

RESOLUTION NO. 88-241

RESOLUTION PROVIDING FOR THE ACQUISITION, CONSTRUCTION AND ERECTION OF SEWAGE COLLECTION AND TREATMENT FACILITIES BY ST. JOHNS COUNTY, FLORIDA, TO BE OPERATED BY THE COUNTY IN COMBINATION WITH ITS EXISTING WATER SYSTEM AS A SINGLE UTILITY; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$3,000,000 PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1989A, TO FINANCE ALL OR A PART OF THE COST THEREOF; PLEDGING THE NET REVENUES OF SAID SYSTEM TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; AUTHORIZING ISSUANCE BY THE COUNTY OF ITS WATER AND SEWER REVENUE BOND ANTICIPATION NOTES, SERIES 1988A, IN ANTICIPATION OF THE ISSUANCE OF SAID BONDS; PROVIDING FOR THE PAYMENT OF SAID NOTES; AND ENTERING INTO CERTAIN COVENANTS AND AGREEMENTS WITH THE HOLDERS OF SAID BONDS AND NOTES.

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

ARTICLE I

GENERAL

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

"Annual Budget" shall mean the annual budget adopted by the Issuer pursuant to Section 3.04(Z) of this Instrument.

"Authorized Depository" shall mean the State Board of Administration of Florida or a 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 municipal funds.

"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 September 2 of each year and ending on the succeeding September 1, and 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 Issuer authorized to be issued pursuant to Section 2.01 of this Instrument.

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

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

"Construction Account" shall mean the account created pursuant to Section 3.03 of this Instrument for the purpose of receiving the proceeds to be derived from the sale of the Bonds and/or the proceeds to be derived from the sale of the initial series of Notes and any other funds required to pay the Cost of the Project.

"Cost" when used in connection with the Project, shall mean all expenses necessary, appurtenant or incidental to the acquisition and construction of the Project, including without limitation the cost of any land or interest therein or of any fixtures, equipment or personal property necessary or convenient therefor, the cost of labor and materials to complete such 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 Project and all expenses incident to the financing of the Project and the issuance of the Bonds and the Notes.

"Debt Service Fund" shall mean the account created pursuant to the provisions of Section 3.04(D) of this Instrument, into which the Issuer shall make monthly deposits for the payment of the principal of and interest on the Bonds.

"Facilities" shall mean the complete water and sewer facilities now owned, operated and maintained by the Issuer, together with any and all improvements, extensions and additions thereto hereafter constructed or acquired, including the Project.

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

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing to and including the succeeding September 30.

"Government" shall mean the United States of America, acting through the Farmers Home Administration, U.S. Department of Agriculture.

"Gross Revenues" shall mean all moneys derived from the Rates or otherwise received by the Issuer or accruing to it in the management and operation of the Facilities, all calculated in accordance with accepted accounting methods employed in the operation of public water and sewer systems similar to the Facilities.

"Holder" shall mean the person in whose name any outstanding Bond or Note is registered according to the Bond Register or the Note Register, as the case may be, or the bearer of any outstanding Note issued in coupon form and registered to bearer or not registered, or the bearer of any coupon appertaining to any such Note issued in coupon form.

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

"Issuer" shall mean St. Johns County, a political subdivision of the State of Florida.

"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.

"Net Revenues" shall mean Gross Revenues less Operating Expenses.

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

"Notes" shall mean the obligations of the Issuer authorized to be issued pursuant to Section 4.01 of this Instrument.

"Notes Payment Account" shall mean the account created pursuant to Section 4.03(A) of this Instrument with respect to each issue of Notes for the purpose of receiving either the proceeds to be derived from the sale of the Bonds or the proceeds to be derived from the sale of a subsequent issue of Notes issued to extend and renew the indebtedness evidenced by such issue of Notes, and a portion of the proceeds to be derived from the sale of such issue of Notes and any other moneys required to be deposited therein by the Issuer in order that the funds therein shall be sufficient to pay the principal of and interest on such issue of Notes as the same shall become due.

"Operating Expenses" shall mean the current expenses, paid or accrued, for the operation, maintenance and repair of all facilities of the Facilities, as calculated in accordance with such accepted accounting methods, and shall include, without limiting the generality of the foregoing, insurance premiums, administrative expenses of the Issuer related solely to the Facilities, labor, cost of materials and supplies used for such operation and charges for the accumulation of appropriate reserves for current expenses not annually recurrent but which are such as may reasonably be expected to be incurred in accordance with such accepted accounting methods, but shall exclude payments into the Sinking Fund or the Reserve Account and any allowance for depreciation or for renewals or replacements of capital assets of the Facilities.

"pledged Funds" shall mean the Net Revenues.

"Prior Lien Obligations" shall mean the Issuer's outstanding Water Revenue Bond dated June 15, 1981.

"Prior Lien Obligations Enabling Instrument" shall mean the resolution adopted by the Issuer on April 22, 1980, as supplemented, authorizing issuance of the Prior Lien Obligations.

"Project" shall mean the new sewage collection and treatment facilities to be acquired and constructed in the State Road 207 area of the Issuer pursuant to the authorization contained in this Instrument in accordance with certain plans and specifications now or hereafter placed on file with the Issuer.

"Rates" shall mean the rates, fees, rentals and other charges to be made and collected by the Issuer for the use of the product, services and facilities to be provided by the Facilities.

"Registrar" shall mean the Clerk or any bank or trust company hereafter duly appointed by resolution of the Issuer to serve as Registrar with respect to the Bonds and/or the Notes.

"Renewal and Replacement Fund" shall mean the account created pursuant to the provisions of Section 3.04(F) of this Instrument for the purpose of receiving surplus funds transferred from the Revenue Fund.

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

"Revenue Fund" shall, until all of the Prior Lien Obligations and interest thereon shall be paid in full or provision for such payment shall have been made which shall defease the lien thereof upon the Pledged Funds, mean the Revenue Fund created pursuant to the Prior Lien Obligations Enabling Instrument, and thereafter shall mean the Revenue Fund described in Section 3.04(B) of this Instrument.

"Series 1988B Notes" shall mean the Water and Sewer Revenue Bond Anticipation Notes, Series 1988B, which the Issuer expects to issue in anticipation of the issuance of the Series 1989B Bonds.

"Series 1989B Bonds" shall mean the Water and Sewer Revenue Bonds, Series 1989B, which the Issuer expects to issue simultaneously with or subsequent to its issuance of the Bonds, to be

payable from the Pledged Funds on a parity with the Bonds, subordinate to the lien and pledge in favor of the Prior Lien Obligations.

1.02 Authority for this Instrument. This Instrument is adopted pursuant to the provisions of Chapter 125, Part I, Florida Statutes, as amended, and other applicable provisions of law.

1.03 Findings. It is hereby found and determined that:

(A) The Issuer presently owns a water system, but it does not presently own or operate a sewer system for the benefit of its inhabitants; and the Project is necessary for the continued preservation of the health, welfare, convenience and safety of the Issuer and its inhabitants.

(B) The Issuer has been advised by its consulting engineers and it is hereby found and determined that the estimated Cost of the Project will not exceed \$3,000,000, which shall be financed ultimately with the proceeds from the sale of the Bonds and which shall be financed initially with the proceeds from the sale of the Notes, to the extent that such Cost shall not be paid from a federal grant for which the Issuer has applied.

(C) The revenues to be derived annually from the Rates will be sufficient to pay, as the same shall become due and payable, the principal of and interest on the Prior Lien Obligations and the Bonds and Operating Expenses. It is estimated that the period of usefulness of the Facilities will exceed forty-one years. Because the Bonds and the Notes shall be subordinate to the Prior Lien Obligations, the Issuer is not required by the Prior Lien Obligations Enabling Instrument to comply with the provisions thereof governing the issuance of bonds payable on a parity with the Prior Lien Obligations.

(D) It is deemed necessary and desirable to pledge the Pledged Funds to the payment of the principal of and interest on the Bonds and the Notes. No part of the Pledged Funds has been pledged or hypothecated except with respect to the Notes and the Bonds, except that the Pledged Funds have been pledged first to the payment of the principal of and interest on the Prior Lien Obligations.

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

(F) The Issuer is not, under this Instrument, obligated to levy any ad valorem taxes on any real or personal property situated within its territorial limits to pay the principal of or interest on the Bonds or the Notes or to pay Operating Expenses. Neither the Bonds nor the Notes shall constitute a lien upon the Facilities or any other property of the Issuer or situated within its territorial limits.

(G) Prior to issuance of the Notes, the Issuer will have entered into a loan agreement with the Government, pursuant to which the Government will contract to purchase the Bonds from the Issuer upon substantial completion of the Project. It is necessary and urgent that funds be made immediately available in order to provide money for the commencement of the Project at this time and for the continued construction of the Project until its substantial completion. The Issuer must, therefore, anticipate the receipt by it of the proceeds to be derived from the sale of the Bonds, and the Issuer has determined that it is in the best interest of the Issuer and its residents and inhabitants that the Notes be issued pursuant to this Instrument in anticipation of the receipt by the Issuer of the proceeds from the sale of the Bonds.

(H) In the event that the Issuer shall be unable to market any series of the Notes in the private sector, either for the initial interim construction financing or for the purpose of extending and renewing the indebtedness evidenced by an outstanding issue of Notes, the Government may purchase the Bonds in the alternative form of the single Bond set out in Section 2.08 of this Instrument, the proceeds of which Bond shall be drawn down in installments, paid by the Government to the Issuer as the same shall be needed by the Issuer from time to time for the payment of such outstanding Notes and/or items of the Cost of the Project.

1.04 Project Authorized. The Project is hereby authorized.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION

2.01 Authorization of Bonds. Subject and pursuant to the provisions of this Instrument, obligations of the Issuer to be known as "Water and Sewer Revenue Bonds, Series 1989A," are hereby authorized to be issued in an aggregate principal amount not exceeding Three Million Dollars (\$3,000,000) for the purpose of providing all or part of the funds required to pay Notes on the maturity date thereof and thereby providing the long-term

financing of a part of the Cost of the Project, or for the purpose of providing funds directly to pay all or part of the Cost of the Project in the event that the Issuer shall be unable to market any issue of Notes or shall elect not to issue Notes pursuant to Section 5.03 of this Instrument.

2.02 Description of Bonds. The Bonds shall be dated as of the date of their delivery; shall bear interest at a rate or rates not exceeding the maximum rate permitted by law, payable on September 1, 1990 and annually thereafter on September 1 of each year; and shall be issued as a single Bond payable in installments in such amounts and on September 1 of such years, not exceeding 40 years from its date, or as serial Bonds in the denomination of \$1,000 each and integral multiples thereof not exceeding the aggregate amount of Bonds maturing on the same date and maturing in such amounts and on September 1 of such years, not exceeding 40 years from their date, as the Issuer shall hereafter by resolution provide.

The interest payable on the Bonds on any interest payment date will be paid to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date. In the event the interest payable on the Bonds is not punctually paid or duly provided for by the Issuer on such interest payment date, such defaulted interest will be paid to the person in whose name such Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to the Holder thereof, not less than ten (10) days preceding such special record date.

2.03 Payment of Bonds and Notes. The Bonds and the Notes shall be payable as to both principal and interest at such place or places as the Issuer shall hereafter by resolution designate, in lawful money of the United States of America, and shall bear interest from the date of issue; provided, however, that Bonds held by the Government shall be payable at "Finance Office, U.S. Department of Agriculture, Farmers Home Administration, 1520 Market Street, St. Louis, Missouri 63103," or at such other places as the Government shall from time to time in writing designate to the Issuer.

