

RESOLUTION NO. 89- 129

A RESOLUTION AMENDING AND SUPPLEMENTING RESOLUTION NO. 89-~~52~~ ADOPTED MARCH 1, 1989, ENTITLED: "A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, AUTHORIZING THE DESIGN, ACQUISITION, CONSTRUCTION, EQUIPPING AND PROVISION OF UTILITIES FOR ADDITIONAL JAIL AND CRIMINAL JUSTICE FACILITIES WITHIN THE COUNTY; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$8,500,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE COUNTY TO FINANCE THE COST OF SUCH PROJECT AND THE COSTS OF THE ISSUANCE OF SUCH BONDS; PLEDGING THE FULL FAITH AND CREDIT AND THE AD VALOREM TAXING POWER OF THE COUNTY TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE;" FOR THE PURPOSE OF CANCELLING AUTHORITY FOR THE ISSUANCE OF ALL OF SUCH BONDS WHICH SHALL NOT BE SOLD PURSUANT TO THE PURCHASE CONTRACT HEREIN AUTHORIZED; ACCEPTING THE DISCLOSURE STATEMENT OF THE BOND PURCHASER AND AUTHORIZING A NEGOTIATED SALE OF SUCH BONDS AND THE EXECUTION AND DELIVERY OF THE PURCHASE CONTRACT WITH RESPECT TO SUCH BONDS; FIXING THE DATE, MATURITIES, INTEREST RATES, AND REDEMPTION PROVISIONS FOR SUCH BONDS; APPOINTING THE REGISTRAR AND PAYING AGENT FOR SUCH BONDS; APPOINTING A TRUSTEE WITH RESPECT TO SUCH BONDS AS REQUIRED BY CHAPTER 130, FLORIDA STATUTES; APPROVING A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO SUCH BONDS AND AUTHORIZING A FINAL OFFICIAL STATEMENT WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

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

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

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

"Bonds" shall mean \$8,190,000 principal amount of the obligations of the Issuer to be sold and delivered to the Purchaser pursuant to the Purchase Contract, issued by the Issuer in accordance with the terms of the Original Instrument and this resolution.

"Deputy Clerk" shall mean any duly appointed Deputy Clerk of the Circuit Court for St. Johns County, Florida.

"Original Instrument" shall mean Resolution No. 89-52 adopted by the Board on March 1, 1989, the title of which is quoted in the title of this resolution.

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

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

"Purchaser" shall mean William R. Hough & Co., the purchaser of the Bonds.

"Vice Chairman" shall mean the Vice Chairman of the Board.

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

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

(A) On March 1, 1989, the Board duly adopted the Original Instrument for the purpose of authorizing the acquisition and construction of the Project and the issuance of bonds of the Issuer to pay the Cost thereof.

(B) It is necessary, appropriate and in accordance with Section 2.01 of the Original Instrument that the Board adopt this Supplemental Resolution at this time in order to fix the date of the Bonds and their maturity dates, interest rates, redemption provisions and other terms, preparatory to the sale thereof to the Purchaser as herein authorized and provided.

(C) It is necessary and appropriate that the Board cancel authority for the issuance by the Issuer of all of the obligations authorized by the Original Instrument which shall not be awarded and sold hereby to the Purchaser pursuant to the Purchase Contract.

(D) It is in the best interest of the Issuer that the bonds be payable on September 1 of the years in which they shall mature, that interest on the Bonds be payable annually on March 1 and September 1 and that the Issuer not be required to provide notice of any redemption of Bonds by registered or certified mail, regular United States mail being sufficient, and that the Original Instrument be amended accordingly.

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

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

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

(H) It is necessary and appropriate that the Issuer appoint the Trustee, for compliance with Chapter 130, Florida Statutes, as amended, and the institution hereinafter named is

acceptable to the Issuer; and it appears to the Board that the same is qualified to serve as Trustee in accordance with the provisions of the Trust Agreement.

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

(A) The second and third paragraphs of Section 2.01 thereof are hereby amended to read as follows:

"The Bonds shall bear interest at such rate or rates not exceeding the maximum rate permitted by law (calculated on the basis of a 360-day year of twelve 30-day months), payable on March 1 and September 1 of each year and in such years, all as shall be determined by Supplemental Resolution. From and after any maturity date of any of the Bonds (deposit of moneys and/or Securities for the payment of the principal and interest on such Bonds having been made by the Issuer with the Paying Agents), notwithstanding that any of such Bonds shall not have been surrendered for cancellation, no further interest shall accrue upon the principal or upon the interest which shall have accrued and shall then be due on such date, and such Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holders shall have no rights in respect of such Bonds except to receive payment of such principal and unpaid interest accrued to the maturity date.

"The Bonds shall be issued in fully registered form in denominations of \$5,000 and integral multiples thereof; shall be numbered from 1 upward in order of maturity, preceded by the letter "R;" shall be dated such date; shall be payable at such place or places; shall contain such redemption provisions; shall have such Paying Agents and Registrars; and shall mature on September 1, in such amounts and in such years, not exceeding thirty (30) years from their dates, all as shall be determined by Supplemental Resolution."

(B) The first paragraph of Section 3.03 thereof is hereby amended to read as follows:

"SECTION 3.03. Notice of Redemption. Unless waived by any Holder of Bonds 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 United States mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each Holder of Bonds to be redeemed at the address of such Holder shown on the registration books maintained by the Registrar 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 to be redeemed nor failure to give such notice shall in any

manner defeat the effectiveness of a call for redemption as to all other Holders of Bonds to be redeemed."

SECTION 5. SPECIFICATIONS. The Bonds shall be dated as of June 1, 1989, shall be Serial Bonds in part and Term Bonds in part, and shall be subject to mandatory and optional redemption, bear interest from their date at the rates per annum and mature in the years and amounts, all as provided in the Purchase Contract.

SECTION 6. TRUSTEE. Barnett Banks Trust Company, N.A., Jacksonville, Florida, is hereby appointed as "trustee for county bonds" within the meaning of Chapter 130, Florida Statutes, as amended, and as Trustee (as such term is defined in the Original Instrument), and the Chairman or the Vice Chairman and the Clerk or a Deputy Clerk are hereby authorized to execute on behalf of the Issuer and deliver in favor of the Trustee the Trust Agreement in substantially the form thereof approved in and by the Original Instrument, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Vice Chairman and the Clerk or a Deputy Clerk prior to such execution and delivery thereof (which necessity and/or desirability and approval shall be evidenced conclusively by such officers' said execution and delivery thereof). Pursuant to Section 660.28, Florida Statutes, as amended, no surety bond or other security shall be required of the Trustee as a condition of its accepting this appointment.

SECTION 7. SALE OF THE BONDS. The Purchaser having filed with the Board its disclosure statement required by Section 218.385(4), Florida Statutes, as amended, a copy of which is attached hereto as an exhibit to the Purchase Contract, the Bonds are hereby sold and awarded to the Purchaser at the price, and on such other terms and conditions as are stated in the Purchase Contract. The Chairman or Vice Chairman and the Clerk or Deputy Clerk are hereby authorized to execute the Issuer's acceptance of the Purchase Contract, and said officers and the other officers, agents and employees of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Bonds in accordance with the provisions of the Purchase Contract.

SECTION 8. APPROVAL OF PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZATION OF FINAL OFFICIAL STATEMENT. The delivery of the Preliminary Official Statement to the Purchaser is hereby approved, ratified and confirmed, and a final official statement in substantially the form of the Preliminary Official Statement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or Vice Chairman or the Clerk or Deputy Clerk prior to the release thereof, is hereby authorized to be delivered by the Issuer to the Purchaser simultaneously with the issuance and delivery of the Bonds. The Chairman or Vice Chairman and the Clerk or Deputy Clerk are hereby

authorized to evidence the Issuer's approval of the final official statement by either's endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations may be presumed from such endorsement upon any copy of such final official statement. Bond Counsel is hereby directed to furnish to the Division of Bond Finance of the Department of General Services of the State of Florida a copy of the final official statement, a notice of the impending sale of the Bonds and the other information required by Section 218.38, Florida Statutes, as amended, within the appropriate time periods specified by such section.

SECTION 9. AUTHORIZATION OF EXECUTION OF OTHER CERTIFICATES AND OTHER INSTRUMENTS. The Chairman or Vice Chairman and the Clerk or Deputy Clerk are hereby authorized and directed, either alone or jointly, under the official seal of the Issuer, to execute and deliver certificates of the Issuer certifying such facts as the Board's counsel or Bond Counsel shall require in connection with the issuance, sale and delivery of the Bonds, and to execute and deliver the Bonds and such other instruments as shall be necessary or desirable to perform the Issuer's obligations under the Original Instrument, this resolution and the Purchase Contract and to consummate the transactions contemplated thereby.

SECTION 10. REGISTRAR AND PAYING AGENT. Barnett Banks Trust Company, N.A., Jacksonville, Florida, is hereby appointed as Registrar under the Original Instrument, to serve as registrar and paying agent for the Bonds; and the Chairman or Vice Chairman and the Clerk or Deputy Clerk are hereby authorized to execute and deliver on behalf of the Issuer a Registrar and Paying Agency Agreement in a form to be approved by the Board's attorney and by Bond Counsel.

SECTION 11. CANCELLATION OF AUTHORITY TO ISSUE REMAINING BONDS. All authority of the Issuer for issuance of all obligations authorized to be issued by the Original Instrument other than the Bonds is hereby cancelled and rescinded.

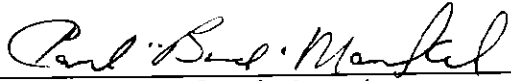
SECTION 12. EFFECTIVE DATE. This resolution shall

become effective immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this thirteenth day of June, 1989.

(SEAL)

ATTEST:

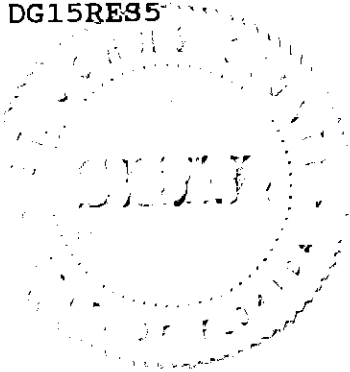


Clerk, Board of County
Commissioners



Chairman, Board of County
Commissioners

DG15RES5



\$8,190,000

ST. JOHNS COUNTY, FLORIDA
GENERAL OBLIGATION BONDS
SERIES 1989
BOND PURCHASE AGREEMENT

This BOND PURCHASE AGREEMENT dated June 13, 1989 is entered into by and between ST. JOHNS COUNTY, FLORIDA (the "Issuer" or the "County") and WILLIAM R. HOUGH & CO. (the "Underwriter").

1. Purchase, Sale and Closing.

On the terms and conditions set forth herein and in the Official Statement, hereinafter defined, the Underwriter will purchase from the Issuer and the Issuer will sell to the Underwriter \$8,190,000 aggregate principal amount of the St. Johns County, Florida General Obligation Bonds, Series 1989 (the "Bonds").* The Issuer is obligated to sell and the Underwriter is obligated to purchase all (but not less than all) of the Bonds at an aggregate purchase price of \$8,075,340, less original issue discount in the amount of \$ 22,750 , plus accrued interest on the Bonds through the date of closing for a net purchase price of \$8,116,075.92 Payment shall be made to the Issuer at closing by wire transfer or otherwise in immediately available federal funds. The Underwriter, contemporaneous with the execution of this Bond Purchase Agreement, has delivered to the Issuer a corporate good faith check in the amount of \$80,000. Said check will be held uncashed by the Issuer and redelivered to the Underwriter at Closing, hereinafter defined. In the event that the Issuer fails to deliver the Bonds at Closing, or in the event the Issuer is unable to satisfy its obligations to the Underwriter pursuant to this Bond Purchase Agreement or in the event the obligations of the Underwriter are terminated pursuant to this Bond Purchase Agreement, then the good faith check shall be returned to the Underwriter. In the event the Underwriter fails (other than for a reason permitted

*As more fully described in Exhibit C.

EXHIBIT A

hereunder) to purchase, accept delivery of and pay for the Bonds at Closing as herein provided, the good faith deposit shall be retained as full liquidated damages for such failure and for any defaults hereunder by the Underwriter.

At 10:00 a.m., Eastern Standard Time, on July 13, 1989, or at such other time or on such earlier or later date as the parties hereto mutually agree upon (herein called the "Closing"), the Issuer will deliver or cause to be delivered to the Underwriter the Bonds in definitive form, duly executed, together with the other documents hereinafter mentioned. The Underwriter will accept such delivery and pay said purchase price of the Bonds and accrued interest in the manner set forth above. The Bonds will be delivered as registered bonds in the denominations of \$5,000 or integral multiples thereof and registered in such names as the Underwriter may request three business days prior to the date of Closing. The Underwriter may offer the Bonds to other dealers or underwriters at a price lower than the public offering prices. Subsequent to the initial offering, the Underwriter reserves the right to change the initial offering price or yield as it deems necessary in connection with the marketing of the Bonds.

2. Action Taken to Date.

(a) The Issuer will issue the Bonds pursuant to Chapters 125, Part I, and Chapter 130, Florida Statutes, as amended (the "Act"), and pursuant to and secured under Resolution 89-52, adopted by the Issuer on March 1, 1989, as amended and supplemented, (collectively, the "Resolution").

(b) The Preliminary Official Statement, dated as of June 7, 1989, has been executed by the Issuer and the Official Statement (a substantially complete copy of which is attached hereto as Exhibit B) will be executed by the Issuer and the Issuer hereby authorizes the use by the Underwriters of (a) the Resolution; (b) the Preliminary Official Statement and Official Statement (collectively referred to as the "Official Statement"); and (c) any other documents related to the transactions contemplated in the

Official Statement in connection with the public offering, sale and distribution of the Bonds. As used herein, "Preliminary Official Statement", and "Official Statement" shall refer to said Preliminary and Official Statement, respectively, relating to the Bonds, including the pertinent portions of the cover page, and the reverse thereof.

(c) The respective counsel referred to in this Bond Purchase Agreement.

Bond Counsel: Foley & Lardner

Counsel to the Issuer: James G. Sisco, Esquire

Counsel to the Underwriter: Roberts, Baggett, LaFace & Richard, P.A.

3. Representations of the Issuer.

The Issuer will sell the Bonds to the Underwriter and the Underwriter will make a public offering thereof in reliance upon the representations and covenants herein set forth. The Issuer hereby makes the following representations to the Underwriter:

(a) The Bonds will be payable from the proceeds of ad valorem taxes levied by the County for such purpose and, as provided in the Resolution, are secured by the full faith and credit of the County.

(b) The proceeds of the Bonds will be utilized for the design, acquisition, construction, equipping and provision of utilities for additional jail and criminal justice facilities within St. Johns County, Florida, together with other costs necessary, appurtenant or incidental thereto, including the costs of issuing the Bonds.

(c) The Issuer is a political subdivision of the State of Florida duly organized and validly existing under the Constitution and laws of the State of Florida.

(d) The Issuer has taken all actions required of it by Bond Counsel and/or Counsel to the Issuer to comply with all provisions of the Act and the Constitution of the State of Florida, and has full power and authority to issue the Bonds for the purposes described above, to pay the costs of issuing the Bonds and to enact the Resolution and has full power and authority to carry out and consummate all other transactions contemplated by

the Resolution and this Bond Purchase Agreement, and the Issuer has taken all actions and obtained all approvals required therefor by the Act as such required actions and approvals have been communicated to the Issuer by Bond Counsel and/or Counsel to the Issuer.

(e) The Resolution has been duly adopted and the Issuer has duly authorized the execution and delivery of this Bond Purchase Agreement and the issuance of the Bonds, and has taken all necessary or appropriate action to carry out the same (except for application of various state securities or blue sky laws, as to which no representation is made).

(f) There is no litigation or proceeding pending or, to the knowledge of the Issuer, threatened against the Issuer, challenging the validity of the Act as it relates to this Issuer or to the Bonds, the Resolution, or this Bond Purchase Agreement or seeking to enjoin the performance of the Issuer's obligations thereunder or hereunder.

(g) The adoption of the Resolution, the execution and delivery of this Bond Purchase Agreement and the Bonds, and compliance with the provisions of the Resolution and of each of such instruments, will not conflict with or constitute a breach of, or default under, any commitment, agreement or other instrument to which the Issuer is a party or by which it is bound, or under any provisions of the Constitution of the State of Florida or under any existing law, rule, regulation, ordinance, judgment, order or decree to which the Issuer (or the Board of County Commissioners of the Issuer or any of its officers in their respective capacities as such) is subject.

(h) The Issuer, pursuant to the Resolution, has agreed to pay over to the Trustee as defined in the Resolution, as security for the Bonds, the proceeds of the ad valorem taxes levied by the County to pay the principal and interest on the Bonds.

(i) To the best of the knowledge of the Issuer, the Official Statement is true and accurate in all material respects as of the date hereof and it does not contain an untrue

statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing as of the date hereof, not misleading (except with respect to information contained in the Official Statement supplied by [the municipal bond insurer] and information under the heading "Tax Matters" as to which the Issuer makes no representation or warranty).

(j) If between the date of this Bond Purchase Agreement and the time of Closing the Issuer discovers any fact or becomes aware of the occurrence of an event which would cause the Official Statement to contain an untrue statement or to omit to state a fact required to be stated therein, in light of the circumstances under which they were made, not misleading, the Issuer shall notify the Underwriter and if, in the opinion of the Underwriter, the event requires an amendment or supplement to the Official Statement, the Issuer will amend or supplement such Official Statement in a form and in a manner acceptable to the Underwriter.

