing	2,000
Issuer's Expenses	5,000
Standard & Poor's	<u>4,500</u>
Total Expenses	\$53,165

REGISTRAR AND PAYING AGENCY AGREEMENT

THIS REGISTRAR AND PAYING AGENCY AGREEMENT is made and entered into as of the _____ day of _____, 1987, by and between ST. JOHNS COUNTY, FLORIDA (the "County"), and FLORIDA NATIONAL BANK, a national banking association, St. Petersburg, Florida (the "Bank").

WHEREAS, the County, by the Resolution (as hereinafter defined), designated the Bank as Paying Agent and Registrar (as defined in the Resolution) for its Capital Improvement Revenue Bonds, Series 1987A, authorized to be issued in an aggregate principal amount not exceeding \$3,500,000 (the "Bonds"); and

WHEREAS, the County and the Bank desire to set forth the Bank's duties as Paying Agent and Registrar and the compensation to be paid the Bank for its services.

NOW, THEREFORE, it is agreed by the parties hereto as follows:

1. The Bank agrees to serve as Paying Agent and Registrar for the Bonds and to perform the duties of Paying Agent and Registrar as specified in or contemplated by Resolution No. 87-141 adopted by the Board of County Commissioners of the County on July 14, 1987, as amended and supplemented, relating to, among other matters, the issuance of the Bonds (the "Resolution").

2. The County shall deposit with the Bank sufficient funds from the accounts and funds established for the payment of the Bonds under the Resolution to pay when due and payable the principal of and interest on the Bonds.

3. The Bank shall use the funds received from the County pursuant to paragraph 2 hereof to pay the principal of and interest on the Bonds in accordance with the Resolution. The Bank shall cremate cancelled Bonds and transmit to the County a certificate of destruction therefor. The Bank shall adhere, with respect to transfer of the Bonds, to the standards for efficiency and transfer agent performance established in Securities and Exchange Commission Rules 17Ad-2 through 7 under the Securities Exchange Act, most particularly Rule 17Ad-2, which requires that registered transfer agents process at least ninety percent (90%) of routine items (such as certificates presented for transfer) received during any month within three (3) business days of their receipt.

4. The Bank shall be obligated to act only in accordance with the Resolution and any written instructions received in accordance therewith, and is authorized hereby to comply with any orders, judgments, or decrees of any court with or without jurisdiction and shall not be liable as a result of its compliance with the same.

5. The Bank may rely absolutely upon the genuineness and authorization of the signature and purported signature of any party upon any instruction, notice, release, request, affidavit, or other document delivered to it pursuant to the Resolution.

6. To the extent allowed by Florida law, the County hereby agrees to indemnify the Bank and hold it harmless from any and all claims, liabilities, losses, actions, suits, or proceedings at law or in equity, or any other expenses, fees, or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Paying Agent or Registrar under the Resolution, unless caused by the Bank's willful misconduct or negligence; and in connection therewith, to indemnify the Bank against any and all expenses, including attorneys' fees and the costs of defending any action, suit, or proceeding, or resisting any claim.

7. The Bank may consult with counsel of its own choice and shall have sole and complete authorization and protection for any action taken or suffered by it under the Resolution in good faith and in accordance with the opinion of such counsel. The Bank shall otherwise not be liable for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by the Bank's willful misconduct or negligence.

8. In consideration of the services rendered by the Bank as Paying Agent and Registrar, the County agrees to and shall pay to the Bank a fee of \$500.00 per year during the term of this Agreement, payable annually in advance, and all expenses, charges, attorneys' fees, and other disbursements incurred by it or its attorneys, agents, and employees in and about the acceptance and performance of its powers and duties as Paying Agent and Registrar.

9. The Bank shall, at all times, when requested to do so by the County, furnish full and complete information pertaining to its functions as the Paying Agent and Registrar with regard to the Bonds, and shall without further authorization, execute all necessary and proper deposit slips, checks, certificates and other documents with reference thereto.

10. Either of the parties hereto, at its option, may cancel this Agreement after giving thirty (30) days written notice to the other party of its intention to cancel, and this Agreement may be cancelled at any time by mutual consent of the parties hereto. This Agreement shall terminate without further action upon final payment of the Bonds and the interest appertaining thereto.

11. In the event of a cancellation of this Agreement, the County shall deliver any proper and necessary releases to the Bank upon demand and the Bank shall upon demand pay over the funds on deposit in connection with the Bonds and surrender all registration books and related records, and the County may appoint and name a successor to act as Paying Agent and Registrar for the Bonds. The County shall, in such event, notify all holders of the Bonds of the appointment and name of the successor, by providing notice in the manner required by the Resolution for the redemption of the Bonds.

12. This Agreement shall not be assigned by either party without written consent of the other party.

13. No modification of this Agreement shall be valid unless made by a written agreement, executed and approved by the parties hereto.

14. Should any section or part of any section of this Agreement be declared void, invalid, or unenforceable by any court of law for any reason, such determination shall not render void, invalid, or unenforceable any other section or other part of any section of this Agreement.

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

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and

their official seals to be hereunto affixed and attested as of the date first above written.

Attested:

ST. JOHNS COUNTY, FLORIDA

By: _____
Clerk, Board of County
Commissioners

By: _____
Chairman, Board of
County Commissioners

(SEAL)

Attested:

FLORIDA NATIONAL BANK

By: _____
Its:

By: _____
Its:

(SEAL)

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