From and after any maturity date or interest payment date of any of the Bonds or Notes or any date fixed for redemption as designated in any notice given pursuant to Section 2.04 hereof (deposit of moneys for the payment of the principal or redemption price of and/or interest on such Bonds or Notes having been made by the Issuer and notice of redemption having been given to the extent required hereunder), notwithstanding that any of such Bonds

or Notes shall not have been surrendered for payment and cancellation, no further interest shall accrue upon the principal of such Bonds or Notes after such date, no interest shall accrue upon the interest which shall have accrued and shall then be due on such date, and such Bonds or Notes shall cease to be entitled to any lien, benefit or security under this Instrument, and the Holders shall have no rights in respect of such Bonds or Notes except to receive, but solely from legally available revenues derived from sources other than ad valorem taxation, payment of such principal or the redemption price thereof and unpaid interest accrued to the due date or redemption date.

2.04 Redemption of Bonds and Notes. In this section the word "Bonds" shall be deemed to include the respective installments of principal of the single Bond corresponding to the serial maturities of the serial Bonds.

Bonds maturing on or before September 1, 1994 are not subject to redemption prior to their respective stated dates of maturity. Bonds maturing September 1, 1995 and thereafter shall be redeemable, at the option of the Issuer, in whole or in part, in inverse numerical and maturity order, on September 1, 1994 or on any interest payment date thereafter at par and accrued interest, plus the following premiums, expressed as percentages of the par value of the Bonds so redeemed, if redeemed in the following years:

- 3%, if redeemed on September 1, 1994 or thereafter, to and including September 1, 1997;
- 2 1/2%, if redeemed on September 1, 1998 or thereafter, to and including September 1, 2001;
- 2%, if redeemed on September 1, 2002 or thereafter, to and including September 1, 2005;
- 1 1/2%, if redeemed on September 1, 2006 or thereafter, to and including September 1, 2009;
- 1%, if redeemed on September 1, 2010 or thereafter, to and including September 1, 2013;
- Without premium, if redeemed on September 1, 2014 or thereafter, but prior to maturity.

If the Bonds shall be issued on September 1, 1990 or thereafter each of the dates in this section shall be deferred by one year for each year or fraction of a year that the issuance of the Bonds shall be deferred beyond August 31, 1990 and all other dates in this Instrument shall be deferred correspondingly.

Bonds held by the Government may be redeemed by the Issuer on any interest payment date prior to maturity at the price of par and accrued interest, without premium.

Each series of Notes may be made subject to redemption or not subject to redemption as shall be expressed by appropriate provisions stated on the face of the Notes of such series.

Unless waived by any Holder of Bonds or Notes to be redeemed, notice of any redemption made pursuant to this section shall be given by the Registrar on behalf of the Issuer 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 Holder of Bonds or Notes to be redeemed at the address of such Holder shown on the Bond Register or the Note Register, or at such other address as shall be furnished in writing by such Holder to the Registrar; provided, however, that no defect in any notice given pursuant to this section to any Holder of Bonds or Notes to be redeemed nor failure to give such notice to any such Holder nor failure of any such Holder to receive such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Bonds or Notes to be redeemed.

Every official notice of redemption shall be dated and shall state:

- (1) the redemption date,
- (2) the redemption price,
- (3) if less than all outstanding Bonds or Notes are to be redeemed, the number (and, in the case of a partial redemption of any Bond or Note, the principal amount) of each Bond or Note to be redeemed,
- (4) that on the redemption date the redemption price will become due and payable upon each such Bond or Note or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (5) that such Bonds or Notes to be redeemed, whether as a whole or in part, are to be surrendered for payment of the redemption price at the principal office of the Registrar.

Prior to any redemption date, the Issuer shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or the Notes or portions thereof which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or the Notes or portions thereof to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or Notes or portions thereof shall cease to bear interest. Upon surrender of such Bonds or Notes for redemption in accordance with said notice, such Bonds or Notes shall be paid by the Registrar at the redemption price. Each check or other transfer of funds issued by the Registrar for the purpose of the payment of the redemption price of Bonds or Notes being redeemed shall bear the CUSIP number identifying, by issue and maturity, the Bonds or Notes being redeemed with the proceeds of such check or other transfer. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond or Note, there shall be prepared for the Holder a new Bond or Bonds, or a new Note or Notes of the same maturity in the amount of the unpaid principal of such partially redeemed Bond or Note. All Bonds or Notes which have been redeemed shall be cancelled and destroyed by the Registrar and shall not be re-issued.

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 hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds or Notes being redeemed; (ii) the date of issue of the Bonds or Notes as originally issued; (iii) the rate of interest borne by each Bond or Note being redeemed; (iv) the maturity date of each Bond or Note being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds or Notes 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 or the Notes (such depositories now being Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, Pacific Securities Depository Trust Company of San Francisco, California, and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds or the Notes.

(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 Holders of the Bonds or the Notes, in some other financial newspaper or journal which regularly carries notices of redemption of obligations similar to the Bonds or the Notes, such publication to be made at least 30 days prior to the date fixed for redemption.

2.05 Execution of Bonds and Notes. The Bonds and the Notes shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and the official corporate seal of the Issuer shall be impressed or imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk. At least one such officer of the Issuer shall sign manually in the event the Bond or the Note shall not be required to be authenticated by the Registrar. In case any one or more of the officers who shall have signed or sealed any of the Bonds or Notes or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds or Notes so signed and sealed have been actually sold and delivered such Bonds or Notes may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds or Notes had not ceased to hold such office. Any Bond or Note may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond or Note shall hold the proper office of the Issuer, although at the date of such Bonds or Notes such person may not have held such office or may not have been so authorized. Coupons attached to Notes issued in bearer form shall be authenticated with the facsimile signatures of any present or future Chairman and Clerk. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Instrument, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds or the Notes shall be actually sold and delivered.

From time to time after the adoption of this Instrument, the Issuer may deliver executed serial Bonds or fully registered Notes to the Registrar for authentication, and the Registrar shall manually authenticate and deliver such serial Bonds or fully registered Notes in accordance with written instructions of the Issuer and not otherwise. No serial Bond or fully registered Note shall be entitled to any benefit under this Instrument or be valid for any purpose unless there appears on such serial Bond or fully registered Note a certificate of authentication substantially in the form set forth in the form of serial Bond set out in Section 2.08 hereof or the form of fully registered Note set out in Section 4.02 hereof executed on behalf of the Registrar with the manual signature of an authorized signatory of the Registrar. Such certificate of authentication executed as aforesaid on a

serial Bond or fully registered Note shall be conclusive evidence that such serial Bond or fully registered Note has been authenticated and delivered under this Instrument.

2.06 Negotiability, Registration, Transfer and Exchange.

The Bonds, the Notes and coupons appertaining to bearer Notes shall be and shall have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive Holder, in accepting any Bonds, Notes or coupons shall be conclusively deemed to have agreed that the same shall be and have all of said qualities and incidents of negotiable instruments.

The transfer of Bonds and Notes other than bearer Notes shall be registered on the Bond Register or the Note Register, as the case may be, upon delivery to the Registrar of the Bonds or the Notes to be transferred, accompanied by a written instrument or instruments of transfer in form and with guaranty of signatures satisfactory to the Registrar, duly executed by the Holder of the Bonds or the Notes to be transferred, or by such Holder'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 or Note, the Registrar shall enter the transfer of ownership in the Bond Register or the Note Register, as the case may be, and shall deliver in the name of the transferee or transferees a new registered Bond or Bonds or Note or Notes, 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 this Instrument. The Issuer or the Registrar may charge the owner of such Bond or Note for every such transfer sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and may require that such charge be paid before any such new Bond or Note shall be delivered.

The Issuer and the Registrar shall not be required to issue or transfer any Bonds or Notes during the period beginning with the fifteenth day next preceding either any interest payment date or any day on which such Bonds or Notes shall have been duly called for redemption in whole or in part and with respect to which the applicable notice of redemption shall have been duly given.

New Bonds or Notes delivered upon any transfer shall be valid, limited obligations of the Issuer, evidencing the same debt as the Bonds or Notes surrendered, shall be payable solely

from the Pledged Funds and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds or Notes surrendered.

The Issuer and the Registrar may treat the registered owner of any Bond or Note as the absolute owner thereof for all purposes, whether or not such Bond or Note shall be overdue, and any notice to the contrary shall not be binding upon the Issuer or the Registrar.

Notes maturing in one year or less may be issued as coupon notes and may be registrable on the Note Register, at the option of the Holder, as to principal only or as to both principal and interest, at the office of the Registrar, such registration to be noted on the back of such Notes in the space provided therefor. After such registration as to principal only or as to both principal and interest, no transfer of such Notes shall be valid unless made at such office by written assignment of the registered owner or by such owner's duly authorized attorney in a form satisfactory to the Registrar and similarly noted on the Notes, but such Notes may be discharged from registration by being in like manner transferred to bearer and thereupon transferability by delivery shall be restored. At the option of the Holder, such Notes may thereafter again from time to time be registered or transferred to bearer as before. Registration as to principal only shall not affect the negotiability of the coupons which shall continue to pass by delivery.

At the expense of the Holder, the single Bond may be exchanged by the Holder at any time, not more than ninety days after surrender of such Bond to the Registrar, for an equal aggregate principal amount of serial Bonds maturing in the years and amounts corresponding to the years and amounts of the unpaid installments of principal of the single Bond and in the form prescribed for serial Bonds in Section 2.08 of this Instrument; and if all of the serial Bonds outstanding shall be owned and held by a single Holder such Bonds may, in like manner, be exchanged at the expense of such Holder at any time, not more than ninety days after surrender of such Bonds to the Registrar, for a single Bond in principal amount equal to the aggregate principal amount of such serial Bonds surrendered, maturing in installments in the years and amounts corresponding to the years and amounts of the maturities of such serial Bonds so surrendered and in the form prescribed for the single Bond in Section 2.08 of this Instrument.

2.07 Bonds, Notes and Coupons Mutilated, Destroyed, Stolen or Lost. In case any Bond or Note shall become mutilated, or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond or Note of like tenor as the Bond or Note so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or Note, upon surrender and cancellation of such mutilated Bond or Note, or in lieu of and

substitution for the Bond or Note destroyed, stolen or lost, and upon the Holder furnishing the Issuer satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. If any such Bonds or Notes shall have matured or be about to mature, instead of issuing a substitute Bond or Note the Issuer may pay the same, upon being indemnified as aforesaid, if such Bond or Note be lost, stolen or destroyed, without surrender thereof. In case any coupons shall become mutilated, or be destroyed, stolen or lost, the Issuer may pay the same, upon surrender and cancellation of such mutilated coupon, or in lieu of and substitution for the coupon destroyed, stolen or lost, and upon the Holder furnishing to the Issuer satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds, Notes and coupons so surrendered shall be cancelled by the Clerk.

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

2.08 Forms of Bonds. The text of the Bonds shall be in substantially the following forms, with only such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Clerk prior to the issuance

thereof (which necessity and/or desirability and approval shall be presumed by the Issuer's delivery of the Bonds to the Government or other purchaser thereof):

(FORM OF SERIAL BOND)

[Front of Bond]

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF ST. JOHNS
WATER AND SEWER REVENUE BOND, SERIES 1989A

SEE REVERSE SIDE FOR
CERTAIN DEFINITIONS

INTEREST RATE: _____% MATURITY DATE: _____, 19__ BOND DATE: _____, 19__ CUSIP: _____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

FOR VALUE RECEIVED, St. Johns County, a political sub-division created and existing under and by virtue of the laws of the State of Florida (the "Issuer"), hereby promises to pay, solely from the special funds hereinafter described, to the Registered Owner identified above, or registered assigns as hereinafter provided, the Principal Amount identified above on the Maturity Date identified above, and interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the Bond Date identified above or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above on September 1 of each year commencing September 1, 19__ until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto, and except as is provided in the Resolution, as hereinafter defined, with respect to failure to surrender Bonds for payment at maturity.