(k) Since December 31, 1975, the County has never been in default as to principal or interest with respect to any obligation it has issued or guaranteed.

4. Underwriter's Representations.

(a) Upon the release of the Bonds, the Underwriter proposes to offer the Bonds for sale upon the terms and conditions set forth in the Official Statement.

(b) In conformance with Chapter 218, Section 38 and Chapter 218, Section 385 of the Florida Statutes, as amended, the Underwriter hereby delivers the Disclosure Statement attached as Exhibit A hereto.

5. Covenants of the Issuer.

The Issuer will cooperate in qualifying the Bonds for (i) DTC deposit and (ii) offer and sale under the Blue Sky or other securities law of states designated by the Underwriter; except that the Issuer shall not be required in connection therewith or as a condition thereof to execute a general consent to service of process or to qualify to do

business as a foreign corporation or as a dealer or broker in any state and provided, in each instance, that the Issuer's out-of-pocket costs are paid out of the proceeds of the sale of the Bonds or are otherwise provided for by the Underwriter.

6. Conditions of Underwriter's Obligation.

The Underwriter's obligation to purchase the Bonds is subject to fulfillment of the following conditions:

(a) The representations and covenants of the Issuer shall be true as of the date of the Closing and those representations contained in Paragraph 3 hereof shall be confirmed by certificates of the Issuer, dated as of the Closing.

(b) The Issuer shall not have defaulted in the performance of any of its covenants hereunder.

(c) At or prior to the Closing, the Underwriter shall have received:

(i) evidence of bond insurance in form and substance satisfactory to the Underwriter;

(ii) an unqualified final opinion of Bond Counsel dated the date of the Closing substantially in the form set forth in the Official Statement with a letter to the Underwriter dated the date of the closing to the effect that said final approving opinion may be relied upon by the Underwriter;

(iii) an unqualified opinion of Bond Counsel addressed to the Issuer and the Underwriter and dated the date of Closing to the effect that (a) the information set forth in the Official Statement under the headings "Introduction", "Purpose of the Bonds", the "Description of the Bonds", "Tax Matters", "Security", "Validation" and "Legality" insofar as such information purports to be the descriptions or summaries of the Resolution, the Bonds, the Act and the constitutional laws of the State of Florida, and such other matters as are contained therein are correct as to matters of law and, to the extent indicated therein, are accurate and fair statements or summaries of the matters

set forth or the documents referred to therein; (b) the County has irrevocably pledged its full faith, credit and taxing power for the payment of the principal of, redemption price, if any, and interest on the Bonds; (c) the Official Statement has been duly authorized, executed and delivered by the Issuer and the Issuer has consented to the use thereof by the Underwriter; (d) no registration of any security under the Securities Act of 1933, as amended, or qualification of any indenture under the Trust Indenture Act of 1939, as amended is required in connection with the offer, issue and sale of the Bonds; and (e) the Bonds conform to form and tenor with the terms and provisions thereof summarized in the Official Statement;

(iv) the opinion of Counsel to the Underwriter regarding compliance with applicable disclosure laws and dated the date of the Closing in form acceptable to the Underwriter;

(v) an executed copy of the Official Statement;

(vi) an unqualified opinion of Counsel for the Issuer, addressed to the Underwriter and to Bond Counsel, and dated the date of the Closing, to the effect that, (a) the Issuer is duly organized and validly existing and has full legal right, power and authority to perform its obligations under the Resolution and to authorize, execute, deliver and perform its obligations under this Bond Purchase Agreement; (b) the Issuer has duly adopted the Resolution and has duly authorized, executed and delivered this Bond Purchase Agreement and, assuming due authorization, execution and delivery of this Bond Purchase Agreement by all other parties, such instrument constitutes a legal, binding and valid obligation of the Issuer, enforceable in accordance with its terms; provided, however, the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject, as to enforceability thereof, to the exercise of judicial discretion in accordance with the general principles of equity; (c) with respect to the information in

the Official Statement set forth under the headings "Purpose of the Bonds", "Ad Valorem Tax Procedures", "Ad Valorem Tax Statistical Information", "Security" and "Litigation" and the information in Appendix B of the Official Statement and based upon participation in the preparation of the Official Statement, such Counsel of the Issuer has no reason to believe that said sections of the Official Statement contain an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading; (d) the Official Statement has been duly authorized, executed and delivered by the Issuer and the Issuer has consented to the use thereof by the Underwriter; (e) to the best of its knowledge after a review of all relevant records of the County and after other relevant inquiry and due diligence, the adoption of the Resolution and the authorization, execution and delivery of this Bond Purchase Agreement and the Bonds, and compliance with provisions hereof and thereof, will not conflict with, or constitute a breach of or default under any law, administrative regulation, consent decree, resolution or any other agreement or other instrument to which the Issuer is subject; (f) all approvals, consents, authorizations, and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the Issuer of its obligations hereunder, and under the Resolution have been obtained and are in full force and effect; (g) the Issuer is lawfully empowered to pledge the full faith and credit of the Issuer, which is pledged to the payment of the Bonds (as described in the Resolution and in the Official Statement); (h) except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best of his knowledge, threatened against the Issuer affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, the execution or performance under the Bond Purchase Agreement or the pledge

of the full faith and credit of the Issuer; or contesting or affecting the legal existence of the Issuer or the validity or the enforceability of the Act in any respect relating to authorization for the issuance of the Bonds or this Bond Purchase Agreement to which the County has been made a party or has been put on notice; or contesting the exclusion of interest on the Bonds from gross income for federal income tax purposes, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto; or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Resolution or the execution and delivery by the Issuer of this Bond Purchase Agreement;

(vii) an unqualified opinion of counsel for the Insurer, dated the date of Closing, addressed to the Underwriter and the Issuer, in form and substance satisfactory to the Underwriter, to the effect that (a) the Insurer is duly qualified to do business in the State of Florida; (b) the Insurer has full corporate power and authority to execute and deliver the insurance policy for the Bonds (the "Policy"), and the Policy has been duly authorized, executed and delivered by the Insurer and constitutes a legal, valid, and binding obligation of the Insurer and enforceable in accordance with its terms, provided, however, the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject, as to enforceability thereof, to the exercise of judicial discretion in accordance with general principles of equity and (c) the statements contained in the Official Statement under the heading "Municipal Bond Insurance", insofar as such statement constitutes summaries of the matters referred to therein, accurately reflect and fairly present the information purported to be shown and, insofar as such statements purport to describe the Insurer, fairly and accurately describe the Insurer;

(viii) a non-arbitrage certificate of the Issuer in respect to the Bonds in substance and form satisfactory to the Bond Counsel and Counsel to the Underwriter

supporting the conclusion that the Bonds are not and will not become "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended;

(ix) a letter from Standard & Poor's Corporation to the effect that the Bonds have been assigned a rating no less favorable than "AAA", and from Moody's Investors Service to the effect that the Bonds have been assigned a rating no less favorable than "Aaa", and that the ratings are in effect as of the date of Closing;

(x) a certificate, dated the date of Closing, signed by the Chairman of the Board of County Commissioners of the Issuer in form and substance satisfactory to the Underwriter to the effect that, to the best of his knowledge; (a) no litigation is pending, or threatened to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of ad valorem taxes as provided in the Resolution or the application of funds pledged under the Resolution or in any way contesting or affecting the Issuer's authority for the issuance of the Bonds, or the validity of the Bonds, the Resolution or this Bond Purchase Agreement or the transactions contemplated hereby or thereby or in any way contesting the existence or powers of the Issuer or the title of any of the members or officers thereof to their respective offices; and (b) no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect for the purpose for which it is to be used;

(xi) a comfort letter in form and content satisfactory to the Underwriter and the County dated the date of Closing from the auditors for the County acknowledging the accuracy of their audit of the County and a consent letter authorizing its use in the Official Statement; and

(xii) such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and

accuracy, as of the date hereof and as of the date of Closing, of the representations and covenants of the Issuer contained herein and of the statements and information contained in the Official Statement and to evidence the due performance and satisfaction by the Issuer on or prior to the date of Closing of all the agreements then to be performed and conditions then to be satisfied by it;

7. Events Permitting the Underwriter to Terminate.

The Underwriter may terminate its obligations to purchase the Bonds at any time before the Closing if any of the following occurs:

(a) Any legislative, executive or regulatory action or any court decision which, in the reasonable judgment of the Underwriter, casts sufficient doubt on the legality or the exclusion from gross income of interest on obligations such as the Bonds so as to materially impair the marketability or materially reduce the market price of such obligations.

(b) Any action by the Securities and Exchange Commission or a court of competent jurisdiction which would require registration of the Bonds, under the Securities Act of 1933, as amended, or qualification of the Resolution under the Trust Indenture Act of 1939, as amended in connection with the public offering of the Bonds.

(c) Any restriction on trading in securities, or any banking moratorium, or the inception or escalation of any war or major military hostilities, in each case after the date hereof, which in the reasonable judgment of the Underwriter is so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Bonds on the terms and in the manner contemplated in the Official Statement.

(d) Any event or condition which, in the reasonable judgment of the Underwriter, renders untrue or incorrect, in any material respect as of the time to which the same purports to relate, the information contained in the Official Statement, or

which requires that information not reflected in such Official Statement should be reflected therein in order to make the statements and information contained therein not misleading in any material respect as of such time and the Official Statement can not be adequately amended or supplemented.

8. Notices and Other Actions.

All notices, demands and formal actions hereunder will be in writing, mailed, telegraphed, or delivered to:

The Issuer: St. Johns County
County Administration
Route 10, Box 85
State Road 16A
St. Augustine, Florida 32085
Attention: Dan Castle
County Administrator

The Underwriter: William R. Hough & Co.
1440 First Union Building
Jacksonville, Florida 32202
Attention: Mitchell N. Owens
Senior Vice-President

9. Expenses.

The Underwriter shall be under no obligation to pay, and the Issuer shall pay, any expense incident to the performance of the obligations of the Issuer hereunder including, but not limited to (a) the cost of preparation, printing and delivery of the Resolution; (b) the cost of preparation and printing of the Bonds; (c) the fees and disbursements of Bond Counsel; (d) the fees and disbursements of the Issuer's financial advisors; (e) the fees for the bond ratings; (f) the fees and expenses, if any, of the Registrar, the Trustee, the Paying Agent and of their respective counsel; (g) the cost of preparing, printing and delivering a reasonable number of Preliminary Official Statements and Official Statements and any supplements or amendments thereto; (h) the cost of the comfort and

consent letter from the County's auditors; and (i) the cost of the municipal bond insurance.

The Underwriter shall pay: (a) the cost of preparing, printing and delivery of this Bond Purchase Agreement; (b) the cost of any "blue sky" opinions and any related filing fees; (c) all advertising expenses; and (d) all other expenses incurred by the Underwriter in connection with the Public Offering of the Bonds, including the fees and disbursements of Counsel retained by them.

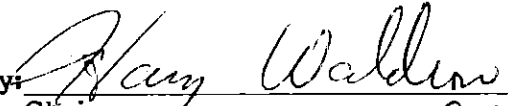
In the event that either party shall have paid obligations of the other as set forth in this Section 9, adjustments shall be paid at the time of Closing.

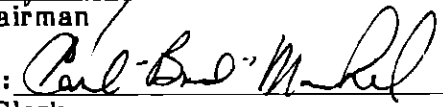
Miscellaneous:

This Bond Purchase Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. The Bond Purchase Agreement will inure to the benefit of and be binding upon the parties and their successors, and will not confer any rights upon any other person.

(seal)

ST. JOHNS COUNTY, FLORIDA, by its
Board of County Commissioners

By: 
Its Chairman

Attest: 
Clerk

WILLIAM R. HOUGH & CO.

By: 
Its Senior Vice President

FFH:StJohns2/lwp

DISCLOSURE STATEMENT

William R. Hough & Co.

1440 FIRST UNION BUILDING
JACKSONVILLE, FLORIDA 32202
904 - 355-6691

EDWARD R. WULBERN
SENIOR VICE PRESIDENT
RESIDENT MANAGER

S. JACK LARKINS
VICE PRESIDENT

MITCHELL N. OWENS
FIRST VICE PRESIDENT

June 13, 1989

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

Re: \$8,190,000 St. Johns County, Florida General Obligation Bonds, Series 1989

Dear Ladies and Gentlemen:

Pursuant to Florida Statutes, Section 218.385(4), the following information is provided.

1. The estimated amount of expenses which the managing underwriter expects to incur with respect to the captioned obligations (the "Bonds") is as follows:

Clearance.....	\$.50 per \$1,000
Other Expenses.....	\$3.00 per \$1,000

2. There are no finders, as defined in Section 218.386, Florida Statutes, who have been employed by the managing underwriter in connection with the issuance of the Bonds.

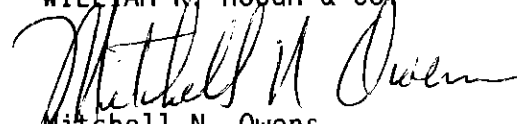
3. The amount of underwriting spread expected to be realized with respect to the Bonds is \$14.00 per \$1,000 which includes \$1.00 per \$1,000 risk and \$8.00 per \$1,000 takedown.

4. The management fee expected to be charged by the managing underwriter is \$1.50 per \$1,000.

5. The underwriter is William R. Hough & Co., 1440 First Union Building, Jacksonville, Florida 32202.

Sincerely,

WILLIAM R. HOUGH & CO.


Mitchell N. Owens
Senior Vice President

MNO:dad

NEW ISSUE

Ratings:
Moody's: Aaa
Standard & Poors: AAA

In the opinion of Bond Counsel, under existing law, assuming compliance with certain covenants in the Resolution described herein, interest on the Bonds is excluded from gross income for federal income tax purposes, and the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, as defined in Chapter 220, Florida Statutes, as amended. See, however, "TAX MATTERS" herein for a description of certain federal minimum and other special taxes that may affect the tax treatment of interest on the Bonds.

\$8,190,000
**ST. JOHNS COUNTY, FLORIDA
GENERAL OBLIGATION BONDS
SERIES 1989**

DATED: June 1, 1989

DUE: September 1, as shown below

The Bonds are being issued only as fully registered bonds without coupons in denominations of \$5,000 and integral multiples thereof. Interest on the Bonds will be payable on March 1, 1990 and semiannually each March 1 and September 1 thereafter by check or draft mailed to the registered owner by Barnett Banks Trust Company, N.A., Jacksonville, Florida, as registrar and paying agent. Principal of the Bonds is payable to the registered owner upon presentation when due at the principal corporate trust office of Barnett Banks Trust Company, N.A., Jacksonville, Florida.

The Bonds are subject to redemption prior to maturity as described herein.

The Bonds are being issued for the purpose of providing funds for the design, acquisition, construction, equipping and provision of utilities for additional jail and criminal justice facilities within St. Johns County (the "County"), to pay interest on the Bonds together with other costs necessary, appurtenant or incidental thereto including the costs of issuing the Bonds.

THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS SHALL BE SECURED AND IS PAYABLE FROM AD VALOREM TAXES, WITHOUT LIMITATION AS TO RATE OR AMOUNT, ON ALL TAXABLE REAL PROPERTY WITHIN THE COUNTY. THE COUNTY IRREVOCABLY PLEDGES ITS FULL FAITH, CREDIT AND TAXING POWER TO THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PRICE, IF ANY, AND INTEREST ON THE BONDS.

Payment of the principal of and interest on the Bonds when due will be insured by a municipal bond insurance policy to be issued by AMBAC Indemnity Corporation simultaneously with the delivery of the Bonds.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICE

<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>
1990	\$210,000	6.20%	100%
1991	225,000	6.25	100
1992	235,000	6.30	100
1993	255,000	6.35	100
1994	275,000	6.40	100
1995	285,000	6.45	100
1996	300,000	6.50	100
1997	325,000	6.55	100
1998	345,000	6.60	100
1999	370,000	6.65	100
2000	395,000	6.70	100
2001	420,000	6.75	100

\$4,550,000 6.75% Term Bonds Due September 1, 2009, Price 99.50%
(Plus Accrued Interest)

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the receipt of an unqualified opinion as to the validity of the Bonds by Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will also be passed on for the County by James G. Sisco, Esquire, County Attorney. Certain other legal matters will be passed on by Roberts, Baggett, LaFace & Richard, P.A., Tallahassee, Florida, Counsel to the Underwriter. It is expected that the Bonds in definitive form will be available for delivery in New York, New York on or about July 13, 1989.

William R. Hough & Co.

Dated: June 13 _____, 1989

ST. JOHNS COUNTY, FLORIDA

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

**Harry Waldron, Chairman
Craig Maquire, Vice Chairman
Sarah W. Bailey
Francis N. Brubaker
Donald Herold**

COUNTY ADMINISTRATOR

R. Daniel Castle

COUNTY CLERK

Carl "Bud" Markel

FINANCE DIRECTOR

Henry Hendrix

COUNTY ATTORNEY

James G. Sisco, Esquire

BOND COUNSEL

**Foley & Lardner
Jacksonville, Florida**

TRUSTEE

**Barnett Banks Trust Company, N.A.
Jacksonville, Florida**

FINANCIAL ADVISOR

**Public Financial Management, Inc.
Fort Myers, Florida**

No dealer, broker, account executive or other person has been authorized to make any representations or to give any information, other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information contained in this Official Statement has been obtained from public documents, records and other sources considered to be reliable and, while not guaranteed as to completeness or accuracy by the Underwriter, is believed to be correct. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not as representations of fact, and the County expressly makes no representation that such estimates, assumptions and opinions will be realized or fulfilled. Any information, estimates, assumptions and matters of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof, or any earlier date as of which such information is given.

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

TABLE OF CONTENTS

Summary Statement ii
Introduction1
Purpose of the Bonds2
Security2
Municipal Bond Insurance2
Description of the Bonds4
Ad Valorem Tax Procedures6
Ad Valorem Tax Statistical Information8
Sources and Uses of Funds10
Debt Service Schedule10
Proposed Additional Bond Financings11
Trustee11
Financial Advisor11
Underwriting11
Ratings12
Legality12
Tax Matters12
Validation14
Litigation15
Annual Financial Report15
Sources of Information15
Authorization of and Certification Concerning
 Official Statement15
Execution16

APPENDIX A--General Purpose Financial Statements and Auditor's Reports
APPENDIX B--General Information Concerning the County
APPENDIX C--Bond Resolution
APPENDIX D--Form of Bond Counsel Opinion
APPENDIX E--Specimen Copy of Municipal Bond Insurance Policy

SUMMARY STATEMENT

Terms not specifically defined herein shall have the meanings given such terms in the Resolution, a copy of which is attached hereto as Appendix C.

The County-St. Johns County is located directly south of Duval County, Florida and is bordered on the west by the St. Johns River, on the south by Flagler County and on the east by the Atlantic Ocean. Its 1988 estimated population is 80,278. Further information concerning St. Johns County is located in Appendix B of this Official Statement.

The Bonds-The Bonds are being issued in fully registered form in denominations of \$5,000 or integral multiples thereof. Interest on the Bonds is payable by check or draft mailed to the registered owners thereof. Principal and premium, if any, shall be paid to each registered owner of the Bonds upon presentation when due at the principal corporate trust office of the Registrar.

Purpose of the Bonds-The Bonds are being issued to finance the cost of acquiring, designing, constructing, equipping, and providing utilities for additional jail and criminal justice facilities in the County, together with other costs necessary, appurtenant or incidental thereto, including the cost of issuing the Bonds.

Security for the Bonds-The Bonds are secured by ad valorem taxes without limitation or amount, on all taxable real property within the County. Further, the County has pledged its full faith, credit and taxing power to the payment of the principal of, redemption price, if any, and interest on the Bonds.

Municipal Bond Insurance-The County has received a commitment from AMBAC Indemnity Corporation insuring the payment, when due, of the principal of and interest on the Series 1989 Bonds simultaneously with the delivery of the Bonds, as more fully described in this Official Statement.

OFFICIAL STATEMENT

Relating To

\$8,190,000

ST. JOHNS COUNTY, FLORIDA
GENERAL OBLIGATION BONDS
SERIES 1989

INTRODUCTION

The purpose of this Official Statement of St. Johns County, Florida (the "County"), including the cover page, and appendices, is to provide information with respect to its \$8,190,000 General Obligation Bonds, Series 1989 (the "Bonds").

The Bonds are being issued under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including Chapter 125, Florida Statutes, Chapter 130, Florida Statutes, and other applicable provisions of law and Resolution No. 89-52 (attached as Appendix C) duly adopted by the Board of County Commissioners of St. Johns County, Florida (the "Board") on the 1st day of March, 1989, as amended and supplemented (the "Resolution"). The Bonds are being issued for the design, acquisition, construction, equipping and provision of utilities for additional jail and criminal justice facilities within the County, together with other costs necessary, appurtenant or incidental thereto, including the costs of issuing the Bonds. The issuance of the Bonds in an amount not to exceed \$8,500,000 and for a term not to exceed thirty years from their date was approved by a majority of votes cast in a bond referendum held on November 8, 1988 by the qualified electors of the County, in a manner required by the Constitution and the laws of the State of Florida and pursuant to resolution 88-242 duly adopted on September 13, 1988 by the Board.

For a complete description of the terms and conditions of the Bonds, reference is made to the Resolution. All terms defined in the Resolution shall have the same meanings in this Official Statement unless indicated to the contrary or the context expressly requires otherwise. All information included herein has been provided by the County except where attributed to other sources. The description of the Bonds and the documents authorizing and securing the same and the information from and summaries of all reports, statutes, documents not contained in this Official Statement and other instruments referred to herein, do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each. Copies of documents not contained in this Official Statement, and further information which may be desired, may be obtained from the County's Finance Director, Mr. Henry Hendrix, St. Johns County Administration Building, St. Augustine, Florida 32085, telephone (904) 824-8131 or from Public Financial Management, Inc., 5900 Enterprise Parkway, Fort Myers, Florida 33905, telephone (813) 693-7117.

PURPOSE OF THE BONDS

The County is issuing the Bonds in order to provide funds to finance the cost of acquiring, designing, constructing, equipping and providing utilities for additional jail and criminal justice facilities in the County, to pay interest on the Bonds together with other costs necessary, appurtenant or incidental thereto, including the costs of issuing the Bonds.

SECURITY

The principal of, redemption price, if any, and interest on the Bonds shall be secured by an irrevocable lien on ad valorem taxes, levied upon all taxable real property in the County. In each year, while any of the Bonds are outstanding, there shall be levied and collected a tax on all taxable real property within the County, sufficient in amount to pay the principal of, redemption price, if any, and interest on the Bonds as the same shall become due. Such tax shall be assessed, levied and collected in the same manner and at the same time as other County taxes and shall be in addition to all other taxes authorized to be levied by the County. Further, the Bonds are secured by the full faith, credit and taxing power of the County.

MUNICIPAL BOND INSURANCE

The payment of principal and interest on the Bonds when due will be insured by a municipal bond insurance policy issued by AMBAC Indemnity Corporation simultaneously with the delivery of the Bonds.

Payment Pursuant to Municipal Bond Insurance Policy

AMBAC Indemnity has made a commitment to issue a municipal bond insurance policy (the "Municipal Bond Insurance Policy") relating to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Municipal Bond Insurance Policy, AMBAC Indemnity will pay to the United States Trust Company of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Municipal Bond Insurance Policy). AMBAC Indemnity will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or the fifth (5th) day next following the date on which AMBAC Indemnity shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Bonds, and, once issued, cannot be cancelled by AMBAC Indemnity.

The Municipal Bond Insurance Policy will insure payment only on stated maturity dates and sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. It will not insure payment on acceleration, as a result

of a call for redemption (other than sinking fund redemption) or as a result of any other advancement of maturity, nor will it insure the payment of any redemption, prepayment or acceleration premium or any risk other than Nonpayment. In the event of any acceleration of the principal of the Bonds, the payments insured will be made at such times and in such amounts as would have been made had there not been an acceleration.

The Municipal Bond Insurance Policy will not insure against nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any, or the Insurance Trustee. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, AMBAC Indemnity will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event the Trustee has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available.

If it becomes necessary to call upon the Municipal Bond Insurance Policy, payment of principal requires surrender of Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of AMBAC Indemnity. Payment of interest pursuant to the Municipal Bond Insurance Policy requires proof of Bondholder entitlement to interest payments and an appropriate assignment of the Bondholder's right to payment to AMBAC Indemnity.

AMBAC Indemnity Corporation

AMBAC Indemnity Corporation ("AMBAC Indemnity") is a Wisconsin domiciled stock insurance company, regulated by the Insurance Department of the State of Wisconsin, and licensed to do business in various states, with admitted assets (unaudited) of approximately \$1,126,000,000 and statutory capital (unaudited) of approximately \$702,000,000 as of March 31, 1989. Statutory capital consists of AMBAC Indemnity's statutory contingency reserve and policyholders' surplus. AMBAC Indemnity is a wholly-owned subsidiary of AMBAC, Inc., a financial holding company which is owned by Citibank, N.A., the employees of AMBAC Indemnity, Xerox Financial Services, Inc. and Stephens, Inc. Neither AMBAC Inc. nor its shareholders are obligated to pay the debts of or claims against AMBAC Indemnity Corporation. Standard & Poor's Corporation and Moody's Investors Service, Inc. have assigned their ratings of "AAA" and "Aaa", respectively, to the claims paying ability of AMBAC Indemnity. Copies of AMBAC Indemnity's financial statements prepared in accordance with statutory accounting standards are available from AMBAC Indemnity. The address of AMBAC Indemnity's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York, 10004 and (212) 668-0340.

AMBAC Indemnity has entered into quota share reinsurance agreements under which a percentage of the insurance underwritten pursuant to certain municipal bond insurance programs of AMBAC Indemnity has been and will be assumed by a number of foreign and domestic unaffiliated reinsurers.

AMBAC Indemnity has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by AMBAC Indemnity will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by AMBAC Indemnity under policy provision substantially identical to those contained in its municipal bond insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Issuer of the Bonds.

AMBAC Indemnity makes no representation regarding the Bonds or the advisability of investing the Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by AMBAC Indemnity and presented under the heading "Municipal Bond Insurance".

DESCRIPTION OF THE BONDS

General Terms

The Bonds are being issued in the aggregate principal amount of \$8,190,000 in fully registered form in the denominations of \$5,000 and integral multiples thereof. The Bonds will be dated as of June 1, 1989 and will bear interest from that date and mature on the dates set forth on the cover page of this Official Statement.

Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, commencing March 1, 1990 by check or draft mailed to the registered owner by Barnett Banks Trust Company, N.A., Jacksonville, Florida, as registrar and paying agent ("Registrar" or "Paying Agent") for the Bonds.

Payment of the interest shall be made to the person in whose name the Bonds are registered in accordance with the registration books maintained by the Registrar on behalf of the County at the close of business on the 15th day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of the Bonds subsequent to the Record Date and prior to such interest payment date.

The principal and premium, if any, shall be payable to each registered owner of the Bonds or his transferee upon presentation when due at the principal corporate trust office of the Registrar.

Optional Redemption

The Bonds maturing on September 1, of the years 1990 to ____, inclusive, are not subject to redemption prior to maturity. The Bonds maturing in the year ____ and thereafter may, at the option of the County, be called for redemption prior to maturity in whole on any date after September 1, ____ or in part, in inverse order of maturities and by lot within maturities on September 1, _____ or any interest payment date thereafter at a redemption price (plus accrued interest to the date fixed for redemption) equal, for each period indicated below, to the percentage of the principal amount thereof shown in the following table:

<u>Redemption Dates</u> <u>(both dates inclusive)</u>		<u>Redemption Price</u>
From	To	
September 1,	August 31,	
September 1,	August 31,	
September 1,	August 31,	
September 1,	and thereafter	

Mandatory Redemption

The Bonds maturing on September 1, 2009 are subject to mandatory redemption in part prior to maturity by lot, at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date, on September 1 in the years and in the principal amounts corresponding to the Amortization Installment as follows:

<u>Year</u>	<u>Amortization</u> <u>Installment</u>
2002	
2003	
2004	
2005	
2006	
2007	
2008	
2009	

Notice of Redemption

The Registrar is required to mail a copy of the official redemption notice postage prepaid by United States mail, not less than thirty days before the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their addresses, appearing upon the registry books, but receipt of such mailing shall not be a condition precedent to such redemption of Bonds.

AD VALOREM TAX PROCEDURES

Section 4 of Article VII of the Constitution of the State of Florida provides that "By general law regulations shall be prescribed which shall secure just valuation of all property for ad valorem taxation." The factors considered in arriving at just valuation, as set forth in Section 193.011, Florida Statutes are:

- (1) The present cash value of the property;
- (2) The highest and best use to which the property can be expected to be put in the immediate future and the present use of the property;
- (3) the location of the property;
- (4) the quantity or size of the property;
- (5) the cost of the property and the present replacement value of any improvements thereon;
- (6) the condition of the property;
- (7) the income from the property; and
- (8) the net proceeds of the sale of the property after deduction of certain fees and cost of sale.

In the opinion of St. Johns County Property Appraiser, all real property in the County is assessed at 100% of the just value by the Property Appraiser, who is required to complete an assessment, as of January 1 of each year, of the value of all real property in the County no later than July 1 of each year. He is required to inspect physically the real property every three (3) years to determine its just value.

General Exemptions

Exemptions from the ad valorem tax include the first \$25,000 of assessed value for a permanent residence; property owned by certain permanently and totally disabled persons; renewable energy sources improvements; inventory; property used by hospitals,

nursing homes, homes for special services and property used by homes for the aged; educational property; property owned and used by labor organizations; community centers; governmental property; property owned by not-for-profit sewer and water companies; and the first \$500 of property of every widow, blind person or disabled person. See generally, Chapter 196, Florida Statutes.

Section 196.1995, Florida Statutes, permits a County, upon approval by referendum, to grant exemptions from ad valorem tax to new business or expansion of existing business in the County. Such exemption, once granted, remains in effect for ten years, so long as in each of the ten years, the company granted the exemption adds ten new employees within the County. No such referendum has been held in the County. The exemption does not apply to taxes levied for the payment of bonds or to taxes authorized by a vote of the electors pursuant to Section 9(b) or Section 12, Article VII of the Florida Constitution, nor does it apply to school taxes or water management district taxes.

Tax Levy

Florida law limits ad valorem tax millage levies for counties, cities and school boards to ten (10) mills, ten (10) mills and ten (10) mills, respectively, except additional taxes may be levied as required for special benefits and debt service upon approval of the electors. Counties may levy additional ad valorem taxes, not to exceed ten (10) mills, without elector approval, for the purpose of furnishing certain municipal services.

The County's total millage levy for its fiscal year beginning October 1, 1988, is 6.821 mills. Of the total, 6.627 mills were levied under the 10 mill limitation and .194 mills for debt service.

Section 197.383, Florida Statutes, requires the Tax Collector to distribute, to each governmental unit levying the tax, the taxes collected four times during each of the first two months after the tax roll comes into his possession and once per month thereafter, unless the Tax Collector and the effected governing body agree otherwise.

Delinquent Taxes

Delinquent real property taxes bear interest at the rate of eighteen percent (18%) per year from April 1 of the year following the year in which taxes were assessed (or immediately after 60 days have expired from the mailing of the original tax notice, whichever is later) until a certificate is sold. On or before June 1 of each year, the Tax Collector is required to advertise once a week for four weeks and offer for sale tax certificates on all real property with taxes due. Delinquent tax certificates not sold at auction become the property of the County.

The owner of the real property for which a tax certificate has been issued may redeem the property at any time after the issuance of the tax sale certificate and before a tax deed is issued. To redeem a tax certificate, the owner must pay all taxes, interest,

costs, charges and omitted taxes, if any, as provided by law with interest as stated in the certificate (or interest at the rate of five percent (5%) of the face amount of the certificate, whichever is higher) from the date of the certificate to the date of redemption.

At any time after two (2) years have elapsed since April 1 of the year of the issuance of the tax certificates and before the expiration of seven (7) years from the date of issuance, the owner of a tax certificate may file an application with the Tax Collector for a tax deed. The statutory process for sale of the tax deed can then be initiated, with the highest bidder receiving a tax deed on the property. Florida law provides that real property tax liens are superior to all other liens except prior Internal Revenue Service liens.

AD VALOREM TAX STATISTICAL INFORMATION

St. Johns County, Florida Assessed Valuations, Taxes Levied and Collected and Current Millage Levy

<u>Fiscal Year</u>	<u>Gross Assessed Value Including Homestead & Other Exempt Property</u>	<u>Taxable Assessed Value Excluding Homestead & Other Exempt Property</u>
1988-89	\$3,483,940,622	\$2,722,116,153
1987-88	3,148,840,367	2,432,782,473
1986-87	2,850,621,176	2,169,842,049
1985-86	2,494,232,474	1,864,408,360
1984-85	2,120,959,237	1,562,334,342
1983-84	1,920,176,063	1,380,069,483
1982-83	1,730,300,113	1,255,147,903
1981-82	1,374,506,349	927,472,969

Source: State of Florida, Department of Revenue, Florida Ad Valorem Valuations and Tax Data

<u>Fiscal Year</u>	<u>Property Taxes Levied</u>	<u>Collections</u>	
		<u>Amount</u>	<u>Percent</u>
1988-89	\$46,143,338	\$43,844,842	95.02%
1987-88	40,160,327	39,785,685	99.07
1986-87	35,941,927	35,594,355	99.03
1985-86	31,295,519	31,042,190	99.19
1984-85	25,229,244	24,805,582	98.32
1983-84	23,677,638	23,320,383	98.49
1982-83	19,836,859	19,635,820	98.99
1981-82	16,539,045	16,208,819	98.00

(Above tax levies include school levy and special districts levy. Collection includes discounts allowed. The process for fiscal year 1988-89 is not complete until the sale of tax certificates.)

Source: State of Florida, Department of Revenue, Florida Ad Valorem Valuations and Tax Data, 1981-82 through 1987-88; St. Johns County Tax Collector, 1988-89.