Such Principal Amount and interest and any premium on this bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof,

shall be legal tender for the payment of public and private debts, at the office of the Registrar hereinafter identified, located in _____, _____. Payment of each installment of interest shall be made to the person in whose name this bond shall be registered on the registration books of the Issuer maintained by the Registrar at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by a check of the Registrar mailed to such registered owner at the address appearing on such registration books or at such other address as may be furnished in writing by such registered owner to the Registrar. In the event interest payable on this bond is not punctually paid or duly provided for by the Issuer on such interest payment date, payment of each installment of such defaulted interest shall be made to the person in whose name this bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to the registered owner hereof, not less than ten (10) days preceding such special record date.

Reference is hereby made to further provisions of this bond set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if fully set forth in this place.

The Bonds of the issue of which this bond is one were validated by judgment of the Circuit Court of the Seventh Judicial Circuit, in and for St. Johns County, Florida, rendered on _____, 19__.

This bond shall not be valid unless the certificate of authentication hereon shall have been manually signed by the Registrar.

IN WITNESS WHEREOF, St. Johns County, has issued this bond and has caused the same to be signed by the Chairman of its Board of County Commissioners and attested and countersigned by the Clerk of its Board of County Commissioners, either manually or with their facsimile signatures, and its official corporate

seal or a facsimile thereof to be affixed, impressed, imprinted or engraved hereon, all as of _____.

ST. JOHNS COUNTY, FLORIDA

By _____
Chairman of the Board of County
Commissioners

(SEAL)

ATTESTED AND COUNTERSIGNED:

Clerk of the Board of County
Commissioners

Registration Date:

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the issue herein described and issued pursuant to the within mentioned Resolution.

[City] _____, [State] _____,
Registrar

By

Authorized Signatory

[Back of Bond]

This bond is one of an authorized issue of Water and Sewer Revenue Bonds, Series 1989A, in the aggregate principal amount of \$ _____ (the "Bonds") of like date, tenor and effect, except as to number, denomination and date of maturity, issued to finance a part of the cost of acquiring, erecting and constructing new sewage collection and treatment facilities, to be operated in combination with the Issuer's existing water system as a single utility (the "Facilities"), under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, and a resolution duly adopted by the Issuer on _____, as supplemented by a resolution duly adopted by the Issuer on _____.

_____ (jointly, the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This bond and the interest hereon are payable solely from and secured by a lien upon and a pledge of the net revenues to be derived from the operation of the Facilities, all in the manner described in the Resolution. It is expressly agreed by the owner of this bond that the full faith and credit of the Issuer is not pledged to the payment of the principal of and interest on this bond and that such owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer for the payment of such principal and interest or the cost of maintaining, repairing and operating the Facilities. This bond and the obligation evidenced hereby shall not constitute a lien upon the Facilities or any part thereof or upon any other property of the Issuer or situated within its corporate territorial limits, but shall constitute a lien only on the net revenues to be derived from the operation of the Facilities.

The lien in favor of the owners of the Bonds on the revenues of the Facilities is junior, subordinate and inferior in every respect to the lien thereon in favor of the holders of the Issuer's outstanding Water Revenue Bond dated June 15, 1981 (the "Prior Lien Obligations"). The Issuer in the Resolution has covenanted and agreed with the owners of the Bonds that it will not hereafter issue any additional obligations payable from the revenues of the Facilities on a parity with the Prior Lien Obligations.

In and by the Resolution, the Issuer has covenanted and agreed with the owners of the Bonds that it will fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the product, services and facilities of the Facilities which will always produce cash revenues sufficient to pay, and out of such funds pay, as the same shall become due, the principal of and interest on the Prior Lien Obligations and the Bonds, the necessary expenses of operating and maintaining the Facilities and all reserve, sinking fund or other payments required by the Resolution, and that such rates, rentals, fees and other charges will not be reduced so as to be insufficient to provide funds for such purposes.

Bonds maturing on or before September 1, 1994 are not subject to redemption prior to their respective stated dates of maturity. Bonds maturing September 1, 1995 and thereafter shall be redeemable, at the option of the Issuer, in whole or in part, in inverse numerical and maturity order, on September 1, 1994 or

on any interest payment date thereafter at par and accrued interest, plus the following premiums, expressed as percentages of the par value of the Bonds so redeemed, if redeemed in the following years:

- 3%, if redeemed on September 1, 1994 or thereafter, to and including September 1, 1997;
- 2 1/2%, if redeemed on September 1, 1998 or thereafter, to and including September 1, 2001;
- 2%, if redeemed on September 1, 2002 or thereafter, to and including September 1, 2005;
- 1 1/2%, if redeemed on September 1, 2006 or thereafter, to and including September 1, 2009;
- 1%, if redeemed on September 1, 2010 or thereafter, to and including September 1, 2013;

Without premium, if redeemed on September 1, 2014 or thereafter, but prior to maturity;

provided, however, that notice of such redemption shall be given in the manner required by the Resolution.

This bond is transferable upon the registration books of the Clerk of the Board of County Commissioners of the Issuer, [or: _____,] as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "Registrar"), but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender of this bond to the Registrar, with the form of Assignment hereon or other written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the registered owner hereof, or by such owner's attorney duly authorized in writing, and containing the information identifying the transferee requested hereon. In all cases of the transfer of this bond, the Registrar shall enter the transfer of ownership in such registration books and shall deliver in the name of the transferee or transferees a new bond or bonds of authorized denomination or denominations and of the same series, maturity, interest rate and aggregate principal amount, at the earliest practicable time. Prior to every such transfer the Registrar shall be entitled to receive from the owner of this bond a sum sufficient only to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer.

As provided in the Resolution, this bond and all of the Bonds then outstanding are exchangeable at the expense of the registered owner hereof at any time, not less than ninety days after surrender of this bond and all of the Bonds then outstanding to the Registrar, for a single fully-registered bond in the denomination equal to the aggregate principal amount of this bond plus all of the Bonds then outstanding and in the form of such single bond as provided for in the Resolution.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this bond, exist, have happened and have been performed, in regular and due form and time as required by the Constitution and laws of the State of Florida applicable hereto, and that the issuance of the Bonds does not violate any constitutional, statutory or charter limitations or provisions.

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

LEGAL OPINION

[Insert appropriate approving opinion of bond counsel.]

The above is a true copy of the opinion rendered by Foley & Lardner, Jacksonville, Florida, in connection with the issuance of, and dated as of the original delivery of, the Bonds of the issue of which this bond is one. An executed copy of that opinion is on file in my office.

Clerk of the Board of County
Commissioners

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

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

UNIF TRANS MIN ACT - _____ Custodian _____
(Cust) (Minor)
under Uniform Transfers to Minors
Act _____
(State)

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

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER
IDENTIFICATION NUMBER OF TRANSFEREE

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

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____

to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

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

(FORM OF SINGLE BOND)

\$ _____

\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF ST. JOHNS
WATER AND SEWER REVENUE BOND, SERIES 1989A

FOR VALUE RECEIVED, St. Johns County, a political sub-division created and existing under and by virtue of the laws of the State of Florida (the "Issuer"), hereby promises to pay to _____ or registered assigns, solely from the special funds hereinafter mentioned, the principal sum of _____ Dollars (\$ _____) on the first day of _____ September in the years and installments as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
1990	\$	2009	\$
1991		2010	
1992		2011	
1993		2012	
1994		2013	
1995		2014	
1996		2015	
1997		2016	
1998		2017	
1999		2018	
2000		2019	
2001		2020	
2002		2021	
2003		2022	
2004		2023	
2005		2024	
2006		2025	
2007		2026	
2008		2027	

and to pay, solely from said special funds, interest (computed on the basis of a 365/366-day year if this bond is held by the United States of America, U.S. Department of Agriculture, Farmers Home Administration (the "Government"), or if this bond is not held by the Government, computed on the basis of a 360-day year of twelve 30-day months) on the balance of said principal sum from time to time remaining unpaid, from the date of the delivery of this bond to the purchaser hereof or from the most recent interest payment date to which interest has been paid, at the rate of _____ per centum (____%) per annum, payable on September 1, 19__, and annually thereafter on the first day of September of each year. Such interest so payable on any interest payment date will, as provided in the Resolution hereinafter mentioned, be paid to the person in whose name this bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date. In the event interest payable on this bond is not punctually paid or duly provided for by the Issuer on such interest payment date, payment of such defaulted interest shall be made to the person in whose name this bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to the registered owner hereof, not less than ten (10) days preceding such special record date. Both principal of and interest on this bond are payable at _____, in lawful money of the United States of America. Payments of principal and interest, including prepayments of installments of principal as hereinafter provided, shall be noted by the owner and holder hereof on the Payment Record

made a part of this bond, and written notice of the making of each such notation shall be promptly sent to the Issuer. Upon final payment of principal and interest this bond shall be surrendered to the Issuer.

This bond evidences the Bonds of an authorized issue of Water and Sewer Revenue Bonds, Series 1989A, in the aggregate principal amount of \$_____, issued to finance a part of the cost of acquiring, erecting and constructing new sewage collection and treatment facilities, to be operated in combination with the Issuer's existing water system as a single utility (the "Facilities"), under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, and a resolution duly adopted by the Issuer on _____, as supplemented by a resolution duly adopted by the Issuer on _____ (jointly, the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This bond and the interest hereon are payable solely from and secured by a lien upon and a pledge of the net revenues to be derived from the operation of the Facilities, all in the manner described in the Resolution. It is expressly agreed by the owner of this bond that the full faith and credit of the Issuer is not pledged to the payment of the principal of and interest on this bond and that such owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer for the payment of such principal and interest or the cost of maintaining, repairing and operating the Facilities. This bond and the obligation evidenced hereby shall not constitute a lien upon the Facilities or any part thereof or upon any other property of the Issuer or situated within its territorial limits, but shall constitute a lien only on the net revenues to be derived from the operation of the Facilities.

The lien in favor of the owner of this bond on the revenues of the Facilities is junior, subordinate and inferior in every respect to the lien thereon in favor of the holders of the Issuer's outstanding Water Revenue Bond dated June 15, 1981 (the "Prior Lien Obligations"). The Issuer in the Resolution has covenanted and agreed with the owner of this bond that it will not hereafter issue any additional obligations payable from the revenues of the Facilities on a parity with the Prior Lien Obligations.

In and by the Resolution, the Issuer has covenanted and agreed with the owner this bond that it will fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the product, services and facilities of the Facilities which will always produce cash revenues sufficient to pay, and out of such funds pay, as the same shall become due, the principal of and

interest on the Prior Lien Obligations and this bond, the necessary expenses of operating and maintaining the Facilities and all reserve, sinking fund or other payments required by the Resolution, and that such rates, rentals, fees and other charges will not be reduced so as to be insufficient to provide funds for such purposes.

The installments of principal payable upon this bond on or before September 1, 1994 are not subject to prepayment prior to their respective dates of payment. The installments of principal payable on this bond on September 1, 1995 and thereafter may be prepaid at the option of the Issuer, in whole or in part, but only in multiples of \$1,000, in inverse chronological order of said installments, on September 1, 1994 or on any interest payment date thereafter at par and accrued interest, plus the following premiums, expressed as percentages of the principal amount of said installments so prepaid, if prepaid in the following years:

- 3%, if paid on September 1, 1994 or thereafter, to and including September 1, 1997;
- 2 1/2%, if paid on September 1, 1998 or thereafter, to and including September 1, 2001;
- 2%, if paid on September 1, 2002 or thereafter, to and including September 1, 2005;
- 1 1/2%, if paid on September 1, 2006 or thereafter, to and including September 1, 2009;
- 1%, if paid on September 1, 2010 or thereafter, to and including September 1, 2013;

Without premium, if paid on September 1, 2014 or thereafter, but prior to maturity;

provided, however, that notice of such prepayment shall be given in the manner required by the Resolution.