**Current Millage Levy
As of October 1, 1988**

St. Johns County	6.821 mills
St. Johns County School Board	7.878 mills
St. Johns County Special Districts868 mills
Town of Hastings	7.000 mills
City of St. Augustine	6.440 mills
City of St. Augustine Beach	1.989 mills

**St. Johns County, Florida
1988 Taxpayers Having Largest Assessed Valuations**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>
Southern Bell Telephone	Public Utility	\$45,137,010
Arvida Corporation/ JMB Partners Land Holder	Home Construction/ Land Developer/	42,605,160
Florida East Coast Railway	Railroad	39,087,522
Florida Power and Light Company	Public Utility	28,338,330
Resort Holdings I, Ltd.	Hotel and Land Developer	20,588,280
General Development Corporation	Land Developer	20,187,210
Ponte Vedra Corporation	Real Estate/Land Holder	18,064,440
Jacksonville Ventures, Inc.	Developer	11,426,930
Hutton/Con	Multi-Family Developer	9,230,560
Hospital Affiliates	Owner of General Hospital	8,135,920

Source: St. Johns County Tax Collector

SOURCES AND USES OF FUNDS

Sources:

Principal Amount of Bonds
Estimated Earnings on Construction Funds
Accrued Interest from the Bonds
 Total

Uses:

Deposit to Interest (accrued) Account
Deposit to Construction Account
Architectural and other fees
Underwriter's Discount
Capitalized Interest
Cost of Issuance Account
 Total

DEBT SERVICE SCHEDULE

Period Ending <u>September 1,</u>	<u>Principal</u>	<u>Amortization Installments</u>	<u>Interest</u>	<u>Total Debt Service</u>
1990				
1991				
1992				
1993				
1994				
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				
2006				
2007				
2008				
2009				

PROPOSED ADDITIONAL BOND FINANCINGS

At an election held on May 23, 1989, the electors of St. Johns County approved the issuance of up to \$47,000,000 School District of St. Johns County, Florida, General Obligation School Bonds, which would be payable from unlimited ad valorem taxes on all taxable property in the County. A sale date for such bonds has not been scheduled.

In addition, the Board is contemplating the issuance of approximately \$24 million revenue bonds payable from a local government 1/2 cent sales tax. The proceeds would be used to acquire and construct new courthouse facilities. Other possible financings by the Board include self supporting revenue bonds for the water and sewer utility systems projects, and for solid waste disposal projects.

TRUSTEE

The Trustee for the Bonds is Barnett Banks Trust Company, N.A., Jacksonville, Florida.

The County shall pay over to the Trustee all of the net proceeds to be derived by the County from the sale of the Bonds promptly upon the issuance and delivery thereof to the Underwriter. The County shall direct the Tax Collector of the County to pay over to the Trustee monthly all collections by such officer of ad valorem taxes levied by the County to pay the principal of and interest on the Bonds and all moneys collected by such officer on account of property sold for such taxes. All such ad valorem taxes received by the Trustee from the Tax Collector shall be deposited by the Trustee and held and administered by the Trustee solely for the purposes and in the manner provided in the Trustee Agreement and the Resolution.

FINANCIAL ADVISOR

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

UNDERWRITING

William R. Hough and Co. has agreed, subject to certain conditions, to purchase the Bonds from the County at a price equal to \$ _____ less original issue discount in an amount of \$ _____, plus accrued interest at the date of delivery for a total net purchase price of \$ _____. The offer of the Underwriter to purchase the Bonds, accepted by the County, provides for the purchase of all of the Bonds.

The Bonds are being offered for sale to the public at the prices shown on the cover hereof. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices and such public offering prices may be changed, from time to time, by the Underwriter.

RATINGS

Standard and Poor's Corporation and Moody's Investors Service, Inc. have assigned their municipal bond ratings of "AAA" and "Aaa", respectively, to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by AMBAC Indemnity Corporation.

Such ratings reflect the views of the respective rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies. There is no assurance that such ratings will be in effect for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the respective agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

LEGALITY

Legal matters incident to the validity of the Bonds including their authorization, issuance and sale by the County and the tax-exempt status of the Bonds are subject to the unqualified approving legal opinion of Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by its County Attorney, James G. Sisco, Esquire. Certain legal matters will be passed upon for the Underwriter by its counsel, Roberts, Baggett, LaFace & Richard, P.A., Tallahassee, Florida. The form of Bond Counsel opinion appears as Appendix D to this Official Statement and will be printed on the Bonds.

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, a requirement of periodic payments of arbitrage profits to the United States, requirements regarding the use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to use its best efforts to comply with all requirements of the Code that must be satisfied in order for the interest on the bonds to be excluded from gross income for federal income tax purposes.

Failure to comply with certain of such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

Subject to the condition that the County comply with the pertinent requirements of the Code, under existing law, in the opinion of Bond Counsel, interest on the Bonds will be excluded from the gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Reference is made to a proposed form of the Bond Counsel opinion attached hereto as Appendix D for the complete text thereof.

In rendering the opinion, Bond Counsel will rely upon certificates of the County with respect to certain material facts relating to the property financed with the proceeds of the Bonds and the application of the proceeds of the Bonds.

The Code contains numerous provisions which could affect the economic value of the Bonds to certain owners of the Bonds. The following is a brief summary of some of the significant provisions that may be applicable to particular owners of the Bonds. Prospective owners of the Bonds, however, should consult their own tax advisors with respect to the impact of such provision on their own tax situations.

The Bonds will not be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. Interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of banks and certain other financial institutions, interest expense allocable to interest on the Bonds, will not be deductible for federal income tax purposes.

Insurance companies (other than life insurance companies) are required for taxable years beginning after 1986 to reduce the amount of their deductible underwriting losses by 15% of the amount of tax-exempt interest received or accrued on certain obligations, including the Bonds, acquired after August 7, 1986. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income. Life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest, such as interest on the Bonds.

Interest on the Bonds must be included in the adjusted net book income of corporations (other than S corporations, regulated investment companies, real estate investment trusts, and REMICs) for taxable years beginning in 1987, 1988 and 1989, and such corporations are required to include in their calculation of alternative minimum taxable income 50% of the excess of adjusted net book income over alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). For taxable year beginning after 1989, the use of "adjusted net book income" is to be replaced with "adjusted current earnings". Interest on the Bonds will be included in "adjusted current earnings". For such taxable years, the alternative minimum taxable income of corporations must be increased by 75% of the excess of adjusted current earnings over alternative minimum taxable income (determined with regard to this adjustment and prior to reduction of certain net operating losses).

An environmental tax is imposed on corporations (other than S corporations, regulated investment companies, real estate investment trusts, and REMICs) by Section 59A of the Code. The environmental tax is effective for taxable years beginning after 1988, and before 1992. The amount of the environmental tax is equal to 0.12% of the excess of the alternative minimum taxable income (determined with regard to net operating losses and the deduction for the environmental tax) over \$2 million. The environmental tax may be imposed even if the corporation pays no alternative minimum tax because the corporation's regular income tax liability exceeds its alternative minimum tax liability. For purposes of the environmental tax, alternative minimum taxable income includes interest on tax-exempt obligations, such as the Bonds, to the same extent and in the same manner as such interest is included in alternative minimum taxable income as described in the preceding paragraph.

Certain recipients of social security benefits and railroad retirement benefits are required to include a portion of such benefits in gross income by reason of the receipt or accrual of interest on tax-exempt obligations, such as the Bonds.

For foreign corporations that operate branches in the United States, Section 884 of the Code imposes a branch level tax on certain earnings and profits in tax years beginning after 1986. Interest on tax-exempt obligations, such as the Bonds, may be included in the determination of such domestic branches' taxable base on which this tax is imposed.

Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation consists of passive investment income.

Florida Tax Matters

It is also the opinion of Bond Counsel that, under existing law, the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, as defined by Chapter 220, Florida Statutes, as amended.

VALIDATION

The Bonds were validated by a judgment entered by the Circuit Court in and for the Seventh Judicial Circuit in and for St. Johns County, Florida rendered on March 31, 1989 in Case Number 89-297CA. No appeal from the judgment was taken and the time for appeal has expired.

LITIGATION

The County, its County Attorney and several County constitutional officers are currently being sued by Mr. John Barrow, a chronic litigator. The suit involves an alleged civil rights violation under federal law and seeks \$50,000,000 in damages, but in the opinion of the attorney representing the County and its officers, the suit is without merit. Additionally, lawsuits and several claims have been filed against the County and against its sheriff seeking substantial damages, including punitive damages, for injuries alleged to have been incurred by inmates of the County Jail, for false arrest, and for various other reasons pertaining to law enforcement or inmate incarceration. The County Attorney has been advised by counsel for the sheriff that such claims are generally covered by the Florida Sheriffs Self-Insurance Fund and should not affect the County's ability to perform its financial obligations. It is the opinion of the County Attorney, that no legal proceedings are pending or threatened which materially affect the County's ability to perform its obligations to the owners of the Bonds.

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

ANNUAL FINANCIAL REPORT

The General Purpose Financial Statements of the County for the fiscal year ended September 30, 1988, reproduced herein as Appendix A, are integral parts of this Official Statement. Copies of the complete Annual Financial Report are available from the Finance Director upon request.

SOURCES OF INFORMATION

The County has furnished all information in the Official Statement relating to matters pertaining to the County. The General Purpose Financial Statements in Appendix A have been prepared by the County.

Any statements in this Official Statement, involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT

This Official Statement has been authorized by St. Johns County, Florida. Concurrently with the delivery of the Bonds, the undersigned will furnish his certificate to the effect that, to the best of his knowledge, this Official Statement did not as of its date, and does not as of the date of delivery of the Bonds, contain any untrue statement

of a material fact or omit to state a material fact which should be included therein for the purposes for which this Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances in which they were made, not misleading.

EXECUTION

The execution and delivery of this Official Statement has been duly authorized and approved by the County.

**ST. JOHNS COUNTY, BOARD OF
COUNTY COMMISSIONERS**

By: _____
Chairman

FFH:StJohns/lwp

St. Johns County, Florida
General Obligation Bonds, Series 1989

- Sources and Uses of Funds -

Sources:

Par Amount of Bonds	8,190,000.00
Less Original Issue Discount	(22,750.00)
Plus Interest Earnings on Construction Fund	694,785.28

Total Sources	8,862,035.28
	=====

Uses:

Project	8,506,719.00
Other Project Costs	43,350.00
Costs of Issuance	70,000.00
Underwriter's Discount	114,660.00
Insurance Premium (net of accrued and cap. int.)	45,294.66
Capitalized Interest from 7/13/89 to 9/1/89	72,535.33
Contingency	9,456.29

Total Uses	8,862,035.28
	=====

ST. JOHNS COUNTY, FLORIDA
 GENERAL OBLIGATION BONDS, SERIES 1989
 20 YEAR INSURED SCALE

Debt Service From 06/01/89

Date	Principal	Rate	Interest	Total P+I	Annual D/S
03/01/89			0.00	0.00	
09/01/89			136,041.25	136,041.25	136,041.25
03/01/90			272,082.50	272,082.50	
09/01/90	210,000	6.200	272,082.50	482,082.50	754,165.00
03/01/91			265,572.50	265,572.50	
09/01/91	225,000	6.250	265,572.50	490,572.50	756,145.00
03/01/92			258,541.25	258,541.25	
09/01/92	235,000	6.300	258,541.25	493,541.25	752,082.50
03/01/93			251,138.75	251,138.75	
09/01/93	255,000	6.350	251,138.75	506,138.75	757,277.50
03/01/94			243,042.50	243,042.50	
09/01/94	275,000	6.400	243,042.50	510,042.50	761,085.00
03/01/95			234,242.50	234,242.50	
09/01/95	285,000	6.450	234,242.50	519,242.50	753,485.00
03/01/96			225,051.25	225,051.25	
09/01/96	300,000	6.500	225,051.25	525,051.25	750,102.50
03/01/97			215,301.25	215,301.25	
09/01/97	325,000	6.550	215,301.25	540,301.25	755,602.50
03/01/98			204,657.50	204,657.50	
09/01/98	345,000	6.600	204,657.50	549,657.50	754,315.00
03/01/99			193,272.50	193,272.50	
09/01/99	370,000	6.650	193,272.50	563,272.50	756,545.00
03/01/00			180,970.00	180,970.00	
09/01/00	395,000	6.700	180,970.00	575,970.00	756,940.00
03/01/01			167,737.50	167,737.50	
09/01/01	420,000	6.750	167,737.50	587,737.50	753,475.00
03/01/02			153,562.50	153,562.50	
09/01/02	450,000	6.750	153,562.50	603,562.50	757,125.00
03/01/03			138,375.00	138,375.00	
09/01/03	480,000	6.750	138,375.00	618,375.00	756,750.00
03/01/04			122,175.00	122,175.00	
09/01/04	510,000	6.750	122,175.00	632,175.00	754,350.00
03/01/05			104,962.50	104,962.50	
09/01/05	545,000	6.750	104,962.50	649,962.50	754,925.00
03/01/06			86,568.75	86,568.75	
09/01/06	580,000	6.750	86,568.75	666,568.75	753,137.50
03/01/07			66,993.75	66,993.75	
09/01/07	620,000	6.750	66,993.75	686,993.75	753,987.50
03/01/08			46,068.75	46,068.75	
09/01/08	660,000	6.750	46,068.75	706,068.75	752,137.50
03/01/09			23,793.75	23,793.75	
09/01/09	705,000	6.750	23,793.75	728,793.75	752,587.50
Total	8,190,000		7,044,261.25	15,234,261.25	
Accrued thru 07/13/89			63,485.92	63,485.92	
Net Cost			6,980,775.33	15,170,775.33	

Average Coupon 6.709
 Bond Years 104,052.000
 Average Life 12.705

William R. Yough & Co.

MATURITY SCHEDULE

\$8,190,000
St. Johns County, Florida
General Obligation Bonds
Series 1989

<u>Period Ending September 1,</u>	<u>Principal</u>	<u>Amortization Installments</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Debt Service</u>
1989	\$ -0-			\$136,041.25	\$136,041.25
1990	210,000		6.20%	544,165.00	754,165.00
1991	225,000		6.25	531,145.00	756,145.00
1992	235,000		6.30	517,082.50	752,082.50
1993	255,000		6.35	502,277.50	757,277.50
1994	275,000		6.40	486,085.00	761,085.00
1995	285,000		6.45	468,485.00	753,485.00
1996	300,000		6.50	450,102.50	750,102.50
1997	325,000		6.55	430,602.50	755,602.50
1998	345,000		6.60	409,315.00	754,315.00
1999	370,000		6.65	386,545.00	756,545.00
2000	395,000		6.70	361,940.00	756,940.00
2001	420,000		6.75	335,475.00	755,475.00
2002		\$450,000	6.75	307,125.00	757,125.00
2003		480,000	6.75	276,750.00	756,750.00
2004		510,000	6.75	244,350.00	754,350.00
2005		545,000	6.75	209,925.00	754,925.00
2006		580,000	6.75	173,137.50	753,137.50
2007		620,000	6.75	133,987.50	753,987.50
2008		660,000	6.75	92,137.50	752,137.50
2009		705,000	6.75	47,587.50	752,587.50

REDEMPTION PROVISIONS

The Bonds maturing on September 1, of the years 1990 to 1997, inclusive, are not subject to redemption prior to maturity. The Bonds maturing in the year 1998 and thereafter may, at the option of the County, be called for redemption prior to maturity in whole on any date after September 1, 1997, or in part, in inverse order of maturities and by lot within maturities on September 1, 1997, or any interest payment date thereafter at a redemption price (plus accrued interest to the date fixed for redemption) equal, for each period indicated below, to the percentage of the principal amount thereof shown in the following table:

Redemption Dates (both dates inclusive)		Redemption Price
From	To	
September 1, 1997	August 31, 1998	102%
September 1, 1998	August 31, 1999	101
September 1, 1999	and thereafter	100

The Bonds maturing on September 1, 2009 are subject to mandatory redemption in part prior to maturity by lot, at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date, on September 1 in the years and in the principal amounts corresponding to the Amortization Installment as follows:

2009 Term Bonds

<u>Year</u>	<u>Amortization Intstallment</u>
2002	\$450,000
2003	480,000
2004	510,000
2005	545,000
2006	580,000
2007	620,000
2008	660,000
2009	705,000

Ratings: Moody's: A
Standard & Poor's: A +

NEW ISSUE

In the opinion of Bond Counsel, under existing law, assuming compliance with certain covenants in the Resolution described herein, interest on the Bonds is excluded from gross income for federal income tax purposes, and the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, as defined in Chapter 220, Florida Statutes, as amended. See, however, "TAX MATTERS" herein for a description of certain federal minimum and other special taxes that may affect the tax treatment of interest on the Bonds.

\$8,000,000*
St. Johns County, Florida
General Obligation Bonds
Series 1989

Dated: June 1, 1989

Due: September 1, as shown below

The Bonds are being issued only as fully registered bonds without coupons in denominations of \$5,000 and integral multiples thereof. Interest on the Bonds will be payable on March 1, 1990 and semiannually each March 1 and September 1 thereafter by check or draft mailed to the registered owner by Barnett Banks Trust Company, N.A., Jacksonville, Florida, as registrar and paying agent. Principal of the Bonds is payable to the registered owner upon presentation when due at the principal corporate trust office of Barnett Banks Trust Company, N.A., Jacksonville, Florida.

The Bonds are subject to redemption prior to maturity as described herein.

The Bonds are being issued for the purpose of providing funds for the design, acquisition, construction, equipping and provision of utilities for additional jail and criminal justice facilities within St. Johns County (the "County") and to pay interest on the Bonds together with other costs necessary, appurtenant or incidental thereto including the costs of issuing the Bonds.

THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS SHALL BE SECURED AND IS PAYABLE FROM AD VALOREM TAXES, WITHOUT LIMITATION AS TO RATE OR AMOUNT, ON ALL TAXABLE REAL PROPERTY WITHIN THE COUNTY. THE COUNTY IRREVOCABLY PLEDGES ITS FULL FAITH, CREDIT AND TAXING POWER TO THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PRICE, IF ANY, AND INTEREST ON THE BONDS.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICE*

<u>Maturity</u> <u>September 1,</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Maturity</u> <u>September 1,</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>
1990	\$200,000			1996	\$295,000		
1991	215,000			1997	315,000		
1992	230,000			1998	335,000		
1993	245,000			1999	355,000		
1994	260,000			2000	380,000		
1995	275,000			2001	410,000		

\$4,485,000 _____ % Term Bonds Due September 1, 2009, Price _____ %
(Plus Accrued Interest)

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the receipt of an unqualified opinion as to the validity of the Bonds by Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will also be passed on for the County by James G. Sisco, Esquire, County Attorney. Certain other legal matters will be passed on by Roberts, Baggett, LaFace & Richard, P.A., Tallahassee, Florida, Counsel to the Underwriter. It is expected that the Bonds in definitive form will be available for delivery in New York, New York on or about July 13, 1989.