This bond is transferable upon the registration books of the Clerk of the Board of County Commissioners of the Issuer, [or: _____, _____, _____,] as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "Registrar"), but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender of this bond to the Registrar, with the form of Assignment hereon or other written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the registered owner hereof,

or by such owner's attorney duly authorized in writing, and containing the information identifying the assignee requested hereon. In all cases of the transfer of this bond, the Registrar shall enter the transfer of ownership in such registration books and shall deliver in the name of the assignee or assignees a new single bond and shall verify the endorsements made on the Payment Record attached hereto as to the portion of the principal amount hereof and interest hereon paid or prepaid, and every assignee hereof shall take this bond subject to this condition. Prior to every such transfer the Registrar shall be entitled to receive from the owner of this bond a sum sufficient only to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer.

As provided in the Resolution, this bond is exchangeable at the expense of the owner and holder hereof at any time, not more than ninety days after surrender of this bond to the Registrar, for an equal aggregate principal amount of serial bonds in the denomination of \$1,000 each or any multiple thereof and maturing in the amounts and on September 1 of the years corresponding to the years and amounts of the unpaid installments of principal of this bond, and in the form of such serial bonds as provided for in the Resolution.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this bond, exist, have happened and have been performed, in regular and due form and time as required by the Constitution and laws of the State of Florida applicable hereto, and that the issuance of this bond does not violate any constitutional, statutory or charter limitations or provisions.

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

This bond was validated by judgment of the Circuit Court of the Seventh Judicial Circuit, in and for St. Johns County, Florida, rendered on _____, 19__.

IN WITNESS WHEREOF, St. Johns County has issued this bond and has caused the same to be signed by the Chairman of its Board of County Commissioners and attested and countersigned by the Clerk of its Board of County Commissioners, and its official corporate seal to be impressed hereon, and for identification purposes only has caused such officers to sign in the margin of page 2 hereof, all as of _____.

ST. JOHNS COUNTY, FLORIDA

By _____
Chairman of the Board of County
Commissioners

(SEAL)

ATTESTED AND COUNTERSIGNED:

Clerk of the Board of County
Commissioners

(FORM OF ASSIGNMENT)

ASSIGNMENT

For valuable consideration, the UNITED STATES OF AMERICA, acting through the U.S. DEPARTMENT OF AGRICULTURE, FARMERS HOME ADMINISTRATION, does hereby assign, transfer and deliver to _____ all of its right, title and interest in and to this bond and all rights belonging or appertaining to the assignor under and by virtue of this bond.

U.S. DEPARTMENT OF AGRICULTURE,
FARMERS HOME ADMINISTRATION

By _____

Title: _____

Witnesses:

DG9RES3/4

(FORM OF PAYMENT RECORD)

PAYMENT RECORD

<u>Due Date</u> <u>(Sept. 1)</u>	<u>Principal</u> <u>Payment</u>	<u>Principal</u> <u>Balance</u> <u>Due</u>	<u>Interest</u> <u>Payment</u>	<u>Date</u> <u>Paid</u>	<u>Signature of</u> <u>Owner's Authorized</u> <u>Official and Title</u>
1990	\$				
1991					
1992					
1993					
1994					
1995					
1996					
1997					
1998					
1999					
2000					
2001					
2002					
2003					
2004					
2005					
2006					
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2025					
2026					
2027					

PRINCIPAL INSTALLMENTS ON WHICH PAYMENTS HAVE
BEEN MADE PRIOR TO DUE DATE

<u>Principal Due Date</u>	<u>Amount</u>	<u>Principal Prepaid</u>	<u>Principal Balance Due</u>	<u>Date Paid</u>	<u>Signature of Owner's Authorized Official and Title</u>

(ALTERNATIVE FORM OF SINGLE BOND)

In the event that the Issuer shall elect not to issue Notes pursuant to the provisions of Section 5.03 of this Instrument and in lieu of interim construction financing the Bonds shall be purchased by the Government prior to commencement of construction of the Project, or in the event that the Issuer shall issue Notes but the Project shall not be substantially complete when such Notes shall mature and the Government shall nonetheless be willing to purchase the Bonds prior to the maturity of such Notes in order to provide a part of the moneys required to retire such Notes and to provide the remainder of the interim construction financing, then the Government will take delivery of the Bonds as a single bond in the form above provided, with the following modifications: (1) the first paragraph of the foregoing form of single Bond shall be stricken and the next succeeding three paragraphs shall be substituted therefor; and (2) the form for recording receipts of Bond proceeds which follows such three paragraphs shall be inserted in such form of single Bond immediately preceding the Form of Assignment thereon.

FOR VALUE RECEIVED, St. Johns County, a political subdivision created and existing under and by virtue of the laws of the State of Florida (the "Issuer"), hereby promises to pay to the UNITED STATES OF AMERICA, U.S. Department of Agriculture, Farmers Home Administration (the "Government"), or registered assigns, solely from the special funds hereinafter mentioned, the principal sum of _____ Dollars (\$ _____) on the first day of September in the years and installments as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
1990	\$	2009	\$
1991		2010	
1992		2011	
1993		2012	
1994		2013	
1995		2014	
1996		2015	
1997		2016	
1998		2017	
1999		2018	
2000		2019	
2001		2020	
2002		2021	
2003		2022	
2004		2023	
2005		2024	
2006		2025	
2007		2026	
2008		2027	

and to pay, solely from said special funds, interest (computed on the basis of a 365/366-day year) on the balance of each portion of said principal sum from time to time remaining unpaid, from the date such portion shall be received by the Issuer pursuant to the terms hereof or from the most recent interest payment date to which interest on such portion has been paid, at the rate of ____ per centum (____%) per annum, payable on September 1, 19__, and annually thereafter on the first day of September of each year. Such interest so payable on any interest payment date will, as provided in the Resolution hereinafter mentioned, be paid to the person in whose name this bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date. In the event interest payable on this bond is not punctually paid or duly provided for by the Issuer on such interest payment date, payment of such defaulted interest shall be made to the person in whose name this bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to the registered owner hereof, not less than ten (10) days preceding such special record date.

The Government and the Issuer intend that the proceeds to be derived by the Issuer from the sale of this bond to the Government shall be paid to the Issuer by the Government in installments as the same shall be needed by the Issuer from time to time for the payment of [part of the cost of retiring bond anticipation notes issued by the Issuer in anticipation of the issuance of this bond and some of the] items of the cost of the project

hereinafter mentioned. The Issuer will acknowledge receipt upon the schedule provided hereon for such purpose of each portion of the principal hereof so paid by the Government to the Issuer and the date of such receipt.

Both principal of and interest on this bond are payable at Finance Office, U.S. Department of Agriculture, Farmers Home Administration, 1520 Market Street, St. Louis, Missouri 63103, or at such other places as the Government shall from time to time in writing designate to the Issuer, in lawful money of the United States of America. Payments of principal and interest, including prepayments of installments of principal as hereinafter provided, shall be noted by the owner and holder hereof on the Payment Record made a part of this bond, and written notice of the making of each such notation shall be promptly sent to the Issuer. Upon final payment of principal and interest this bond shall be surrendered to the Issuer.

AMOUNT OF PROCEEDS RECEIVED	DATE OF RECEIPT	SIGNATURE OF ISSUER'S AUTHORIZED REPRESENTATIVE	TITLE

ARTICLE III

COVENANTS, SPECIAL FUNDS AND APPLICATION THEREOF

3.01 Bonds and Notes Not to Be General Indebtedness of Issuer. Neither the Bonds nor the Notes shall be or constitute general obligations or indebtedness of the Issuer 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

lien upon and a pledge of the Pledged Funds or, in the case of each series of the Notes, from and secured by a prior lien upon and a pledge of the proceeds from the sale of the Bonds or the sale of Notes issued to extend and renew the indebtedness evidenced by such series of the Notes, as herein provided. No Holder shall ever have the right to compel the exercise of any ad valorem taxing power of the Issuer, the State of Florida or any political subdivision thereof to pay the principal of or interest on any Bond or Note or Operating Expenses, or be entitled to payment of such Bond or Note from any moneys of the Issuer except from the Pledged Funds or, in the case of each series of the Notes, the proceeds from the sale of the Bonds or the sale of Notes issued to extend and renew the indebtedness evidenced by such series of Notes, in the manner provided herein.

3.02 Security for Bonds and Notes. The payment of the principal of and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Bonds and to the payment into the Debt Service Fund at the times provided of the sums required to secure to the Holders thereof the payment of the principal of and interest on the Bonds at the respective maturities thereof.

The payment of the principal of and interest on each series of the Notes shall be secured forthwith, equally and ratably, by a prior lien on and pledge of the proceeds to be derived from the sale of the Bonds or the sale of Notes issued to extend and renew the indebtedness evidenced by such series of the Notes and, if necessary, by a lien on and pledge of the Pledged Funds, subject only to the pledge thereof and lien thereon in favor of the Prior Lien Obligations.

The lien on and pledge of the Pledged Funds in favor of the Bonds and the Notes is junior, subordinate and inferior in every respect to the pledge of and lien on the Pledged Funds in favor of the Prior Lien Obligations.

3.03 Application of Proceeds of Initial Series of Notes. The Issuer hereby covenants that it will establish with an Authorized Depository a separate account or accounts to be designated collectively as the "St. Johns County Water and Sewer System 1988A Construction Account," into which shall be deposited the proceeds from the sale of the initial series of the Notes (except such portion thereof which, together with the earnings to be derived from the investment thereof, shall be necessary to pay interest on such Notes to the maturity date thereof, which portion shall be deposited in the Notes Payment Account for such initial series), grant funds and the additional funds, if any, required to assure payment in full of the Cost of the Project. Withdrawals from the Construction Account shall be made only for such purposes as shall

be specified in the Project Cost estimates and as shall be approved by the Issuer's consulting engineers for the Project.

The Issuer's share of any liquidated damages or other moneys paid by defaulting contractors or their sureties, and all proceeds of insurance compensating for damages to the Project during the period of construction, shall be deposited in the Construction Account to assure completion of the Project.

Note proceeds in the Construction Account shall be continuously secured by the Authorized Depository in the manner prescribed by the laws of the State of Florida relating to the securing of public funds. When Note proceeds on deposit in the Construction Account exceed the estimated disbursements on account of the Project for the next 90 days, the Issuer may direct the Authorized Depository to invest such excess funds in the manner prescribed by the laws of the State of Florida relating to the investment of public funds. The earnings from any investment of Construction Account moneys shall be deposited in the Construction Account. After issuance of the Bonds, moneys in the Construction Account shall be continuously secured by the Authorized Depository in accordance with U.S. Treasury Department Circular 176 and in the manner prescribed by the laws of the State of Florida relating to the securing of public funds, and excess moneys may be invested only in Federal Securities. Notwithstanding the provisions of this paragraph, when the State Board of Administration of Florida is the Authorized Depository, all Note proceeds on deposit in the Construction Account may be invested in such investments and securities and in such manner as allowed by the laws of Florida for investments by such Board.

When the construction of the Project has been completed and all Costs thereof have been paid in full, all funds remaining in the Construction Account, except grant funds, shall be deposited in the ~~Sinking~~ Fund, and the Construction Account shall be closed. *Debt Service*

All moneys deposited in the Construction Account shall be and constitute a trust fund created for the purposes stated, and there is hereby created a lien upon such fund in favor of the Holders until the moneys thereof shall have been applied in accordance with this Instrument.