William R. Hough & Co.

Dated: JUNE 7, 1989

EXHIBIT B

*Preliminary, subject to change

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

ST. JOHNS COUNTY, FLORIDA

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Harry Waldron, Chairman
Craig Maquire, Vice Chairman
Sarah W. Bailey
Francis N. Brubaker
Donald Herold

COUNTY ADMINISTRATOR

R. Daniel Castle

COUNTY CLERK

Carl "Bud" Markel

FINANCE DIRECTOR

Henry Hendrix

COUNTY ATTORNEY

James G. Sisco, Esquire

BOND COUNSEL

Foley & Lardner
Jacksonville, Florida

TRUSTEE

Barnett Banks Trust Company, N.A.
Jacksonville, Florida

FINANCIAL ADVISOR

Public Financial Management, Inc.
Fort Myers, Florida

No dealer, broker, account executive or other person has been authorized to make any representations or to give any information, other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information contained in this Official Statement has been obtained from public documents, records and other sources considered to be reliable and, while not guaranteed as to completeness or accuracy by the Underwriter, is believed to be correct. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not as representations of fact, and the County expressly makes no representation that such estimates, assumptions and opinions will be realized or fulfilled. Any information, estimates, assumptions and matters of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof, or any earlier date as of which such information is given.

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

TABLE OF CONTENTS

Summary Statement	ii
Introduction	1
Purpose of the Bonds	2
Security	2
Description of the Bonds	2
Ad Valorem Tax Procedures	4
Ad Valorem Tax Statistical Information	7
Sources and Uses of Funds	9
Debt Service Schedule	9
Proposed Additional Bond Financings	10
Trustee	10
Financial Advisor	10
Underwriting	10
Ratings	11
Legality	11
Tax Matters	11
Validation	13
Litigation	13
Annual Financial Report	14
Sources of Information	14
Authorization of and Certification Concerning	
Official Statement	14
Execution	15

- APPENDIX A--General Purpose Financial Statements and Auditor's Reports
- APPENDIX B--General Information Concerning the County
- APPENDIX C--Bond Resolution
- APPENDIX D--Form of Bond Counsel Opinion

SUMMARY STATEMENT

Terms not specifically defined herein shall have the meanings given such terms in the Resolution, a copy of which is attached hereto as Appendix C.

The County-St. Johns County is located directly south of Duval County, Florida and is bordered on the west by the St. Johns River, on the south by Flagler County and on the east by the Atlantic Ocean. Its 1988 estimated population is 80,278. Further information concerning St. Johns County is located in Appendix B of this Official Statement.

The Bonds-The Bonds are being issued in fully registered form in denominations of \$5,000 or integral multiples thereof. Interest on the Bonds is payable by check or draft mailed to the registered owners thereof. Principal and premium, if any, shall be paid to each registered owner of the Bonds upon presentation when due at the principal corporate trust office of the Registrar.

Purpose of the Bonds-The Bonds are being issued to finance the cost of acquiring, designing, constructing, equipping, and providing utilities for additional jail and criminal justice facilities in the County, together with other costs necessary, appurtenant or incidental thereto, including the cost of issuing the Bonds.

Security for the Bonds-The Bonds are secured by ad valorem taxes without limitation or amount, on all taxable real property within the County. Further, the County has pledged its full faith, credit and taxing power to the payment of the principal of, redemption price, if any, and interest on the Bonds.

OFFICIAL STATEMENT

Relating To

\$8,000,000*

ST. JOHNS COUNTY, FLORIDA
GENERAL OBLIGATION BONDS
SERIES 1989

INTRODUCTION

The purpose of this Official Statement of St. Johns County, Florida (the "County"), including the cover page, and appendices, is to provide information with respect to its \$8,000,000* General Obligation Bonds, Series 1989 (the "Bonds").

The Bonds are being issued under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including Chapter 125, Florida Statutes, Chapter 130, Florida Statutes, and other applicable provisions of law and Resolution No. 89-52 (attached as Appendix C) duly adopted by the Board of County Commissioners of St. Johns County, Florida (the "Board") on the 1st day of March, 1989, as amended and supplemented (the "Resolution"). The Bonds are being issued for the design, acquisition, construction, equipping and provision of utilities for additional jail and criminal justice facilities within the County, together with other costs necessary, appurtenant or incidental thereto, including the costs of issuing the Bonds. The issuance of the Bonds in an amount not to exceed \$8,500,000 and for a term not to exceed thirty years from their date was approved by a majority of votes cast in a bond referendum held on November 8, 1988 by the qualified electors of the County, in a manner required by the Constitution and the laws of the State of Florida and pursuant to resolution 88-242 duly adopted on September 13, 1988 by the Board.

For a complete description of the terms and conditions of the Bonds, reference is made to the Resolution. All terms defined in the Resolution shall have the same meanings in this Official Statement unless indicated to the contrary or the context expressly requires otherwise. All information included herein has been provided by the County except where attributed to other sources. The description of the Bonds and the documents authorizing and securing the same and the information from and summaries of all reports, statutes, documents not contained in this Official Statement and other instruments referred to herein, do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each. Copies of documents not contained in this Official Statement, and further information which may be desired, may be obtained from the County's Finance Director, Mr. Henry Hendrix, St. Johns County Administration Building, St. Augustine, Florida 32085, telephone (904) 824-8131 or from Public Financial Management, Inc., 5900 Enterprise Parkway, Fort Myers, Florida 33905, telephone (813) 693-7117.

*Preliminary, subject to change

PURPOSE OF THE BONDS

The County is issuing the Bonds in order to provide funds to finance the cost of acquiring, designing, constructing, equipping and providing utilities for additional jail and criminal justice facilities in the County, to pay interest on the Bonds together with other costs necessary, appurtenant or incidental thereto, including the costs of issuing the Bonds.

SECURITY

The principal of, redemption price, if any, and interest on the Bonds shall be secured by an irrevocable lien on ad valorem taxes, levied upon all taxable real property in the County. In each year, while any of the Bonds are outstanding, there shall be levied and collected a tax on all taxable real property within the County, sufficient in amount to pay the principal of, redemption price, if any, and interest on the Bonds as the same shall become due. Such tax shall be assessed, levied and collected in the same manner and at the same time as other County taxes and shall be in addition to all other taxes authorized to be levied by the County. Further, the Bonds are secured by the full faith, credit and taxing power of the County.

DESCRIPTION OF THE BONDS

General Terms

The Bonds are being issued in the aggregate principal amount of **\$8,000,000*** in fully registered form in the denominations of \$5,000 and integral multiples thereof. The Bonds will be dated as of June 1, 1989 and will bear interest from that date and mature on the dates set forth on the cover page of this Official Statement.

Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, commencing March 1, 1990 by check or draft mailed to the registered owner by Barnett Banks Trust Company, N.A., Jacksonville, Florida, as registrar and paying agent ("Registrar" or "Paying Agent") for the Bonds.

*Preliminary, subject to change

Payment of the interest shall be made to the person in whose name the Bonds are registered in accordance with the registration books maintained by the Registrar on behalf of the County at the close of business on the 15th day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of the Bonds subsequent to the Record Date and prior to such interest payment date.

The principal and premium, if any, shall be payable to each registered owner of the Bonds or his transferee upon presentation when due at the principal corporate trust office of the Registrar.

Optional Redemption

The Bonds maturing on September 1, of the years 1990 to ____, inclusive, are not subject to redemption prior to maturity. The Bonds maturing in the year ____ and thereafter may, at the option of the County, be called for redemption prior to maturity in whole on any date after September 1, ____ or in part, in inverse order of maturities and by lot within maturities on September 1, _____ or any interest payment date thereafter at a redemption price (plus accrued interest to the date fixed for redemption) equal, for each period indicated below, to the percentage of the principal amount thereof shown in the following table:

<u>Redemption Dates</u> <u>(both dates inclusive)</u>		<u>Redemption Price</u>
From	To	
September 1,	August 31,	
September 1,	August 31,	
September 1,	August 31,	
September 1,	and thereafter	

Mandatory Redemption

The Bonds maturing on September 1, 2009 are subject to mandatory redemption in part prior to maturity by lot, at a redemption price of 100% of the principal amount thereof plus interest accrued to the redemption date, on September 1 in the years and in the principal amounts corresponding to the Amortization Installment as follows:

<u>Year</u>	<u>Amortization Installment</u>
2002	
2003	
2004	
2005	
2006	
2007	
2008	
2009	

Notice of Redemption

The Registrar is required to mail a copy of the official redemption notice postage prepaid by United States mail, not less than thirty days before the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their addresses, appearing upon the registry books, but receipt of such mailing shall not be a condition precedent to such redemption of Bonds.

AD VALOREM TAX PROCEDURES

Section 4 of Article VII of the Constitution of the State of Florida provides that "By general law regulations shall be prescribed which shall secure just valuation of all property for ad valorem taxation." The factors considered in arriving at just valuation, as set forth in Section 193.011, Florida Statutes are:

- (1) The present cash value of the property;
- (2) The highest and best use to which the property can be expected to be put in the immediate future and the present use of the property;
- (3) the location of the property;
- (4) the quantity or size of the property;

- (5) the cost of the property and the present replacement value of any improvements thereon;
- (6) the condition of the property;
- (7) the income from the property; and
- (8) the net proceeds of the sale of the property after deduction of certain fees and cost of sale.

In the opinion of St. Johns County Property Appraiser, all real property in the County is assessed at 100% of the just value by the Property Appraiser, who is required to complete an assessment, as of January 1 of each year, of the value of all real property in the County no later than July 1 of each year. He is required to inspect physically the real property every three (3) years to determine its just value.

General Exemptions

Exemptions from the ad valorem tax include the first \$25,000 of assessed value for a permanent residence; property owned by certain permanently and totally disabled persons; renewable energy sources improvements; inventory; property used by hospitals, nursing homes, homes for special services and property used by homes for the aged; educational property; property owned and used by labor organizations; community centers; governmental property; property owned by not-for-profit sewer and water companies; and the first \$500 of property of every widow, blind person or disabled person. See generally, Chapter 196, Florida Statutes.

Section 196.1995, Florida Statutes, permits a County, upon approval by referendum, to grant exemptions from ad valorem tax to new business or expansion of existing business in the County. Such exemption, once granted, remains in effect for ten years, so long as in each of the ten years, the company granted the exemption adds ten new employees within the County. No such referendum has been held in the County. The exemption does not apply to taxes levied for the payment of bonds or to taxes authorized by a vote of the electors pursuant to Section 9(b) or Section 12, Article VII of the Florida Constitution, nor does it apply to school taxes or water management district taxes.

Tax Levy

Florida law limits ad valorem tax millage levies for counties, cities and school boards to ten (10) mills, ten (10) mills and ten (10) mills, respectively, except additional taxes may be levied as required for special benefits and debt service upon approval of the electors. Counties may levy additional ad valorem taxes, not to exceed ten (10) mills, without elector approval, for the purpose of furnishing certain municipal services.

The County's total millage levy for its fiscal year beginning October 1, 1988, is 6.821 mills. Of the total, 6.627 mills were levied under the 10 mill limitation and .194 mills for debt service.

Section 197.383, Florida Statutes, requires the Tax Collector to distribute, to each governmental unit levying the tax, the taxes collected four times during each of the first two months after the tax roll comes into his possession and once per month thereafter, unless the Tax Collector and the effected governing body agree otherwise.

Delinquent Taxes

Delinquent real property taxes bear interest at the rate of eighteen percent (18%) per year from April 1 of the year following the year in which taxes were assessed (or immediately after 60 days have expired from the mailing of the original tax notice, whichever is later) until a certificate is sold. On or before June 1 of each year, the Tax Collector is required to advertise once a week for four weeks and offer for sale tax certificates on all real property with taxes due. Delinquent tax certificates not sold at auction become the property of the County.

The owner of the real property for which a tax certificate has been issued may redeem the property at any time after the issuance of the tax sale certificate and before a tax deed is issued. To redeem a tax certificate, the owner must pay all taxes, interest, costs, charges and omitted taxes, if any, as provided by law with interest as stated in the certificate (or interest at the rate of five percent (5%) of the face amount of the certificate, whichever is higher) from the date of the certificate to the date of redemption.

At any time after two (2) years have elapsed since April 1 of the year of the issuance of the tax certificates and before the expiration of seven (7) years from the date of issuance, the owner of a tax certificate may file an application with the Tax Collector for a tax deed. The statutory process for sale of the tax deed can then be initiated, with the highest bidder receiving a tax deed on the property. Florida law provides that real property tax liens are superior to all other liens except prior Internal Revenue Service liens.

AD VALOREM TAX STATISTICAL INFORMATION

St. Johns County, Florida Assessed Valuations, Taxes Levied and Collected and Current Millage Levy

<u>Fiscal Year</u>	<u>Gross Assessed Value Including Homestead & Other Exempt Property</u>	<u>Taxable Assessed Value Excluding Homestead & Other Exempt Property</u>
1988-89	\$3,483,940,622	\$2,722,116,153
1987-88	3,148,840,367	2,432,782,473
1986-87	2,850,621,176	2,169,842,049
1985-86	2,494,232,474	1,864,408,360
1984-85	2,120,959,237	1,562,334,342
1983-84	1,920,176,063	1,380,069,483
1982-83	1,730,300,113	1,255,147,903
1981-82	1,374,506,349	927,472,969

Source: State of Florida, Department of Revenue, Florida Ad Valorem Valuations and Tax Data

<u>Fiscal Year</u>	<u>Property</u>	<u>Collections</u>	
	<u>Taxes Levied</u>	<u>Amount</u>	<u>Percent</u>
1988-89	\$46,143,338	\$43,844,842	95.02%
1987-88	40,160,327	39,785,685	99.07
1986-87	35,941,927	35,594,355	99.03
1985-86	31,295,519	31,042,190	99.19
1984-85	25,229,244	24,805,582	98.32
1983-84	23,677,638	23,320,383	98.49
1982-83	19,836,859	19,635,820	98.99
1981-82	16,539,045	16,208,819	98.00

(Above tax levies include school levy and special districts levy. Collection includes discounts allowed. The process for fiscal year 1988-89 is not complete until the sale of tax certificates.)

Source: State of Florida, Department of Revenue, Florida Ad Valorem Valuations and Tax Data, 1981-82 through 1987-88; St. Johns County Tax Collector, 1988-89.

Current Millage Levy As of October 1, 1988

St. Johns County	6.821 mills
St. Johns County School Board	7.878 mills
St. Johns County Special Districts868 mills
Town of Hastings	7.000 mills
City of St. Augustine	6.440 mills
City of St. Augustine Beach	1.989 mills

St. Johns County, Florida
1988 Taxpayers Having Largest Assessed Valuations

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>
Southern Bell Telephone	Public Utility	\$45,137,010
Arvida Corporation/ JMB Partners Land Holder	Home Construction/ Land Developer/	42,605,160
Florida East Coast Railway	Railroad	39,087,522
Florida Power and Light Company	Public Utility	28,338,330
Resort Holdings I, Ltd.	Hotel and Land Developer	20,588,280
General Development Corporation	Land Developer	20,187,210
Ponte Vedra Corporation	Real Estate/Land Holder	18,064,440
Jacksonville Ventures, Inc.	Developer	11,426,930
Hutton/Con	Multi-Family Developer	9,230,560
Hospital Affiliates	Owner of General Hospital	8,135,920

Source: St. Johns County Tax Collector

SOURCES AND USES OF FUNDS

Sources:

Principal Amount of Bonds
Estimated Earnings on Construction Funds
Accrued Interest from the Bonds
Total

Uses:

Deposit to Interest (accrued) Account
Deposit to Construction Account
Architectural and other fees
Underwriter's Discount
Capitalized Interest
Cost of Issuance Account
Total

DEBT SERVICE SCHEDULE

Period Ending September 1,	<u>Principal</u>	<u>Amortization Installments</u>	<u>Interest</u>	<u>Total Debt Service</u>
1990				
1991				
1992				
1993				
1994				
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				
2006				
2007				
2008				
2009				

PROPOSED ADDITIONAL BOND FINANCINGS

At an election held on May 23, 1989, the electors of St. Johns County approved the issuance of up to \$47,000,000 School District of St. Johns County, Florida, General Obligation School Bonds, which would be payable from unlimited ad valorem taxes on all taxable property in the County. A sale date for such bonds has not been scheduled.

In addition, the Board is contemplating the issuance of approximately \$24 million revenue bonds payable from a local government 1/2 cent sales tax. The proceeds would be used to acquire and construct new courthouse facilities. Other possible financings by the Board include self supporting revenue bonds for the water and sewer utility systems projects, and for solid waste disposal projects.

TRUSTEE

The Trustee for the Bonds is Barnett Banks Trust Company, N.A., Jacksonville, Florida.

The County shall pay over to the Trustee all of the net proceeds to be derived by the County from the sale of the Bonds promptly upon the issuance and delivery thereof to the Underwriter. The County shall direct the Tax Collector of the County to pay over to the Trustee monthly all collections by such officer of ad valorem taxes levied by the County to pay the principal of and interest on the Bonds and all moneys collected by such officer on account of property sold for such taxes. All such ad valorem taxes received by the Trustee from the Tax Collector shall be deposited by the Trustee and held and administered by the Trustee solely for the purposes and in the manner provided in the Trustee Agreement and the Resolution.

FINANCIAL ADVISOR

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

UNDERWRITING

William R. Hough and Co. has agreed, subject to certain conditions, to purchase the Bonds from the County at a price equal to \$_____ plus accrued interest at the date of delivery. The offer of the Underwriter to purchase the Bonds, accepted by the County, provides for the purchase of all of the Bonds.

The Bonds are being offered for sale to the public at the prices shown on the cover hereof. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices and such public offering prices may be changed, from time to time, by the Underwriter.

RATINGS

Moody's Investors Service and Standard and Poor's Corporation have assigned their municipal bond ratings of "A" and "A+", respectively, to this issue of Bonds.

Such ratings reflect the views of the respective rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies. There is no assurance that such ratings will be in effect for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the respective agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

LEGALITY

Legal matters incident to the validity of the Bonds including their authorization, issuance and sale by the County and the tax-exempt status of the Bonds are subject to the unqualified approving legal opinion of Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by its County Attorney, James G. Sisco, Esquire. Certain legal matters will be passed upon for the Underwriter by its counsel, Roberts, Baggett, LaFace & Richard, P.A., Tallahassee, Florida. The form of Bond Counsel opinion appears as Appendix D to this Official Statement and will be printed on the Bonds.

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, a requirement of periodic payments of arbitrage profits to the United States, requirements regarding the use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to use its best efforts to comply with all requirements of the Code that must be satisfied in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

Subject to the condition that the County comply with the pertinent requirements of the Code, under existing law, in the opinion of Bond Counsel, interest on the Bonds will

be excluded from the gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Reference is made to a proposed form of the Bond Counsel opinion attached hereto as Appendix D for the complete text thereof.

In rendering the opinion, Bond Counsel will rely upon certificates of the County with respect to certain material facts relating to the property financed with the proceeds of the Bonds and the application of the proceeds of the Bonds.

The Code contains numerous provisions which could affect the economic value of the Bonds to certain owners of the Bonds. The following is a brief summary of some of the significant provisions that may be applicable to particular owners of the Bonds. Prospective owners of the Bonds, however, should consult their own tax advisors with respect to the impact of such provision on their own tax situations.

The Bonds will not be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. Interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of banks and certain other financial institutions, interest expense allocable to interest on the Bonds, will not be deductible for federal income tax purposes.

Insurance companies (other than life insurance companies) are required for taxable years beginning after 1986 to reduce the amount of their deductible underwriting losses by 15% of the amount of tax-exempt interest received or accrued on certain obligations, including the Bonds, acquired after August 7, 1986. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income. Life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest, such as interest on the Bonds.

Interest on the Bonds must be included in the adjusted net book income of corporations (other than S corporations, regulated investment companies, real estate investment trusts, and REMICs) for taxable years beginning in 1987, 1988 and 1989, and such corporations are required to include in their calculation of alternative minimum taxable income 50% of the excess of adjusted net book income over alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). For taxable year beginning after 1989, the use of "adjusted net book income" is to be replaced with "adjusted current earnings". Interest on the Bonds will be included in "adjusted current earnings". For such taxable years, the alternative minimum taxable income of corporations must be increased by 75% of the excess of adjusted current earnings over alternative minimum taxable income (determined with regard to this adjustment and prior to reduction of certain net operating losses).

An environmental tax is imposed on corporations (other than S corporations, regulated investment companies, real estate investment trusts, and REMICs) by Section 59A of the Code. The environmental tax is effective for taxable years beginning after 1988, and before 1992. The amount of the environmental tax is equal to 0.12% of the

excess of the alternative minimum taxable income (determined with regard to net operating losses and the deduction for the environmental tax) over \$2 million. The environmental tax may be imposed even if the corporation pays no alternative minimum tax because the corporation's regular income tax liability exceeds its alternative minimum tax liability. For purposes of the environmental tax, alternative minimum taxable income includes interest on tax-exempt obligations, such as the Bonds, to the same extent and in the same manner as such interest is included in alternative minimum taxable income as described in the preceding paragraph.

Certain recipients of social security benefits and railroad retirement benefits are required to include a portion of such benefits in gross income by reason of the receipt or accrual of interest on tax-exempt obligations, such as the Bonds.

For foreign corporations that operate branches in the United States, Section 884 of the Code imposes a branch level tax on certain earnings and profits in tax years beginning after 1986. Interest on tax-exempt obligations, such as the Bonds, may be included in the determination of such domestic branches' taxable base on which this tax is imposed.

Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation consists of passive investment income.

Florida Tax Matters

It is also the opinion of Bond Counsel that, under existing law, the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, as defined by Chapter 220, Florida Statutes, as amended.

VALIDATION

The Bonds were validated by a judgment entered by the Circuit Court in and for the Seventh Judicial Circuit in and for St. Johns County, Florida rendered on March 31, 1989 in Case Number 89-297CA. No appeal from the judgment was taken and the time for appeal has expired.

LITIGATION

The County, its County Attorney and several County constitutional officers are currently being sued by Mr. John Barrow, a chronic litigator. The suit involves an alleged civil rights violation under federal law and seeks \$50,000,000 in damages, but in the opinion of the attorney representing the County and its officers, the suit is without merit. Additionally, lawsuits and several claims have been filed against the County and

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

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

ANNUAL FINANCIAL REPORT

The General Purpose Financial Statements of the County for the fiscal year ended September 30, 1988, reproduced herein as Appendix A, are integral parts of this Official Statement. Copies of the complete Annual Financial Report are available from the Finance Director upon request.

SOURCES OF INFORMATION

The County has furnished all information in the Official Statement relating to matters pertaining to the County. The General Purpose Financial Statements in Appendix A have been prepared by the County.

Any statements in this Official Statement, involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT

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

EXECUTION

The execution and delivery of this Official Statement has been duly authorized and approved by the County.

**ST. JOHNS COUNTY, BOARD OF
COUNTY COMMISSIONERS**

By: Alamy Waldron
Chairman

(THIS PAGE INTENTIONALLY LEFT BLANK)



ST. JOHNS COUNTY, FLORIDA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1988

ST. JOHNS COUNTY, FLORIDA

TABLE OF CONTENTS

General Purpose Financial Statements

Report of Independent Certified Public
Accountants

Combined Balance Sheet - All Fund Types
and Account Groups

Combined Statement of Revenues,
Expenditures and Changes in Fund
Balances - All Governmental Fund Types

Combined Statement of Revenues,
Expenditures and Changes in Fund
Balances - Budget and Actual -
All Governmental Fund Types

Combined Statement of Revenues, Expenses
and Changes in Retained Earnings -
Proprietary Fund Types

Combined Statement of Changes in Financial
Position - Proprietary Fund Types

Combined Statement of Changes in Assets and
Liabilities - Trust and Agency Funds

Notes to Financial Statements

Price Waterhouse



December 16, 1988

Board of County Commissioners
St. Johns County, Florida

We have audited the accompanying general purpose financial statements of St. Johns County, Florida for the year ended September 30, 1988 as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by County officials, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of St. Johns County, Florida and the results of its operations and the changes in financial position for its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

A handwritten signature in cursive script that reads "Price Waterhouse".

Certified Public Accountants

ST. JOHNS COUNTY, FLORIDA
COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1988

	Governmental Fund Types			Proprietary Fund Types Enterprise	Fiduciary Fund Types Trust and Agency	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service			Capital Projects	General Fixed Assets	
Cash	\$ (696,128)	\$ 2,087,086	\$ 18,847	\$ 62,470	\$ 755,966			\$ 2,228,241
Investments, at cost	2,512,839	5,676,775	695,117	2,297,643	123,523			26,213,850
Receivables (net of allowance for uncollectables of:								
Accounts	22,238	6,176		428,683	4,425			461,522
Special assessments	362			1,556				1,918
Due from other county funds	1,127,819	57,588		24,176				1,209,583
Due from other governmental units	287,969	361,913						649,882
Inventory, at cost				123,404				123,404
Restricted assets:								
Investments, at cost								
Land				2,419,061				2,419,061
Buildings and improvements				801,848			\$ 1,643,745	2,645,593
Water and sewer systems				398,507			15,631,057	16,029,564
Furniture and equipment				13,095,332				13,095,332
Accumulated depreciation				1,181,445			12,088,768	13,270,213
Construction in progress				(2,140,831)				(2,140,831)
Prepaid expenses				414,835			3,310,840	3,725,675
Other assets				150,400				150,400
Amounts available in Debt Service Funds							\$ 713,963	713,963
Amount to be provided for retirement of general long-term debt								22,201,037
Amount to be provided for retirement of general long-term compensated absences payable								642,486
Total assets	\$ 3,255,099	\$ 8,189,538	\$ 713,964	\$ 14,909,509	\$ 891,628	\$ 32,674,410	\$ 23,557,486	\$ 103,448,607

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS

SEPTEMBER 30, 1988

	Governmental Fund Types			Proprietary Fund Types Enterprise	Fiduciary Fund Types Trust and Agency	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service			Capital Projects	General Fixed Assets	
<u>Liabilities and Fund Equity</u>								
Liabilities:								
Vouchers payable and accrued liabilities	\$ 776,503	\$ 643,113		\$ 281,004				\$ 1,963,579
Customer deposits	277,701	6,708		367,123	\$543,883			651,532
Due to individuals		55						543,938
Due to other county funds	26,244	1,026,921		23,280	133,138			1,209,583
Due to other governmental units	135,666	231,525			169,668			536,859
Other liabilities	63,845			7,397,577	44,939			108,784
Revenue bonds payable							\$17,990,000	25,387,577
General obligation bonds payable							4,925,000	4,925,000
General long-term compensated absences payable							642,486	688,363
Total liabilities	<u>1,279,959</u>	<u>1,908,322</u>		<u>8,114,861</u>	<u>891,628</u>		<u>23,557,486</u>	<u>36,015,215</u>
Fund equity:								
Investment in general fixed assets							\$32,674,410	32,674,410
Contributed capital (net of amortization)				6,818,889				6,818,889
Retained earnings:				4,323,223				4,323,223
Unreserved								
Fund balances:								
Reserved:								
Capital outlay				14,646,550				14,646,550
Retirement of long-term debt								
Unreserved								
Total fund equity	<u>1,975,140</u>	<u>6,281,216</u>						713,964
Total liabilities and fund equity	<u>1,975,140</u>	<u>6,281,216</u>		<u>11,142,112</u>			<u>32,674,410</u>	<u>8,256,356</u>
	<u>\$3,255,099</u>	<u>\$8,189,538</u>		<u>\$19,256,973</u>	<u>\$891,628</u>		<u>\$23,557,486</u>	<u>\$103,448,607</u>

See Accompanying Notes to Financial Statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCEALL GOVERNMENTAL FUND TYPESFOR THE YEAR ENDED SEPTEMBER 30, 1988

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Totals (Memorandum Only)</u>
Revenues:					
Taxes	\$13,108,992	\$ 6,155,681	\$1,029,750	\$ 34	\$20,294,457
Special assessments levied		516,259			516,259
Licenses and permits	803,967				803,967
Federal shared revenues	151				151
State revenues:					
Shared revenues	3,406,774	1,620,852	1,359,877		6,387,503
Grants	123,199	789,390		20,375	932,964
Local grants and shared costs	16,313	38,488			54,801
Charges for services	881,244	2,805,924			3,687,168
Fines and forfeitures	886,662				886,662
Interest income	388,508	461,865	169,995	925,570	1,945,938
Miscellaneous revenue	198,738	166,121		42,274	407,133
Total revenues	<u>19,814,548</u>	<u>12,554,580</u>	<u>2,559,622</u>	<u>988,253</u>	<u>35,917,003</u>
Expenditures:					
Current:					
General government	3,713,429	9,056,638		8,388	12,778,455
Public safety	5,164,850	1,090,075		159,030	6,413,955
Physical environment	299,855			16,467	316,322
Transportation		3,115,189			3,115,189
Economic environment	37,214	406,580			443,794
Human services	721,383	61			721,444
Culture and recreation	913,724	273,136		51,356	1,238,216
Capital outlay	1,595,885	4,138,368		3,934,424	9,668,677
Debt service:					
Principal retirement			1,180,000		1,180,000
Interest and fiscal charges			1,272,408		1,272,408
Total expenditures	<u>12,446,340</u>	<u>18,080,047</u>	<u>2,452,408</u>	<u>4,169,665</u>	<u>37,148,460</u>
Excess (deficit) of revenues over expen- ditures	7,368,208	(5,525,467)	107,214	(3,181,412)	(1,231,457)
Other financing sources (uses):					
Operating transfers in	903,499	8,285,776	136,198	136,000	9,461,473
Operating transfers (out)	(8,421,776)	(903,499)		(136,198)	(9,461,473)
Bond proceeds and other uses	<u>(15,636)</u>	<u>(33,161)</u>		<u>15,252,530</u>	<u>15,203,733</u>
Excess (deficit) of revenues and other sources over expendi- tures and other uses	(165,705)	1,823,649	243,412	12,070,920	13,972,276
Fund balance, beginning of year	<u>2,140,845</u>	<u>4,457,568</u>	<u>470,552</u>	<u>2,575,630</u>	<u>9,644,595</u>
Fund balance, end of year	<u>\$ 1,975,140</u>	<u>\$ 6,281,217</u>	<u>\$ 713,964</u>	<u>\$14,646,550</u>	<u>\$23,616,871</u>

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA
ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1988

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$13,979,248	\$13,108,992	\$ (870,256)	\$ 5,760,105	\$ 6,155,681	\$ 395,576
Special assessments levied				50,900	516,259	465,359
Licenses and permits	819,175	803,967	(15,208)			
Federal shared revenues		151	151			
State revenues:						
Shared revenues	2,998,729	3,406,774	408,045	1,740,000	1,620,852	(119,148)
Grants	172,940	123,199	(49,741)	300,016	789,390	489,374
Local grants and shared costs	2,160	16,313	14,153	29,347	38,488	9,141
Charges for services	757,767	881,244	123,477	2,583,402	2,805,924	222,522
Fines and forfeitures	844,343	886,662	42,319			
Interest income	281,000	388,508	107,508	221,600	461,865	240,265
Miscellaneous revenue	98,000	198,738	100,738	10,795	166,121	155,326
Total revenues	<u>19,953,362</u>	<u>19,814,548</u>	<u>(138,814)</u>	<u>10,696,165</u>	<u>12,554,580</u>	<u>1,858,415</u>
Expenditures:						
Current:						
General government	4,588,844	3,713,429	875,415	9,268,197	9,056,638	211,559
Public safety	5,309,698	5,164,850	144,848	1,180,880	1,090,075	90,805
Physical environment	333,908	299,855	34,053			
Transportation				3,846,298	3,115,189	731,109
Economic environment	37,218	37,214	4		406,580	(406,580)
Human services	727,281	721,383	5,898	62	61	1
Culture and recreation	1,016,084	913,724	102,360	285,107	273,136	11,971
Capital outlay	1,744,379	1,595,885	148,494	6,959,756	4,138,368	2,821,388
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total expenditures	<u>13,757,412</u>	<u>12,446,340</u>	<u>1,311,072</u>	<u>21,540,300</u>	<u>18,080,047</u>	<u>3,460,253</u>
Excess (deficit) of revenues over expenditures	6,195,950	7,368,208	1,172,258	(10,844,135)	(5,525,467)	5,318,668
Other financing sources (uses):						
Operating transfers in	496,674	903,499	406,825	8,362,806	8,285,776	(77,030)
Operating transfers (out)	(8,498,806)	(8,421,776)	77,030	(424,391)	(903,499)	(479,108)
Bond proceeds and other uses	(15,647)	(15,636)	11	(13,964)	(33,161)	(19,197)
Excess (deficit) of revenues and other sources over expenditures and other uses	(1,821,829)	(165,705)	1,656,124	(2,919,684)	1,823,649	4,743,333
Fund balance, beginning of year	<u>2,140,845</u>	<u>2,140,845</u>		<u>4,457,568</u>	<u>4,457,568</u>	
Fund balance, end of year	<u>\$ 319,016</u>	<u>\$ 1,975,140</u>	<u>\$ 1,656,124</u>	<u>\$ 1,537,884</u>	<u>\$ 6,281,217</u>	<u>\$ 4,743,333</u>

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA

ALL GOVERNMENTAL FUND TYPES

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 1988

	Debt Service Funds			Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$1,055,349	\$1,029,750	\$(25,599)		\$ 34	\$ 34
Special assessments levied						
Licenses and permits						
Federal shared revenues						
State revenues:						
Shared revenues	1,359,877	1,359,877				
Grants				\$103,425	20,375	(83,050)
Local grants and shared costs						
Charges for services						
Fines and forfeitures						
Interest income	63,386	169,995	106,609	158,500	925,570	767,070
Miscellaneous revenue					42,274	42,274
Total revenues	<u>2,478,612</u>	<u>2,559,622</u>	<u>81,010</u>	<u>261,925</u>	<u>988,253</u>	<u>726,328</u>
Expenditures:						
Current:						
General government					8,388	(8,388)
Public safety					159,030	(159,030)
Physical environment					16,467	(16,467)
Transportation						
Economic environment						
Human services						
Culture and recreation					51,356	(51,356)
Capital outlay				16,851,624	3,934,424	12,917,200
Debt service:						
Principal retirement	1,185,000	1,180,000	5,000			
Interest and fiscal charges	<u>1,317,302</u>	<u>1,272,408</u>	<u>44,894</u>			
Total expenditures	<u>2,502,302</u>	<u>2,452,408</u>	<u>49,894</u>	<u>16,851,624</u>	<u>4,169,665</u>	<u>12,681,959</u>
Excess (deficit) of revenues over expenditures	(23,690)	107,214	130,904	(16,589,699)	(3,181,412)	13,408,287
Other financing sources (uses):						
Operating transfers in	136,198	136,198		136,000	136,000	
Operating transfers (out)				(136,198)	(136,198)	
Bond proceeds and other uses					15,252,530	15,252,530
Excess (deficit) of revenues and other sources over expenditures and other uses	112,508	243,412	130,904	(16,589,897)	12,070,920	28,660,817
Fund balance, beginning of year	<u>470,552</u>	<u>470,552</u>		<u>2,575,630</u>	<u>2,575,630</u>	
Fund balance, end of year	<u>\$ 583,060</u>	<u>\$ 713,964</u>	<u>\$130,904</u>	<u>\$(14,014,267)</u>	<u>\$14,646,550</u>	<u>\$28,660,817</u>