In the event that the Issuer shall be unable to market any issue of Notes or shall elect not to issue Notes pursuant to the provisions of Section 5.03 of this Instrument, then the Issuer shall deposit into the Construction Account the proceeds from the sale of the Bonds (except such portion thereof as shall be necessary to pay interest on the Bonds during the construction of the Project, which shall be deposited in the Debt Service Fund), grant funds and the additional funds, if any, required to assure payment

in full of the Cost of the Project, and Bond proceeds in the Construction Account shall be applied and invested in the manner provided in this section for the application and investment of Note proceeds. In such event, if the Bonds shall be purchased by the Government, the Government and the Issuer intend that Bond proceeds shall be drawn down in installments to be paid by the Government to the Issuer as the same shall be needed by the Issuer from time to time for the payment of items of the Cost of the Project. As each such installment of Bond proceeds shall be paid by the Government and drawn down by the Issuer, the Issuer will acknowledge receipt of such portion of Bond proceeds so drawn down and the date of such receipt upon the schedule provided for such purpose upon the Bond.

3.04 Covenants of the Issuer. So long as any of the principal of or premium, if any, or interest on any of the Bonds or the Notes shall be outstanding and unpaid, or until provision for payment thereof shall have been made within the meaning of Section 5.01 hereof, except as to any Bonds or Notes which shall have not been surrendered for payment at maturity as provided in Section 2.03 hereof, the Issuer covenants with the Holders as follows:

(A) Application of Provisions of Prior Lien Obligations Enabling Instrument. The Bonds and the Notes shall for all purposes (except as herein modified) be entitled to all the protection and security provided by the Prior Lien Obligations Enabling Instrument. The Bonds and the Notes shall be junior, subordinate and inferior to the Prior Lien Obligations in every respect.

(B) Revenue Fund. The Issuer covenants and agrees that whenever all of the Prior Lien Obligations and interest thereon shall be paid in full or provision for such payment shall have been made which shall defease the lien thereof upon the Pledged Funds, it will continue with an Authorized Depository and maintain so long as any of the Bonds are outstanding, the Revenue Fund established pursuant to the Prior Lien Obligations Enabling Instrument. Such Revenue Fund shall then be known as the "St. Johns County Water and Sewer Facilities Revenue Fund." Into the Revenue Fund the Issuer shall continue to deposit promptly as received all Gross Revenues. The Revenue Fund shall continue to be held by the Issuer separate and apart from all other funds of the Issuer and shall hereafter be applied and expended only in the manner and order specified in this subsection (B) and in subsections (C), (D), (E) and (F) of this section.

Until all of the Prior Lien Obligations and interest thereon shall be paid in full or provision for such payment shall have been made which shall defease the lien thereof upon the Pledged Funds, each month after Gross Revenues shall have been applied sufficiently for minimum compliance with the covenants,

requirements and provisions of the Prior Lien Obligations Enabling Instrument, the balance of any and all Gross Revenues and/or any balance of moneys on deposit in the Revenue Fund which shall be in excess of the minimum requirements for compliance with such covenants, requirements and provisions of the Prior Lien Obligations Enabling Instrument shall forthwith, and not less frequently than monthly, be applied and expended only in the manner and order specified in subsections (D), (E) and (F) of this section.

(C) Operation and Maintenance Fund. Whenever all of the Prior Lien Obligations and interest thereon shall be paid in full or provision for such payment shall have been made which shall defease the lien thereof upon the Pledged Funds, the Issuer covenants and agrees to continue with an Authorized Depository the Operation and Maintenance Fund established pursuant to the Prior Lien Obligations Enabling Instrument. Such fund shall then be known as the "St. Johns County Water and Sewer Facilities Operation and Maintenance Fund," which shall be used exclusively for the purpose of receiving funds to be transferred monthly by the Issuer from the Revenue Fund, and for paying, as they accrue, Operating Expenses pursuant to the Annual Budget. Whenever all of the Prior Lien Obligations and interest thereon shall be paid in full or provision for such payment shall have been made which shall defease the lien of the Prior Lien Obligations upon the Pledged Funds, the Issuer shall transfer on or before the fifteenth day of each month from the Revenue Fund, as a first charge upon the moneys in the Revenue Fund, and deposit to the credit of the Operation and Maintenance Fund a sum sufficient to pay Operating Expenses for the succeeding month, all in accordance with the Annual Budget. Any balance remaining in the Operation and Maintenance Fund at the end of each Fiscal Year and not required to pay costs incurred during such Fiscal Year shall be deposited promptly into the Revenue Fund.

(D) Debt Service Fund. The Issuer covenants and agrees to establish with an Authorized Depository a special fund to be known as the "St. Johns County Water and Sewer Revenue Bonds, Series 1989A, Debt Service Fund," to be used exclusively by the Issuer to pay all interest on the Bonds as the same shall come due and the principal of the Bonds at the respective maturity dates thereof. On or before the fifteenth day of each month, but only after having complied with the foregoing subsection (B) and, if applicable, subsection (C) of this section, the Issuer shall transfer from the Revenue Fund and deposit to the credit of the Debt Service Fund the following amounts:

(1) A sum equal to 1/12 of the amount of one year's interest on all the Bonds then outstanding, together with the amount of any deficiency in prior deposits for interest on the Bonds; and

(2) Beginning on September 15, 1989, a sum equal to 1/12 of the principal of the Bonds maturing on the next succeeding September 1, together with the amount of any deficiency in prior deposits for principal on the Bonds; and

(3) To the credit of a Reserve Account in the Debt Service Fund a sum equal to 1/120 of the Maximum Bond Service Requirement (the "Monthly Reserve Deposit Amount"), plus the amount of any deficiency in prior deposits to the Reserve Account, until such time as the funds and investments therein shall equal the Maximum Bond Service Requirement, and monthly thereafter such amount as may be necessary to maintain in the Reserve Account the Maximum Bond Service Requirement but not exceeding monthly the amount of the Monthly Reserve Deposit Amount. No monthly deposit shall be made to the Reserve Account whenever the moneys therein shall equal or exceed the Maximum Bond Service Requirement. Moneys in the Reserve Account shall be used only for (1) paying the cost of repairing or replacing any damage to the Facilities which shall be caused by an unforeseen catastrophe, (2) constructing improvements or extensions to the Facilities which shall increase its Net Revenues and which shall be approved by consulting engineers, if the Issuer shall not then be in default under any of the provisions of this Instrument, and (3) paying the principal of and interest on the Bonds in the event that the other moneys in the Debt Service Fund shall ever be insufficient to meet such payments.

(E) Excess Funds. Subject to the provisions for the disposition of Gross Revenues in the foregoing subsections of this section, which are cumulative, the Issuer shall, on or before the fifteenth day of each month, transfer to the Reserve Account the balance of moneys remaining in the Revenue Fund until the funds and investments in the Reserve Account equal the Maximum Bond Service Requirement, and thereafter whenever funds and investments in the Reserve Account equal the Maximum Bond Service Requirement the Issuer may use the surplus funds in the Revenue Fund 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; provided, however, that at any time all of the Bonds shall be owned by the Government, whenever funds and investments in the Reserve Account shall equal the Maximum Bond Service Requirement the Issuer shall transfer the surplus funds in the Revenue Fund to the Renewal and Replacement Fund in the manner provided in subsection (F) below.

(F) Renewal and Replacement Fund. If at any time all of the Bonds shall be owned by the Government, the Issuer covenants and agrees to establish with an Authorized Depository a special fund to be known as the "St. Johns County Water and Sewer Facilities Renewal and Replacement Fund," which shall be used for the purpose of receiving funds to be transferred monthly by the

Issuer from the Revenue Fund and for paying the cost of extensions, improvements, enlargements or additions to, or the replacement or renewal to capital assets of, the Facilities, or extraordinary repairs to the Facilities. Such money on deposit in the Renewal and Replacement Fund shall also be used to supplement the Reserve Account, if necessary, in order to prevent a default in the payment of the principal of and interest on the Bonds, and such moneys may be used for the purchase of Bonds, or for the redemption of Bonds which shall then be subject to redemption. On or before the fifteenth day of each month, but only after having made the transfers to the Operation and Maintenance Fund, if applicable, pursuant to subsection (C) of this section, and to the Debt Service Fund, including the Reserve Account, pursuant to subsection (D) of this section, which are cumulative, the Issuer shall transfer from the Revenue Fund and deposit to the credit of the Renewal and Replacement Fund the balance of money remaining in the Revenue Fund.

(G) Trust Funds. The funds and accounts created and established by this Instrument and the Prior Lien Obligations Enabling Instrument shall constitute trust funds for the purpose provided herein for such funds. All of such funds, except 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. Moneys on deposit to the credit of the Debt Service Fund (except the Reserve Account therein) may be invested in Federal Securities which shall mature not later than fifteen (15) days prior to the date on which such moneys shall be needed to pay the principal of and interest on the Bonds in the manner herein provided, but moneys on deposit to the credit of the Revenue Fund and the Operation and Maintenance Fund shall be not invested at any time. Moneys on deposit to the credit of the Reserve Account shall be invested by the Authorized Depository thereof, upon request by the Issuer, in Federal Securities maturing not later than five (5) years from the date of purchase. Moneys in the Notes Payment Account may be invested in Federal Securities maturing not later than the maturity date of the Notes. The securities so purchased as an investment of funds shall be deemed at all times to be a part of the account from which such funds were withdrawn, and any loss resulting from such investment shall be charged to said account and any interest accruing on such investment or any other profit realized therefrom shall be deposited to the Reserve Account until there shall be on deposit to the credit of the Reserve Account the maximum amount required by this Instrument, after which such interest or profit shall be deposited in the Renewal and Replacement Fund. Notwithstanding the provisions of this paragraph, when the State Board of Administration of Florida is the Authorized Depository for any such fund or account, all moneys on deposit therein may be invested in such investments and securities and in such manner as allowed by the laws of Florida for investment by such Board.

After all Bonds shall have been paid in full, or shall have matured but shall not have been presented for payment, or provision for payment shall have been made which shall defease the lien upon the Pledged Funds, the Issuer shall withdraw all moneys from each and all of the several funds and accounts created by subsections (B), (C), (D) and (F) of this Section 3.04 and apply the same to any lawful county purpose, and such funds and accounts shall thereupon be closed.

Investments in the Reserve Account are to be valued consistently under the "fair market value" method on an annual basis. If upon any annual evaluation the amount therein is less than the Maximum Bond Service Requirement, then the deficiency shall be replenished in the manner prescribed for replenishment of said Account under Section 3.04(D)(3) above; and if the amount therein exceeds the Maximum Bond Service Requirement, the Issuer shall transfer immediately the amount in excess of the Maximum Bond Service Requirement into the Renewal and Replacement Fund.

(H) Rates. The Issuer covenants and agrees that it will fix, establish, revise from time to time whenever necessary and maintain always, so long as any of the Bonds are outstanding, such schedule of Rates which will produce revenues in each year which shall be sufficient to pay, and out of such revenues pay, the principal of and interest on and the reserve requirements for the Prior Lien Obligations and the Bonds for such year and pay the Operating Expenses for such year and that such Rates will not be reduced so as to be insufficient to provide funds for such purposes; and the Issuer covenants and agrees that so long as any of the Bonds are outstanding and unpaid, at the same time and in like manner that the Issuer prepares its Annual Budget of Operating Expenses, the Issuer shall annually prepare an estimate of Gross Revenues for the ensuing Fiscal Year, and to the extent that Gross Revenues, shall be insufficient to pay such debt service requirements during such ensuing year, build up and maintain the required reserves for all such obligations and pay Operating Expenses during such ensuing year, the Issuer shall revise the Rates to the extent necessary in order to provide the funds required.

(I) Issuance of Other Obligations.