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA
ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1988

	<u>Combined Totals (Memorandum Only)</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Taxes	\$ 20,794,702	\$20,294,457	\$ (500,245)
Special assessments levied	50,900	516,259	465,359
Licenses and permits	819,175	803,967	(15,208)
Federal shared revenues		151	151
State revenues:			
Shared revenues	6,098,606	6,387,503	288,897
Grants	576,381	932,964	356,583
Local grants and shared costs	31,507	54,801	23,294
Charges for services	3,341,169	3,687,168	345,999
Fines and forfeitures	844,343	886,662	42,319
Interest income	724,486	1,945,938	1,221,452
Miscellaneous revenue	<u>108,795</u>	<u>407,133</u>	<u>298,338</u>
Total revenues	<u>33,390,064</u>	<u>35,917,003</u>	<u>2,526,939</u>
Expenditures:			
Current:			
General government	13,857,041	12,778,455	1,078,586
Public safety	6,490,578	6,413,955	76,623
Physical environment	333,908	316,322	17,586
Transportation	3,846,298	3,115,189	731,109
Economic environment	37,218	443,794	(406,576)
Human services	727,343	721,444	5,899
Culture and recreation	1,301,191	1,238,216	62,975
Capital outlay	25,555,759	9,668,677	15,887,082
Debt service:			
Principal retirement	1,185,000	1,180,000	5,000
Interest and fiscal charges	<u>1,317,302</u>	<u>1,272,408</u>	<u>44,894</u>
Total expenditures	<u>54,651,638</u>	<u>37,148,460</u>	<u>17,503,178</u>
Excess (deficit) of revenues over expenditures	(21,261,574)	(1,231,457)	20,030,117
Other financing sources (uses):			
Operating transfers in	9,131,678	9,461,473	329,795
Operating transfers (out)	(9,059,395)	(9,461,473)	(402,078)
Bond proceeds and other uses	<u>(29,611)</u>	<u>15,203,733</u>	<u>15,233,344</u>
Excess (deficit) of revenues and other sources over expenditures and other uses	(21,218,902)	13,972,276	35,191,178
Fund balance, beginning of year	<u>9,644,595</u>	<u>9,644,595</u>	_____
Fund balance, end of year	<u>\$ (11,574,307)</u>	<u>\$23,616,871</u>	<u>\$35,191,178</u>

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA
COMBINED STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1988

	<u>ENTERPRISE</u>
Operating revenues:	
Water sales	\$1,720,687
Sewage treatment charges	900,198
Service fees	1,896,488
Merchandise fees	<u>78,457</u>
Total operating revenues	<u>4,595,830</u>
Operating expenses:	
Contractual services	307,085
Salaries and employee benefits	1,283,855
Other operating expenses	775,331
Maintenance	453,317
Depreciation	<u>492,052</u>
Total operating expenses	<u>3,311,640</u>
Operating income	<u>1,284,190</u>
Non-operating revenues (expenses):	
Interest income	309,465
Interest expense	(510,815)
Other revenues	3,203
Other expenses	<u>(55,319)</u>
Total non-operating revenues (expenses)	<u>(253,466)</u>
Net income	1,030,724
Add depreciation on fixed assets acquired by grants externally restricted for capital acqui- sitions and construction that reduces contributed capital	<u>131,255</u>
Increase in retained earnings	1,161,979
Retained earnings, beginning of year	<u>3,161,244</u>
Retained earnings, end of year	<u>\$4,323,223</u>

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1988

	<u>ENTERPRISE</u>
Cash was provided by:	
Net income	\$1,030,724
Add (deduct) items not affecting cash:	
Depreciation	492,052
Amortization of bond discount	3,888
Increase in accounts receivable	(139,658)
Increase in inventory	(4,987)
Increase in accounts payable and accrued liabilities	175,189
Change in other current assets and liabilities	<u>1,848</u>
Cash provided by operations	1,559,056
Capital contributions	1,029,765
Increase in customer deposits	38,018
Increase in compensated absences payable	<u>22,974</u>
Total cash provided	<u>2,649,813</u>
Cash was used for:	
Net additions to fixed assets	1,868,689
Increase in restricted assets	294,728
Reduction of long-term debt	<u>121,000</u>
Total cash used	<u>2,284,417</u>
Net increase in cash and investments	365,396
Cash and investments, beginning of year	<u>1,994,717</u>
Cash and investments, end of year	<u>\$2,360,113</u>

See Accompanying Notes to Financial Statements.

ST. JOHNS COUNTY, FLORIDA
COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TRUST AND AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1988

	Balance September 30, <u>1987</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>1988</u>
<u>ASSETS</u>				
Cash	\$542,786	\$56,750,807	\$56,537,627	\$755,966
Investments	110,585	124,037	111,099	123,523
Juror and witness payrolls	9,962	41,450	43,698	7,714
Accounts receivable	<u>1,958</u>	<u>6,293</u>	<u>3,826</u>	<u>4,425</u>
Total assets	<u>\$665,291</u>	<u>\$56,922,587</u>	<u>\$56,696,250</u>	<u>\$891,628</u>
<u>LIABILITIES</u>				
Documentary stamps	\$461,559	\$ 2,804,072	\$ 2,721,748	\$543,883
Due to individuals	86,635	23,421,278	23,374,775	133,138
Due to other county funds	94,716	27,136,151	27,061,199	169,668
Due to other governmental agencies	<u>22,381</u>	<u>3,432,329</u>	<u>3,409,771</u>	<u>44,939</u>
Total liabilities	<u>\$665,291</u>	<u>\$56,793,830</u>	<u>\$56,567,493</u>	<u>\$891,628</u>

See Accompanying Notes To Financial Statements.

ST. JOHNS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

Governmental Fund Types

- o The General Fund is used to account for the general operations of the Board which are not accounted for in another fund. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.
- o Special Revenue Funds are operating funds used to account for revenues which are restricted or designated as to use by outside sources. The general operating funds of the Clerk of the Circuit and County Courts, Property Appraiser, Supervisor of Elections, Tax Collector and Sheriff are included as special revenue funds.
- o Debt Service Funds are used to account for the payment of principal, interest and related costs of general long-term debt. Debt service revenues are primarily from property taxes or state-shared revenues.
- o Capital Project Funds are used to account for resources designated to construct or acquire general fixed assets and major improvements other than those financed by special assessments or enterprise funds.

Proprietary Fund Types

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

Fiduciary Fund Types

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

Account Groups

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

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

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

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

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

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

Cash and Investments - The County's bank accounts are covered by federal depository insurance. Investments include cash in excess of operating requirements which is invested with the State of Florida Board of Administration, an investment pool controlled by a state agency. Funds can be transferred directly between the County's insured banking institution and the state investment fund. Investment income is recorded in the General fund, except where there is a contractual requirement to record such revenues in another fund. Investments are stated at cost which approximates market value.

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

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

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

NOTE 2 - CASH AND INVESTMENTS

The County's cash and investments are as follows:

Insured deposits (FDIC)	\$ 1,522,730
Repurchase agreements with banking institutions	1,003,000
Investment in state investment pool	29,058,970
Small business administration participation certificates (government insured)	46,379
Financing Corporation STRIP coupons (government insured)	204,059
U.S. Treasury Bill, held by banking institution	471,179
U.S. Treasury Note, held by banking institution	32,873
Less: outstanding checks and other reconciling items	<u>(3,897,099)</u>
Total cash and investments	<u>\$28,442,091</u>

NOTE 3 - FIXED ASSETS

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

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

The following is a schedule of changes in fixed assets of the General Fixed Asset Account Group for the fiscal year ended September 30, 1988:

	<u>September 30, 1987</u>	<u>Additions</u>	<u>Dispositions</u>	<u>September 30, 1988</u>
Land	\$ 1,605,870	\$ 37,875		\$ 1,643,745
Buildings and improvements	14,578,378	\$1,181,703	\$ 129,024	15,631,057
Furniture and equipment	13,208,678	2,389,367	3,509,277	12,088,768
Construction in progress	<u>981,378</u>	<u>3,467,254</u>	<u>1,137,792</u>	<u>3,310,840</u>
	<u>\$30,374,304</u>	<u>\$7,076,199</u>	<u>\$4,776,093</u>	<u>\$32,674,410</u>

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

	<u>September 30, 1987</u>	<u>Additions</u>	<u>Dispositions</u>	<u>September 30, 1988</u>
Land	\$ 199,439	\$ 602,409	\$	\$ 801,848
Buildings and improvements	303,868	94,639		398,507
Water and sewer system	13,015,033	80,299		13,095,332
Equipment	473,787	707,658		1,181,445
Construction in progress	<u>31,151</u>	<u>383,684</u>		<u>414,835</u>
Less:	14,023,278	1,868,689		15,891,967
Accumulated depreciation	<u>(1,648,778)</u>	<u>(492,053)</u>		<u>(2,140,831)</u>
	<u>\$12,374,500</u>	<u>\$1,376,636</u>	<u>\$</u>	<u>\$13,751,136</u>

NOTE 4 - INTERFUND BALANCES

The summary of individual interfund balances at September 30, 1988 follows:

	<u>Due from other county funds</u>	<u>Due to other county funds</u>
<u>General Fund</u>		
Board of County Commissioners	<u>\$1,127,819</u>	<u>\$ 26,244</u>
<u>Special Revenue</u>		
Fire District		12
County Transportation	32,269	
Clerk of the Courts		133,173
Sheriff	25,056	426,231
Tax Collector		467,505
Elkton Drainage District	28	
Vilano Street Lighting	67	
St. Augustine South Street Lighting	<u>168</u>	
	<u>57,588</u>	<u>1,026,921</u>
<u>Enterprise</u>		
Anastasia Sanitary District	24,176	304
Mainland Water System		<u>22,976</u>
	<u>24,176</u>	<u>23,280</u>
<u>Trust and Agency</u>		
Clerk of the Courts		130,923
Sheriff		<u>2,215</u>
		<u>133,138</u>
	<u>\$1,209,583</u>	<u>\$1,209,583</u>

NOTE 5 - LONG-TERM DEBT

Long-term debt transactions of the County for the year ended September 30, 1988 are summarized below:

	<u>General Government</u>	<u>Enterprise</u>	<u>Total</u>
Long-term debt payable at September 30, 1987	\$11,806,161	\$7,537,592	\$19,343,753
Issuance of long-term debt	17,180,000		17,180,000
Amortization of debt issuance discount		3,888	3,888
Sinking fund payments and maturities	(5,510,000)	(121,000)	(5,631,000)
Increase in liability for compensated absences	<u>81,325</u>	<u>22,974</u>	<u>104,299</u>
Long-term debt payable at September 30, 1988	<u>\$23,557,486</u>	<u>\$7,443,454</u>	<u>\$31,000,940</u>

Long-term debt at September 30, 1988 is comprised of the following individual issues:

General Government:-
Revenue bonds:

\$12,495,000 1988 Transportation Improvement Revenue Bonds secured by local option gas tax due in annual installments of \$360,000 to \$1,140,000 through October 1, 2007; interest at 5.1% to 7.625% payable semi- annually	\$12,495,000
--	--------------

\$3,140,000 1987 Capital Improvement Revenue Bonds secured by state guaranteed entitlement revenues and parimutuel taxes, due in annual installments of \$195,000 to \$350,000 through July 1, 2000; interest at 5.0% to 7.875% payable semi-annually 2,945,000

\$4,060,000 1986 Refunding Revenue Bonds secured by half-cent sales tax revenues, due in annual installment of \$740,000 to \$895,000 through October 1, 1991; interest at 4.25% to 5.50% payable semi-annually 2,550,000

17,990,000

General obligation bonds:

\$1,300,000 1966 General Bonds due in annual installments of \$65,000 to \$85,000 through July 1, 1991; interest at 4.4% to 5.5% payable semi-annually 240,000

\$4,685,000 1988 Limited Ad Valorem Tax Refunding Bonds due in annual installments of \$210,000 to \$470,000 through March 1, 2003; interest at 5% to 7.3% payable semi-annually 4,685,000

4,925,000

General long-term compensated absences payable 642,486

Total General Government \$23,557,486

Enterprise:

Revenue bonds:

\$2,422,700 1981 Water Revenue Bonds secured by County water and sewer revenues, due in annual installments of \$26,000 to \$137,000 through September 1, 2020; interest at 5% payable annually \$2,267,000

\$5,400,000 1986 Water and Sewer Refunding Revenue Bonds secured by County water and sewer revenues, due in annual installments of \$90,000 to \$460,000 through June 1, 2011; interest at 4.25% to 7.75% payable semi-annually (less unamortized discount of \$89,423)

5,130,577

Enterprise long-term compensated absences payable

7,397,577

45,877

Total Enterprise

\$7,443,454

The annual requirements to amortize all debt outstanding as of September 30, 1988, including interest payments of \$15,583,795 and \$8,230,417 for general government and enterprise fund debt, respectively, are as follows:

<u>Year ending, September 30</u>	<u>General Government</u>	<u>Enterprise</u>	<u>Total</u>
1989	\$ 3,128,305	\$ 621,662	\$ 3,749,967
1990	3,139,275	617,863	3,757,138
1991	3,144,295	623,812	3,768,107
1992	2,105,780	620,788	2,726,568
1993	2,105,945	625,187	2,731,132
1994-Thereafter	<u>24,875,195</u>	<u>12,608,105</u>	<u>37,483,300</u>
	<u>\$38,498,795</u>	<u>\$15,717,417</u>	<u>\$54,216,212</u>

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

In February, 1988 the County issued \$4,685,000 in General Obligation Bonds with an average interest rate of 6.3 percent to advance refund \$4,330,000 of outstanding 1983 Series bonds with an average interest rate of 7.7 percent. The net proceeds of \$4,547,000 (after payment of \$138,000 in underwriting fees,

insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1983 Series bonds. As a result, the 1983 Series bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The County advance refunded the 1983 Series bonds to reduce its total debt service payments over the next 15 years by approximately \$153,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$105,000.

In prior years the County defeased certain other general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements.

NOTE 6 - PENSION PLAN

The County provides benefits for substantially all of its employees through a defined contribution plan under the State of Florida retirement system. In a non-contributory defined contribution plan, benefits depend solely on amounts contributed to the plan by the Board plus investment earnings. Employees are eligible to participate from the date of employment. State legislation requires that the County contribute an amount equal to a percentage of the employee's gross compensation each month. The County's contributions for each employee are based on employment status (regular members - 13.38%, special risk members - 15.35%, and elected county officers - 17.43%). Members are vested after ten years continuous service and unvested County contributions for employees who leave employment before ten years of service are retained in the Florida Retirement System.

The County's total payroll in fiscal year 1988 was \$13,913,934. The County's contributions were calculated using the gross compensation for the employees and County contributions of \$1,903,189 were recorded as expenditures or expenses during the current year.

NOTE 7 - COMMITMENTS AND CONTINGENT LIABILITIES

Grants

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

Litigation

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

APPENDIX "B"

GENERAL INFORMATION CONCERNING THE COUNTY

THE FOLLOWING INFORMATION CONCERNING ST. JOHNS COUNTY, FLORIDA IS INCLUDED ONLY FOR THE PURPOSE OF PROVIDING GENERAL BACKGROUND INFORMATION.

Location

St. Johns County (the "County") encompasses approximately 608 square miles and is located in the Northeast region of the State of Florida. The County is located directly south of Duval County, Florida, and it is bordered on the west by the St. Johns River, on the south by Flagler County, and on the east by the Atlantic Ocean.

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

Population

St. Johns County currently ranks 32nd out of Florida's 67 counties in gross population and ranks sixth statewide in the percentage change in population growth from 1980 to 1988.

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

<u>Year</u>	<u>Population</u>
1940 U.S. Census	20,012
1950 U.S. Census	24,998
1960 U.S. Census	30,034
1970 U.S. Census	31,025
1980 U.S. Census	51,303
1985 Estimate (1)	68,822
1986 Estimate (1)	73,093
1987 Estimate (1)	75,133
1988 Estimate (1)	80,278

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

Commerce and Industry

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

The strength of the employment growth and the steady growth in population has brought a corresponding increase in housing construction. From 1981 to 1985, multi-family construction exceeded that for single-family units, but the high population growth in 1986 generated a demand for single family housing as well as retailing and service employment.

Agriculture

Agribusiness remains a key sector of the state and the Northeast region's economy. Agriculture is a major industry in St. Johns County and in 1988 provided the County with on-farm revenue in excess of \$35 million.