(1) The Issuer covenants and agrees that in the event the cost of construction or completion of the Project shall exceed the dollar amount of Bonds, it shall deposit into the Construction Account the amount of such excess out of funds available to it for such purpose, and the Issuer may provide such excess, and only such excess, through the issuance of parity Bonds conforming to the requirements of paragraph (3) of this subsection; but except Bonds to complete the Project and Series 1989B Bonds and

Series 1988B Notes, it will not issue any other obligations payable from or secured by the Pledged Funds or any part thereof unless the conditions hereinafter set forth shall be met, or unless the lien of such obligations is junior and subordinate in all respects to the lien of the Bonds. The Issuer covenants and agrees that it will not issue any additional obligations payable from Pledged Funds on a parity with the Prior Lien Obligations.

(2) The Issuer shall have the right to finance additional water and/or sewer facilities and related auxiliary facilities, by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from the Net Revenues and any other security pledged to the Bonds, provided in each instance that:

(a) The facility or facilities to be acquired or built from the proceeds of the additional parity bonds is or are made a part of the Facilities and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Bonds.

(b) The Issuer is in compliance with all covenants and undertakings of the Issuer (i) herein contained, in connection with all Bonds then outstanding and (ii) made with respect to any other bonds or other obligations of the Issuer payable from the Net Revenues or any part thereof and has not been in default as to any payments required to be made under this Instrument during at least the next preceding 24 months, or if at such time the Bonds shall not have been outstanding for 24 months then for the period that the Bonds shall have been outstanding.

(c) There shall have been obtained and filed with the Issuer a statement of an independent certified public accountant of suitable experience and responsibility: (i) stating that such accountant has examined the books and records of the Issuer relating to the operation of the Facilities; (ii) setting forth the amount of the Net Revenues received by the Issuer for any twelve (12) consecutive month period within the twenty-four (24) consecutive months immediately preceding the date of the issuance of the additional parity bonds with respect to which such statement is made; (iii) stating that the aggregate amount of the Net Revenues for such twelve (12) consecutive month period equals or exceeds one hundred twenty-five per centum (125%) of the sum of (i) the Maximum Bond Service Requirement for the Bonds and additional parity bonds previously issued then outstanding and the additional parity bonds with respect to which such statement is made and (ii) the maximum annual amount required for the payment of principal of and interest on all outstanding Prior Lien Obligations.

If desirable, the Net Revenues for such preceding twelve (12) month period may be adjusted by such accountant as follows: (i) to reflect for such period any increases in the Rates which shall have been promulgated subsequent to the date of commencement of such period and prior to the date of such statement; (ii) to reflect any increase in such Net Revenues caused by any new projects of the Facilities which shall have been placed into use and operation subsequent to the date of commencement of such period and prior to the date of such statement; (iii) to include the estimated average annual Net Revenues to be derived from the operation of the project to be acquired or constructed out of the proceeds of such additional parity bonds with respect to which such statement is made; and (iv) to include the estimated average annual Net Revenues to be derived from the operation of any other project of the Facilities actually under construction but which will not be placed into use and operation until after the date of issuance of such additional parity bonds with respect to which such statement is made.

Estimates of future revenues and Operating Expenses shall be furnished by recognized independent consulting engineers and approved by the Board of County Commissioners of the Issuer and by the Chairman thereof, and shall be forecast over a period not exceeding ten years from the date the proposed additional bonds are to be issued.

(3) The Issuer hereby covenants and agrees that in the event additional series of parity bonds are issued, it will provide that said parity bonds shall mature according to a schedule which most closely approximates equal annual installments of combined principal and interest payments for such parity bonds, the Bonds and all other bonds payable from the Net Revenues on a parity therewith; it will adjust the required deposits into and the maximum amount to be maintained in the Debt Service Fund, including the Reserve Account therein, on the same basis as hereinabove prescribed, to reflect the Maximum Bond Service Requirement on the additional parity bonds; and it will make such additional parity bonds payable as to principal on September 1 of each year in which principal falls due and payable as to interest on September 1 and, if desired and after appropriate amendment of Section 3.04(D)(1) hereof, March 1 of each year. If in any subsequently issued series of bonds secured by a parity lien on the Net Revenues it is provided that excess revenues shall be used to redeem bonds in advance of scheduled maturity, or if the Issuer at its option undertakes to redeem outstanding bonds in advance of scheduled maturity, the Issuer covenants that calls of bonds will be applied to each series of bonds on an equal pro rata basis (reflecting the proportion that the amount originally issued of each series bears to the amount originally issued of

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

(J) Disposal of Facilities. The Issuer covenants and agrees that, so long as any of the Notes or Bonds are outstanding, it will maintain its corporate identity and existence and will not sell or otherwise dispose of any property of the Facilities or any part thereof having in the aggregate original cost exceeding \$30,000 in any Fiscal Year, and, except as provided for above, it will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the Notes and the Bonds. Notwithstanding the foregoing, the Issuer may at any time permanently abandon use of, or sell at fair market value, any part of the Facilities having in the aggregate original cost in excess of \$30,000 in any Fiscal Year, provided that:

(a) It is in compliance with all covenants and undertakings in connection with all of the Notes and Bonds then outstanding, and the Reserve Account for the Bonds has been fully established;

(b) It will, in the event of sale, apply the proceeds to either (1) redemption of outstanding Notes or Bonds in accordance with the provisions governing repayment of the Notes or Bonds in advance of maturity, or (2) replacement of the facility so disposed of by another facility the revenues of which shall be incorporated into the Facilities as hereinbefore provided;

(c) It is certified, prior to any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing net revenues; and

(d) It is certified that the estimated Net Revenues of the remaining portion of the Facilities for the next succeeding Fiscal Year, plus the estimated net revenues of the facility, if any, to be added to the Facilities, satisfy the earnings test hereinbefore provided in this section governing issuance of additional parity bonds.

(K) Insurance on Facilities. While any of the Notes or Bonds shall remain outstanding, the Issuer shall carry at least the following insurance coverage:

(1) Fire and extended coverage on the insurable portions of the Facilities, in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty per centum (80%) of the full insurable value of the damaged facility; and flood damage insurance shall

be carried to the full insurable value, as recommended by consulting engineers, of all property of the Facilities which may be subject to flood damage and shall be situated in a flood plain area.

(2) Public liability insurance relating to the operation of the Facilities, with limits of not less than \$100,000 for one person and \$300,000 for more than one person involved in one accident, to protect the Issuer from claims for bodily injury and/or death and not less than \$10,000 for claims for damage to property of others which may arise from the Issuer's operation of the Facilities.

(3) If the Issuer owns or operates a vehicle in the operation of the Facilities, vehicular public liability insurance with limits of not less than \$100,000 for one person and \$300,000 for more than one person involved in one accident to protect the Issuer from claims for bodily injury and death, and not less than \$10,000 against claims for damage to property of others which may arise from the Issuer's operation of vehicles.

All such insurance shall be carried for the benefit of the Holders to the extent necessary to protect their rights under the Bonds and this Instrument. All moneys received by the Issuer by reason of insurance coverage, except liability coverage, shall be deposited to the credit of the Reserve Account and are hereby pledged by the Issuer as security for the Notes and the Bonds, until and unless such proceeds are used to remedy the loss or damage for which such proceeds are received, either by repairing the property damaged or replacing the property destroyed within ninety (90) days from the receipt of such proceeds or as soon as practicable thereafter.

(L) Maintenance of Facilities. The Issuer will complete the construction of the Project in an economical and efficient manner with all practicable dispatch, and thereafter will maintain the Facilities in good condition and continuously operate the same in an efficient manner at a reasonable cost.

(M) No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by its Facilities, nor will any preferential Rates be established for users of the same class; and if the Issuer shall avail itself of the facilities or services provided by the Facilities, or any part thereof, then the same Rates applicable to other customers receiving like service under similar circumstances shall be charged to the Issuer. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds and deposit to the Revenue Fund sufficient sums to pay such charges. Such sums so deposited shall be deemed to be a part of Gross Revenues and shall be applied

and accounted for in the same manner as herein provided with respect to all other Gross Revenues.

(N) Failure of User to Pay for Services. Upon failure of any user of any product, services or facilities of the Facilities to pay for the same within sixty (60) days after the Issuer shall have billed such user therefor, the Issuer shall, if not prohibited by law, shut off the connection of such user and shall not furnish such user or permit such user to receive from the Facilities further service until all obligations owed by such user to the Issuer on account of services, including disconnection and reconnection charges, shall have been paid in full. This covenant shall not, however, prevent the Issuer from causing any Facilities connection to be shut off sooner.

(O) Enforcement of Collections. The Issuer will diligently enforce and collect all Rates; and will take all reasonable steps, actions and proceedings for such enforcement and collection of all Rates which shall become delinquent to the full extent permitted or authorized by law; and will maintain accurate records with respect thereto. All Rates shall, as collected, be held in trust to be applied as provided in this Instrument and not otherwise.

(P) Compliance with Laws and Regulations. The Issuer covenants and agrees to perform and comply with, in every respect, the loan and grant agreements which it might have with the Government or with any other governmental agency and all applicable federal and state laws and regulations.

(Q) Remedies. Any Holder may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State of Florida, or granted and contained in this Instrument, and may enforce and compel the performance of all duties required by this Instrument or by any applicable state or federal statutes to be performed by the Issuer or by any officer thereof. This provision shall not be deemed to waive any venue privileges which the Issuer may have.

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

(R) Records and Audits. The Issuer shall keep books and records of the Pledged Funds and the operation of the Facilities, which such books and records shall be kept separate and apart from the books, records and accounts maintained by the Issuer for all other systems and departments of the Issuer, and any

Holder shall have the right, at all reasonable times, to inspect such books and records of the operation of the Facilities.

So long as any of the Bonds shall be outstanding, the Issuer will furnish on or before ninety (90) days after the close of each Fiscal Year, to any Holder 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 and record of operation of the Facilities.

(S) Connection with Facilities. The Issuer will, to the full extent expressly authorized by law, require all lands, buildings, residences and structures within its territorial limits which are served by the Facilities and can use the facilities and services of the Facilities to connect therewith and use the facilities and services thereof and to cease the use of all other facilities. The Issuer will not grant a franchise for the operation of any competing water and/or sewer system until all Bonds issued hereunder, together with interest thereon, shall have been paid in full.

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

(U) Government Approval of Extensions and Financing. Anything herein to the contrary notwithstanding, while the Government is a Holder, the Issuer will not borrow any money from any source or enter into any contract or agreement or incur any other liability in connection with making extensions of or improvements to the Facilities, other than normal maintenance of the Facilities, or permit others to do so, without obtaining the prior written consent of the Government, which consent will not be unreasonably withheld.

(V) Reimbursement of Advances and Interest Thereon. While the Government shall be a Holder, the Government shall have the right to make advances for the payment of insurance premiums and/or other advances which, in the opinion of the Government, may be required to protect the Government's security interest. In the event of any such advances, the Issuer covenants and agrees to repay the same, together with interest thereon at the same rate per annum as specified in the Notes or the Bonds, whichever shall be outstanding at the time of repayment, but solely from Pledged Funds, upon demand made at any time after any such expenditure by the Government. Any such amount due the Government shall be secured by a pledge of and lien upon the Pledged Funds, on a

parity with the Notes or the Bonds, as the case may be, and payment thereof shall take priority over any other payments from the Reserve Account.

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

(X) Arbitrage. The Issuer covenants that it will not knowingly make any investments or acquiesce in the making of any investments by any depository pursuant to or under the provisions of this Instrument which could cause the Notes or the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the United States Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations issued thereunder (collectively, the "Internal Revenue Code"). Unless the Issuer is furnished with an opinion of counsel, which counsel's legal and tax opinion on municipal bond issues is nationally recognized ("Bond Counsel"), that the Notes or the Bonds qualify for any applicable exception to the arbitrage rebate requirements contained in the Internal Revenue Code, the Issuer covenants that it shall pay, from the special account described in paragraph (2) of this subsection, any rebate amount required to be paid on behalf of the Issuer to the U.S. Treasury pursuant to Section 148 the Internal Revenue Code. The Issuer shall take the following actions to provide for payment to the U.S. Treasury pursuant to Section 148 of the Internal Revenue Code:

(1) Unless the Issuer is furnished with an opinion of Bond Counsel to the effect that failure to make such determinations will not adversely affect the tax-exempt status of the Notes or the Bonds, either the Issuer, or Bond Counsel employed by the Issuer, shall make a determination on behalf of the Issuer of the amount required to be paid to the U.S. Treasury at least every year (as of the anniversary of the date of issue of the Notes and the Bonds) and upon the final payment of the Notes and the Bonds.

(2) An amount equal to the amount to be paid pursuant to paragraph (1) above shall be transferred from the Revenue Fund to be placed into a special account, which shall be held for the sole benefit of the U.S. Treasury and shall not be or be deemed to be a pledged fund (and no moneys deposited therein shall be or deemed to be Pledged Funds). The Issuer shall promptly deposit into the special account any deficiency in such amount.

(3) The Issuer shall make payment to the U.S. Treasury from the special account on the dates and in the manner required by law.

(4) The Issuer shall take any additional action required to be taken pursuant to the nonarbitrage certificate, or other instructions from Bond Counsel, delivered in connection with or subsequent to the issuance and sale of the Notes or the Bonds.

(5) The Issuer shall keep records of the determinations made under this section until six years after the final payment on the Notes and the Bonds. The Issuer shall keep adequate records, including any necessary certifications, to evidence the fair market value of any Federal Securities purchased with Note or Bond proceeds.

(6) Foley & Lardner, Jacksonville, Florida, is hereby appointed to serve as rebate administrator hereunder with respect to the Bonds until the Issuer 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 Issuer who shall be qualified to assure compliance by the Issuer with the requirements of this section. The rebate administrator is hereby 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 Issuer's certification of the amounts earned on nonpurpose investments, as such term is defined in Section 148(b)(2) of the Code, 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.

(Y) Compliance with Internal Revenue Code. The Issuer covenants and agrees that it will take any additional action required to be taken pursuant to the nonarbitrage certificate, or other instructions from Bond Counsel, whether delivered in connection with or subsequent to the issuance and sale of the Notes or the Bonds, in order to comply with all provisions of the Internal Revenue Code compliance with which is required to maintain the tax-exempt status of the interest payable on the Notes or the Bonds.

(Z) Annual Budget. The Issuer covenants and agrees that prior to the commencement of the first Fiscal Year following the Fiscal Year in which the Issuer shall have prepared its last

annual budget pursuant to the provisions of the Prior Lien Obligations Enabling Instrument it will adopt an Annual Budget of estimated Gross Revenues and Operating Expenses for such succeeding Fiscal Year and thereafter on or before the first day of each Fiscal Year during which any of the Bonds shall be outstanding, will adopt an Annual Budget of estimated Gross Revenues and Operating Expenses for the ensuing Fiscal Year and will mail a copy of such Annual Budget or amendments thereto to any requesting Bondholder. The Issuer covenants that the Operating Expenses incurred in any Fiscal Year will not exceed the reasonable and necessary amounts required therefor, and that it will not expend any amount ~~of~~ incur any obligations for the operation, maintenance and repair of the Facilities in excess of the amount provided for Operating Expenses in the Annual Budget, except upon resolution of the Board of County Commissioners of the Issuer that such expenses are necessary to operate and maintain the Facilities.

ARTICLE IV

AUTHORIZATION OF NOTES

4.01 Authorization of Notes. Subject and pursuant to the provisions of this Instrument, one or more series of obligations of the Issuer to be known as "Water and Sewer Revenue Bond Anticipation Notes, Series 1988A" (designated appropriately to differentiate among series if more than one series of Notes shall be issued hereunder), are hereby authorized to be issued, each series to be in an aggregate principal amount not to exceed Three Million Dollars (\$3,000,000), for the purpose of providing funds to pay all or a part of the Cost of the Project pending issuance of the Bonds and for the purpose of providing funds to pay the cost of renewing and extending the obligation evidenced by any series of Notes previously issued.

4.02 Description of Notes. The Notes of each series shall be dated as of the date of or prior to the date of their delivery to the initial purchaser or purchasers thereof, shall be payable as to both principal and interest at such place or places, shall mature on or prior to the fifth anniversary of their date and may be in such denomination or denominations, bear interest payable at maturity or periodically (and, at the Issuer's option, upon surrender of coupons in the case of Notes maturing one year after issuance or earlier) and have such registration provisions and redemption privileges as shall be acceptable to such purchaser or purchasers and hereafter specified by resolution of the Issuer. The Notes shall bear such rate or rates of interest not exceeding the legal rate and shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Clerk prior to the issuance thereof (which necessity and/or desirability and

approval shall be presumed by the Issuer's delivery of the Notes to the purchaser or purchasers thereof):

(FORM OF COUPON NOTES)

No. _____ \$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF ST. JOHNS
WATER AND SEWER REVENUE BOND ANTICIPATION NOTE
SERIES 1988A

FOR VALUE RECEIVED, St. Johns County, a political sub-division created and existing under and by virtue of the laws of the State of Florida (the "Issuer"), hereby promises to pay to the bearer, or if this note be registered to the registered owner as hereinafter provided, on _____, 19__, at the principal office of _____, Registrar and paying agent for the Notes (hereinafter described) of which this note is one, solely from the special funds hereinafter mentioned, the principal sum of

_____ DOLLARS

and interest (computed on the basis of a 360-day year of twelve 30-day months) on such principal sum from the date hereof or the most recent interest payment date to which interest has been paid, at the rate of _____ per centum (____%) per annum, payable on _____ 1, 19__, and at the maturity hereof, upon the presentation and surrender of the annexed coupons as they severally fall due unless this note shall be registered as to both principal and interest.

This note is one of an authorized issue of notes in the aggregate principal amount of \$_____ (the "Notes") of like date, tenor and effect, except as to number and denomination, issued pursuant to the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, and a resolution duly adopted by the Issuer on _____, as amended and supplemented (the "Resolution"), in anticipation of the receipt by the Issuer of the proceeds from the sale of not exceeding \$3,000,000 principal amount of Water and Sewer Revenue Bonds, Series 1989A, of the Issuer (the "Bonds"), and is subject to all of the terms and conditions of the Resolution.

This note and the interest due hereon are payable solely from and secured by a prior lien upon and a pledge of the proceeds to be derived from the sale of the Bonds or the sale of bond anticipation notes issued to extend and renew the indebtedness evidenced by the Notes and, if necessary, from and secured by a lien

upon and a pledge of the net revenues to be derived from the operation of the Issuer's combined water and sewer system (the "Facilities"), all in the manner provided in the Resolution. This note and the obligation evidenced hereby shall not constitute a lien upon the Facilities or any part thereof or upon any other property of the Issuer or situated within its territorial limits, but shall constitute a lien only on the proceeds to be derived from the sale of the Bonds or the sale of bond anticipation notes issued to extend and renew the indebtedness evidenced by the Notes and, if necessary, said net revenues. This note shall not constitute a general obligation of the Issuer, and the holder hereof shall never have the right to require or compel the exercise of the power of the Issuer to levy ad valorem taxes for the payment of the principal of and interest on this note or the cost of maintaining, repairing and operating the Facilities.

The lien in favor of the holder of this note on the revenues of the Facilities is junior, subordinate and inferior in every respect to the lien thereon in favor of the holders of the Issuer's outstanding Water Revenue Bond dated June 15, 1981.

[Insert redemption provisions.]

It is hereby certified, recited and declared that all acts, conditions and things required to exist, to happen and to be performed precedent to and in connection with the issuance of this note, exist, have happened and have been performed in regular and due form and time as required by the Constitution and laws of the State of Florida applicable hereto, and that the issuance of the Notes does not violate any constitutional, statutory or charter limitations or provisions.

This note and the coupons appertaining hereto are and shall have all of the qualities and incidents of negotiable instruments under the laws of the State of Florida.

This note may be registered as to principal only or as to both principal and interest in accordance with the provisions endorsed hereon.

The Notes were validated by Judgment of the Circuit Court of the Seventh Judicial Circuit, in and for St. Johns County, Florida, rendered on _____, 19__.

IN WITNESS WHEREOF, St. Johns County has issued this note and has caused the same to be signed with the facsimile signature of the Chairman of its Board of County Commissioners and attested and countersigned with the manual signature of the Clerk of its Board of County Commissioners, and its official corporate seal or a facsimile thereof to be affixed, impressed, imprinted or engraved hereon, and the interest coupons hereto attached to

be executed with the facsimile signatures of such officers, all
as of the ____ day of _____, 19__.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

By _____
Chairman of the Board of County
Commissioners

ATTESTED AND COUNTERSIGNED:

Clerk of the Board of County
Commissioners

(FORM OF COUPON)

No. _____

\$ _____

On the first day of _____, 19__, unless the note to which this coupon is attached is callable and shall have been previously duly called for prior redemption and payment thereof duly made or provided for, St. Johns County will pay to the bearer at _____, from the special funds described in the note to which this coupon is attached, the amount shown hereon in lawful money of the United States of America, upon presentation and surrender of this coupon, being interest then due on its Water and Sewer Revenue Bond Anticipation Note, Series 1988A, dated _____, No. _____.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

By _____
Chairman of the Board of County
Commissioners

ATTESTED AND COUNTERSIGNED:

Clerk of the Board of County
Commissioners

Provisions for Registration

This note may be registered as to principal only in the name of the holder on the books to be kept for such purpose by the Registrar, such registration being noted hereon by said Registrar in the registration blank below, after which no transfer shall be valid unless made on said books by the registered holder or such holder's attorney duly authorized and similarly noted by the Registrar in the registration blank below, but it may be discharged from registration by being transferred to bearer, after which it shall be transferable by delivery, but it may be again registered as before. The registration of this note as to principal shall not restrain the negotiability of the coupons by delivery merely, but the coupons may be surrendered and the interest made payable only to the registered holder, in which event the Registrar shall note in the registration blank below that this note is registered as to interest as well as to principal,

and thereafter the interest will be remitted by mail to the registered holder. With the consent of the holder and of the Issuer, this note, when converted into a note registered as to both principal and interest, may be reconverted into a coupon note and again converted into a note registered as to both principal and interest as hereinabove provided. Upon reconversion of this note, when registered as to both principal and interest, into a coupon note, coupons representing the interest to accrue upon this note to date of maturity shall be attached hereto by the Registrar and the Registrar shall note in the registration blank below whether this note is registered as to principal only or payable to bearer.

Date of Registration	In Whose Name Registered	Manner of Registration	Signature of Registrar
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(FORM OF REGISTERED NOTES)

[Front of Note]

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF ST. JOHNS
WATER AND SEWER REVENUE BOND ANTICIPATION NOTE
SERIES 1988A

SEE REVERSE SIDE FOR
CERTAIN DEFINITIONS

INTEREST RATE: _____% MATURITY DATE: _____, 19__
NOTE DATE: _____, 19__ CUSIP: _____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

FOR VALUE RECEIVED, St. Johns County, a political sub-division created and existing under and by virtue of the laws of the State of Florida (the "Issuer"), hereby promises to pay, solely from the special funds hereinafter described, to the Registered Owner identified above, or registered assigns as hereinafter provided, the Principal Amount identified above, on the Maturity Date identified above, and interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the Note Date identified above or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above on _____ 1 and _____ 1 of each year commencing _____, 19__ until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto and except as is provided in the Resolution, as hereinafter defined, with respect to failure to surrender Notes for payment at maturity.

Such Principal Amount and interest and any premium on this note are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the office of the Registrar hereinafter identified, located in _____, _____. Payment of each installment of

interest shall be made to the person in whose name this note shall be registered on the registration books of the Issuer maintained by the Registrar at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by a check of the Registrar mailed to such registered owner at the address appearing on such registration books or at such other address as may be furnished in writing by such registered owner to the Registrar. In the event interest payable on this note is not punctually paid or duly provided for by the Issuer on such interest payment date, payment of each installment of such defaulted interest shall be made to the person in whose name this note shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to the registered owner hereof, not less than ten (10) days preceding such special record date.

Reference is hereby made to further provisions of this note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if fully set forth in this place.

The Notes of the issue of which this note is one were validated by judgment of the Circuit Court of the Seventh Judicial Circuit, in and for St. Johns County, Florida, rendered on _____, 19__.

This note shall not be valid unless the certificate of authentication hereon shall have been manually signed by the Registrar.

IN WITNESS WHEREOF, St. Johns County has issued this note and has caused the same to be signed by the Chairman of its Board of County Commissioners and attested and countersigned by the Clerk of its Board of County Commissioners, either manually or with their facsimile signatures, and its official corporate

seal or a facsimile thereof to be affixed, impressed, imprinted or engraved hereon, all as of _____.

ST. JOHNS COUNTY, FLORIDA

By _____
Chairman of the Board of County
Commissioners

(SEAL)

ATTESTED AND COUNTERSIGNED:

Clerk of the Board of County
Commissioners

Registration Date:

CERTIFICATE OF AUTHENTICATION

This note is one of the Notes of the issue herein described and issued pursuant to the within mentioned Resolution.

[City], [State]
Registrar

By

Authorized Signatory

[Back of Note]

This note is one of an authorized issue of notes in the aggregate principal amount of \$_____ (the "Notes") of like date, tenor and effect, except as to number and denomination, issued pursuant to the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, and a resolution duly adopted by the Issuer on _____, as amended and supplemented (the "Resolution"), in anticipation of the receipt by the Issuer of the proceeds from the sale of not exceeding \$_____ principal amount of Water and Sewer Revenue Bonds, Series 1989A, of the Issuer (the "Bonds"), and is subject to all of the terms and conditions of the Resolution.

This note and the interest due hereon are payable solely from and secured by a prior lien upon and a pledge of the proceeds to be derived from the sale of the Bonds or the sale of bond anticipation notes issued to extend and renew the indebtedness evidenced by the Notes and, if necessary, from and secured by a lien upon and a pledge of the net revenues to be derived from the operation of the Issuer's combined water and sewer system (the "Facilities"), all in the manner provided in the Resolution. This note and the obligation evidenced hereby shall not constitute a lien upon the Facilities or any part thereof or upon any other property of the Issuer or situated within its corporate territorial limits, but shall constitute a lien only on the proceeds to be derived from the sale of the Bonds or the sale of bond anticipation notes issued to extend and renew the indebtedness evidenced by the Notes and, if necessary, said net revenues. This note shall not constitute a general obligation of the Issuer, and the holder hereof shall never have the right to require or compel the exercise of the power of the Issuer to levy ad valorem taxes for the payment of the principal of and interest on this note or the cost of maintaining, repairing and operating the Facilities.

The lien in favor of the owner of this note on the revenues of the Facilities is junior, subordinate and inferior in every respect to the lien thereon in favor of the holders of the Issuer's outstanding Water Revenue Bond dated June 15, 1981.

[Insert redemption provisions.]

This note is transferable upon the registration books of the Clerk of the Board of County Commissioners of the Issuer, [or: _____,] as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "Registrar"), but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender of this note to the Registrar, with the form of Assignment hereon or other written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the registered owner hereof, or by such owner's attorney duly authorized in writing, and containing the information identifying the transferee requested hereon. In all cases of the transfer of this note, the Registrar shall enter the transfer of ownership in such registration books and shall deliver in the name of the transferee or transferees a new note or notes of authorized denomination or denominations and of the same maturity, interest rate and aggregate principal amount, at the earliest practicable time. Prior to every such transfer the Registrar shall be entitled to receive from the owner of this note a sum sufficient only to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this note, exist, have happened and have been performed, in regular and due form and time as required by the Constitution and laws of the State of Florida applicable hereto, and that the issuance of the Notes does not violate any constitutional, statutory or charter limitations or provisions.

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

LEGAL OPINION

[Insert appropriate approving opinion of bond counsel.]

The above is a true copy of the opinion rendered by Foley & Lardner, Jacksonville, Florida, in connection with the issuance of, and dated as of the original delivery of, the Notes of the issue of which this note is one. An executed copy of that opinion is on file in my office.

Clerk of the Board of County
Commissioners

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

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

UNIF TRANS MIN ACT - _____ Custodian _____
(Cust) (Minor)
under Uniform Transfers to Minors
Act _____
(State)

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

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

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

the within note and all rights thereunder, and hereby irrevocably constitutes and appoints _____

to transfer the within note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

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

4.03 Additional Covenants of the Issuer. For so long as the principal of and interest on the Notes shall be outstanding and unpaid or until there shall have been irrevocably set apart in the Notes Payment Account a sum sufficient to pay, when due, the principal of the Notes and interest accrued and to accrue thereon, the Issuer covenants with the holders of the Notes as follows:

(A) Notes Payment Account. The Issuer hereby covenants that with respect to each series of Notes issued hereunder it shall establish with an Authorized Depository an account to be designated as the "St. Johns County Water and Sewer Revenue Bond Anticipation Notes, Series 1988A Payment Account" (designated appropriately to differentiate among series if more than one series of Notes shall be issued hereunder), into which there

shall be deposited from the proceeds of the sale of such series of Notes and, to the extent necessary, from any other funds of the Issuer derived from sources other than ad valorem taxation a sum which, together with the earnings to be derived from the investment thereof, shall be sufficient to pay interest on such series of Notes as the same shall become due and payable, and into which there shall be deposited from the proceeds of the sale of the Bonds or of a subsequent series of Notes and, to the extent necessary, from any other funds of the Issuer derived from sources other than ad valorem taxation the sum required to pay the principal of such series of Notes on the maturity date thereof. Moneys on deposit to the credit of such Notes Payment Account shall be applied only to the payment of the principal of and interest on such series of the Notes and, until such moneys shall have been applied to such purpose, there shall be a lien upon all of the moneys of such Notes Payment Account in favor of the holders of such series of the Notes.

Any funds remaining on deposit to the credit of such Notes Payment Account after the principal of and interest on such series of the Notes shall have been paid in full shall be deposited in the Construction Account or, if the Project shall have been completed and the Construction Account closed, in the Debt Service Fund, whereupon such Notes Payment Account shall be closed.

(B) Sale of Bonds or Refunding Notes. The Issuer shall in good faith endeavor to sell a sufficient principal amount of the Bonds or of an additional series of Notes in order to have funds available to pay each series of outstanding Notes on the maturity date thereof.

(C) Supplemental Instruments. The Issuer shall, from time to time and at any time, adopt such resolutions not inconsistent with the provisions of this Instrument as shall be necessary or desirable to cure any ambiguity, defect or omission herein and/or secure, extend or renew to the holders of the Notes the pledges and covenants made herein for the payment of the Notes and the interest to accrue thereon.

(D) No Additional Obligations. The Issuer covenants and agrees that while Notes shall remain outstanding hereunder, the Issuer will not issue any additional obligations or incur any additional indebtedness payable from the Pledged Funds, except the Bonds, refunding Notes, the Series 1989B Bonds and the Series 1988B Notes.

ARTICLE V

MISCELLANEOUS PROVISIONS

5.01 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 series of Notes or the Bonds, then, and in that event, the pledge of and lien on the Pledged Funds in favor of the Holders of such Notes or Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit by the Issuer of cash and/or Federal Securities, or bank certificates of deposit fully secured as to principal and interest by Federal Securities (or deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance), in irrevocable trust with a banking institution or trust company, for the sole benefit of the Holders, in an aggregate principal amount which, together with interest to accrue thereon, will be sufficient to make timely payment of the principal of and redemption premiums, if any, and interest accrued on and which shall thereafter accrue on such Notes or Bonds in accordance with their terms, the Registrar's and paying agents' fees and expenses with respect thereto and any other expenses occasioned by escrow arrangements or provision for redemption, shall be considered "provision for payment." Nothing herein shall be deemed to require the Issuer to call any outstanding Notes or Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption, except that if any Notes or Bonds shall be held by the Government such Notes or Bonds shall be called for redemption as a whole within a period not exceeding six months from the date of such deposit unless the Government shall agree otherwise in writing. The trust agreement providing for the deposit of such securities may provide for the investment of moneys unclaimed by holders and for payment to the Issuer of such unclaimed moneys and the investment earnings thereon. Government held obligations will not be defeased.

5.02 Modification or Amendment. No material modification or amendment of this Instrument may be made without the consent in writing of the Holders of two-thirds or more in principal amount of any Bonds or Notes then outstanding and which shall be affected by such modification or amendment; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or Notes or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or affect the Issuer's unconditional covenants herein with respect to the maintenance and collection of sufficient Rates and to the application of the same as herein provided, or reduce the number of such Bonds or Notes the written consent of the Holders

of which are required by this section for such modification or amendment, without the consent of the Holders.

5.03 Sale of Notes and Bonds. The Notes and the Bonds shall be sold pursuant to applicable law in such manner and upon such terms as the Issuer shall provide by resolution adopted at any time prior to the respective dates of delivery thereof to the respective original purchasers thereof. Anything herein to the contrary notwithstanding, the Issuer may elect not to issue the Notes and is hereby authorized to issue the Bonds initially and deposit the proceeds thereof to the Construction Account for application in payment of items of the Cost of the Project.

5.04 Validation Authorized. James G. Sisco, Attorney for the Issuer, is hereby authorized and directed to institute appropriate proceedings on behalf of the Issuer in the Circuit Court for St. Johns County, Florida, for the validation of the Notes and the Bonds and the proper officers of the Issuer are hereby authorized to verify on behalf of the Issuer any pleadings in such proceedings.

5.05 No Personal Liability. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Bonds or the Notes, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Bonds or the Notes, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Board of County Commissioners, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Bonds or the Notes or any certificate or other instrument to be executed in connection with the issuance of the Bonds or the Notes, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

5.06 No Third Party Beneficiaries. Except as may be expressly described herein or in the Bonds or the Notes, nothing in this Instrument, or in the Bonds or the Notes, expressed or implied, is intended or shall be construed to confer upon any person, firm, corporation or other entity other than the Issuer and the Holders any right, remedy or claim, legal or equitable, under and by reason of this Instrument or any provision hereof, or of the Bonds or the Notes, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Holders.

5.07 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions of this Instrument or of the Bonds or the Notes should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or

shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements and provisions of this Instrument, the Bonds and the Notes.

5.08 Table of Contents and Headings not Part Hereof.

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

5.09 Conflicts Repealed. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

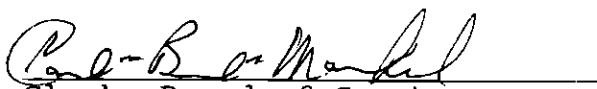
5.10 Effective Date. This Instrument shall take effect immediately upon its passage.

PASSED, APPROVED AND ADOPTED this 13th day of September, 1988.

(SEAL)


Chairman, Board of County
Commissioners

ATTEST:


Clerk, Board of County
Commissioners

DG9RES3/4