St. Johns County is known as the potato and cabbage capital of Florida, and leads the other counties in Florida in value of these products. Agriculture commodities produced in the County and their respective values for 1988 are as follows:

Potatoes	\$21,200,000
Cabbage	1,700,000
Other Vegetables	2,000,000
Forest Products	4,000,000
Livestock and Dairy	2,000,000
Corn and Grain Sorghum	500,000
Cut Flowers and Nurseries	3,500,000
Poultry	1,000,000
Total	\$35,900,000

Source: Florida Department of Agriculture St. Johns County Extension Service, 1988.

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

Employment

The following table shows employment by category for September, 1988.

<u>Distribution</u>	<u>Number of Employees</u>	<u>Percentage of Total</u>
Manufacturing	3,264	13.71%
Construction	1,131	4.75
Transportation, Communications & Utilities	387	1.63
Wholesale Trade	735	3.09
Retail Trade	6,263	26.31
Finance, Insurance and Real Estate	847	3.56
Service	6,599	27.72
Government	4,086	17.17
Agriculture (Except Domestic, Self Employed, Unpaid Family Workers and Seasonal Workers)	<u>490</u>	<u>2.06</u>
TOTAL	23,802	100.00%

Source: State of Florida, Department of Labor and Employment Security, Edited ES-202 Report

Major Employers

The following table shows the major employers in St. Johns County and their approximate level of employment as of May, 1989.

<u>Establishment</u>	<u>Product</u>	<u>Approximate Employment</u>
St. Johns County School Board	Education	1,495
Grumman St. Augustine Corporation	Aircraft overhaul and modification	1,150
St. Johns County	County Government	772
Florida School for the Deaf and Blind	Educational Institution	620
V.A.W. of America, Inc.	Aluminum Extrusion	400
Tree of Life, Inc.	Health Food Distributor	300
Luhrs Corporation	Pleasure Crafts/Sport Fishing Boats	230
Parker Hannifan Corporation	Manufacturing	225
Florida Department of Military Affairs	Florida National Guard Headquarters	211
City of St. Augustine	Municipal Government	205
Flagler College	Four-year Liberal Arts College	200
Florida East Coast Railway	Interstate Railroad Freight & Express	150
Tensolite Company	Hi-tech Wire Insulation	100
Wise Foods (Division of Borden, Inc.)	Potato Chip Manufacturer	90
St. Augustine Record Inc.	Daily Newspaper	85

Source: St. Augustine and St. Johns County Chamber of Commerce, State of Florida 1989 Directory of Florida Industries and personal contact.

Tourism and Recreation

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

Transportation Facilities

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

Land: Three major north/south highways, Interstate 95, U.S. 1 and State Route A1A, serve the County. Bus transportation is provided by Greyhound with 11 northbound and 11 southbound buses each day.

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

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

Health Care Facilities

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

Education

The public school system is operated by the County under authority of the St. Johns County School Board of Public Instruction. There are nine elementary schools, three middle schools, one junior-senior high school, one high school, an exceptional child center (ungraded), two elementary parochial schools, a parochial high school, a tri-county

Vocational and Technical Center, and Flagler College, which is a four-year liberal arts institution in which more than 1,000 students are enrolled. The State operates the Florida School for the Deaf and Blind in St. Augustine with primary school through senior high school levels.

Source: St. Augustine and St. Johns County Chamber of Commerce, 1988.

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

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>	<u>State Unemployment Rate</u>
1979	18,260	16,961	1,299	7.1%	6.0%
1980	21,272	19,662	1,609	7.6	5.9
1981	22,716	20,936	1,780	7.8	6.8
1982	23,924	21,709	2,215	9.3	8.2
1983	24,752	22,073	2,679	10.8	8.6
1984	29,212	26,953	2,259	7.7	6.3
1985	31,263	28,953	2,310	7.4	6.0
1986	35,097	32,815	2,282	6.5	5.7
1987	37,681	35,471	2,210	5.9	5.3
1988	38,781	36,761	2,020	5.2	5.0
1989	38,569	36,474	2,095	5.4	4.7

Note: Figures for 1989 are preliminary as of March, 1989

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

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

<u>Year</u>	<u>Non-Exempt Real Property Valuations</u>	<u>Non-Exempt Personal Valuations</u>	<u>Non-Exempt Utilities Railroad</u>	<u>Total Taxable Assessed Property Valuations</u>
1977	\$ 588,705,978	\$ 62,714,130	\$ 6,377,056	\$ 657,797,164
1978	628,833,959	65,572,400	7,534,157	701,940,516
1979	667,457,915	72,027,005	7,784,257	747,269,177
1980	732,710,802	89,720,340	9,631,143	832,062,285
1981	815,236,870	104,378,309	7,857,790	927,472,969
1982	1,124,581,258	120,428,374	10,138,271	1,255,147,903
1983	1,223,400,247	144,639,034	12,030,202	1,380,069,483
1984	1,390,251,339	164,456,858	7,626,145	1,562,334,342
1985	1,670,984,352	185,401,615	8,022,393	1,864,408,360
1986	1,962,247,284	206,521,804	1,072,961	2,169,842,049
1987	2,184,537,016	233,803,639	14,441,818	2,432,782,473
1988	2,462,124,391	244,414,748	15,577,014	2,722,116,153

Note: Florida East Coast Railway is involved in litigation with respect to railroad taxes in 1986.

Source: State of Florida, Department of Revenue, Florida Ad Valorem Valuations and Tax Data.

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

<u>Year</u>	<u>Property Taxes Levied</u>	<u>Total Tax Collections(1)</u>	<u>% of Levy Collected(2)</u>	<u>Delinquent Tax Uncollected</u>
1980	\$12,923,730	\$12,708,385	98.33%	\$ 215,345
1981	16,539,045	16,208,819	98.00	330,226
1982	19,836,859	19,635,820	98.99	201,039
1983	23,677,638	23,320,383	98.49	357,255
1984	25,229,244	24,805,582	98.32	423,662
1985	31,295,519	31,042,190	99.19	253,329
1986	35,941,927	35,594,355	99.03	347,572
1987	40,160,327	39,785,685	99.07	374,642
1988(3)	46,143,338	43,844,842	95.02	2,298,496

Source: State of Florida, Department of Revenue, Florida Ad Valorem Valuations and Tax Data, 1980-1987, Tax Collector, St. Johns County, 1988.

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

ST. JOHNS COUNTY, FLORIDA
NET DEBT STATEMENT
May 1, 1989
(Adjusted to give effect to the issuance of the Bonds)

<u>Direct Debt</u>	<u>General Obligation Bonds</u>	<u>Non-Self Supporting Revenue Bonds</u>	<u>Self Supporting Revenue Bonds</u>
St. Johns County, Florida Board of County Commissioners Certificates of Indebtedness (Courthouse Construction and Repair) Dated 7/1/86	\$ 240,000		
Limited Ad Valorem Tax Refunding Bonds, Series 1989	4,475,000		
General Obligation Bonds, Series 1989	8,000,000*		
Refunding Revenue Bonds, Dated 10/15/86 (\$2,550,000 less \$144,000 in Reserve Account)		\$ 2,406,000	
Water and Sewer Refunding Revenue Bonds, Dated 8/15/86 (\$5,220,000 less \$477,825 in Reserve Account)			\$4,742,175
Water Revenue Bonds, Dated 6/15/81			2,267,000
Capital Improvement Revenue Bonds, Series 1987A (\$2,945,000 less \$200,619 in Reserve Account)		2,744,381	
Transportation Improvement Revenue Bonds, Series 1988		12,495,000	
Total Direct Debt	\$12,715,000*	\$17,645,381	\$7,009,175

ST. JOHNS COUNTY, FLORIDA
NET DEBT STATEMENT
May 1, 1989
(Continued)

	<u>General Obligation Bonds</u>	<u>Non-Self Supporting Revenue Bonds</u>	<u>Self Supporting Revenue Bonds</u>
<u>Underlying Debt</u>			
City of St. Augustine, Florida Water and Sewer Revenue Refunding Bonds, Series 1986 (\$27,930,000 less \$2,929,234 in Reserve Account)			\$25,000,766
Cigarette Tax Bonds, Issue of 1961 (\$120,000), Issue of 1971 (\$185,000) (\$305,000 less \$156,013 in Reserve Account)		\$ 148,987	
Guaranteed Entitlement Revenue Bonds, Series 1989		2,200,000	
Public Service Tax Revenue Bonds, Series 1988		4,000,000	
St. Augustine Airport Authority District St. Augustine Airport Authority Bonds, Dated 2/1/65 (District is comprised of approximately 1/4 of the County's area)	\$ 275,000		
City of Hastings, Florida Water and Sewer Bonds (\$196,000 less \$13,246 in Reserve Account)			182,754
St. Johns County Board of Public Instruction Certificates of Indebtedness Dated 6/1/67 (\$725,000 less \$103,435 in Reserve Account)		621,565	

Total Underlying Debt	<u>\$ 275,000</u>	<u>\$ 6,970,552</u>	<u>\$25,183,520</u>
Total Direct and Underlying Debt	\$12,990,000	\$24,615,933	\$32,192,695

DEBT RATIOS

Direct and Underlying General Obligation Debt	\$12,990,000
Per Capita	\$161.81
As a Percent of Taxable Assessed Valuation	.48%
As a Percent of Total Assessed Valuation	.37%
Direct Underlying General Obligation and Non-Self Supporting Revenue Debt	\$37,605,933
Per Capita	\$468.45
As a Percent of Taxable Assessed Valuation	1.38%
As a Percent of Total Assessed Valuation	1.08%
1988 Estimated St. Johns County Population	80,278
1988 Taxable Assessed Valuation for St. Johns County	\$2,722,116,153
1988 Total Assessed Valuation for St. Johns County	\$3,483,940,622

Police and Fire Protection

St. Johns County is served by the Sheriff's Department, which has approximately 250 full and part-time employees including deputies, the detective division, communications, jail and administrative personnel. There are sixteen fire stations operating within the County, served by volunteers. The Fire Department operates a special rescue unit manned by trained emergency medical technicians.

Government

St. Johns County has a five-member Board of County Commissioners elected for staggered terms of four years. The Board of County Commissioners will be increased to seven members in 1990. The Chairman and Vice-Chairman are elected by the Board. The Board apportions and levies County taxes and controls the expenditure of all County funds, except for schools, which are controlled by the Board of Public Instruction. The budget year of the County runs from October 1 to the following September 30. Operating revenue is raised from ad valorem taxes and real and personal property taxes, with supplements from State and federal sources for county roads, welfare and health. The Board operates a county road system and has power to establish, build, maintain,

repair, protect, and preserve these facilities. The Board may issue bonds for all lawful purposes. The Board correlates and is responsible for various types of elections in the County. Other elected officials serving county-wide are a five-member Board of Public Instruction, a Superintendent of Public Instruction, a Property Appraiser, a Tax Collector, a Supervisor of Elections, a Sheriff, and a Clerk of the Circuit Court who is also Ex-Officio Clerk of the Board of County Commissioners. The Board appoints a County Administrator who serves at the will of the Board.

RESOLUTION NO. 89-52

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, AUTHORIZING THE DESIGN, ACQUISITION, CONSTRUCTION, EQUIPPING AND PROVISION OF UTILITIES FOR ADDITIONAL JAIL AND CRIMINAL JUSTICE FACILITIES WITHIN THE COUNTY; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$8,500,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE COUNTY TO FINANCE THE COST OF SUCH PROJECT AND THE COSTS OF THE ISSUANCE OF SUCH BONDS; PLEDGING THE FULL FAITH AND CREDIT AND THE AD VALOREM TAXING POWER OF THE COUNTY TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE.

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

ARTICLE I

GENERAL

SECTION 1.01. Definitions. When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

"Act" shall mean Chapter 125, Part I, and Chapter 130, Florida Statutes, as amended, and other applicable provisions of law.

"Amortization Installment" shall mean a mandatory redemption amount designated as such by Supplemental Resolution and established with respect to any Term Bonds.

"Authorized Investments" shall mean any of the following which shall be authorized from time to time by applicable laws of the State for deposit or purchase by the Issuer for the investment of its funds:

(1) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and stripped and zero-coupon obligations) or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

(2) Bonds, debentures or notes or other evidences of indebtedness payable in cash issued by any one or a combination of any of the following federal agencies whose obligations represent full faith and credit of the United States of America: Export Import Bank of the United States, Federal Financing Bank, Farmers Home Administration, Federal Housing Administration, Maritime Administration, Public Housing Authority and Government National Mortgage Association.

(3) Certificates of deposit properly secured at all times by collateral security described in either or both of paragraphs (1) and (2) of this definition and issued by commercial banks, savings and loan associations or mutual savings banks chartered by the State or the United States of America, and bank trust receipts issued by commercial banks or trust companies chartered by the State or the United States of America upon any securities described in paragraph (1) of this definition.

(4) The following investments fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation: (A) certificates of deposit, (B)

savings accounts, (C) deposit accounts, or (D) depository receipts of a bank, savings and loan association or mutual savings bank.

(5) Commercial paper rated in one of the two highest rating categories by at least two nationally recognized rating agencies or commercial paper backed by a letter of credit or line of credit rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's Corporation.

(6) Written repurchase agreements with any bank, savings institution or trust company which is insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or with any broker-dealer with retail customers which falls under Securities Investors Protection Corporation protection, provided that such repurchase agreements are fully secured by collateral described in (1) above or obligations of any agency or instrumentality of the United States of America, and provided further that (A) such collateral is held by a bank or trust company chosen by the Issuer which has no interest in the repurchase agreement during the term of such repurchase agreement, (B) such collateral is not subject to liens or claims of third parties, (C) such collateral has a market value (determined at least once every 30 days) at least equal to the amount invested in the repurchase agreement, (D) the entity holding the collateral has a perfected first security interest in the collateral for the benefit of the Bondholders, (E) the agreement shall be for a term not longer than 270 days and (F) the failure to maintain such collateral at the level required in (C) above will require the entity holding the collateral to liquidate the collateral.

(7) Money market funds rated in the highest rating category by Moody's Investors Service and Standard & Poor's Corporation.

(8) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Chapter 218, Florida Statutes, as amended, or any similar common trust fund which is established pursuant to State law as a legal depository of public moneys.

(9) Obligations of state or local governmental entities that are rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's Corporation.

(10) Such other obligations as shall be permitted to be legal investments of the Issuer by the laws of the State.

Rating categories when referred to herein shall be without regard to gradations within such categories, such as "plus" or "minus."

"Authorized Issuer Officer" for the performance on behalf of the Issuer of any act of the Issuer or the execution of any instrument on behalf of the Issuer shall mean the Clerk, the Chairman and/or any other person authorized by resolution of the Governing Body or appointed by certificate of the Chairman to perform such act or sign such document.

"Bond Amortization Account" shall mean the separate account of that name in the Debt Service Fund established pursuant to Section 4.02 hereof.

"Bond Counsel" shall mean any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Bond Insurance Policy" shall mean the municipal bond new issue insurance policy, if any, issued by an Insurer guaranteeing the payment of the principal or Redemption Price, if applicable, of and interest on the Bonds.

"Bond Year" shall mean the period commencing on November 2 of each year and continuing through the next succeeding November 1. Each Bond Year shall be designated with the number of the calendar year in which such Bond Year ends.

"Bondholder" or "Holder" or "holder" shall mean any Person who shall be the registered owner of any Outstanding Bond or Bonds according to the registration books of the Issuer.

"Bonds" shall mean the bonds authorized to be issued by the Issuer pursuant to this resolution.

"Chairman" shall mean the Chairman of the Governing Body or such other person as may be duly authorized by the Issuer to act on his or her behalf.

"Clerk" shall mean the Clerk of the Circuit Court for St. Johns County and ex officio Clerk of the Governing Body or such other person as may be duly authorized by the Clerk to act on his or her behalf.

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

"Construction Fund" shall mean the Construction Fund established pursuant to Section 4.04 hereof.

"Cost" when used in connection with the Project, shall mean (1) the Issuer's cost of physical construction; (2) costs of acquisition by or for the Issuer of any component of the Project; (3) costs of any land and interests therein and the cost of the Issuer incidental to the acquisition thereof; (4) the cost of any indemnity and surety bonds; (5) all capitalized interest due to be paid on the Bonds; (6) architectural, engineering, legal and other consultant fees and expenses; (7) costs and expenses incidental to the issuance of the Bonds including bond insurance premium, rating agency fees and the fees and expenses of any auditors, Trustee, Paying Agent, Registrar or depository; and (8) any other costs properly attributable to the issuance of the Bonds, and such construction or acquisition, as determined by generally accepted accounting principles and shall include reimbursement to the Issuer for any such items of Cost heretofore paid by the Issuer. Any Supplemental Resolution may provide for additional items to be included in the aforesaid Costs.

"Costs of Issuance Account" shall mean the St. Johns County General Obligation Bonds, Series 1989 Costs of Issuance Account established pursuant to Section 4.02 hereof.

"Credit Facility" shall mean a letter of credit, a line of credit or other credit or liquidity enhancement facility (other than an insurance policy issued by an Insurer), as may be approved in the Supplemental Resolution providing for the issuance of the Bonds.

"Debt Service Fund" shall mean the St. Johns County General Obligation Bonds, Series 1989 Debt Service Fund established pursuant to Section 4.02 hereof.

"Federal Securities" shall mean direct obligations of the United States of America and obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, none of which permit redemption prior to maturity at the option of the obligor. Federal Securities shall include any certificates or any other evidences of an ownership interest in the aforementioned obligations or in specified portions thereof (which may consist of specified portions of the interest thereon).

"Governing Body" shall mean the Board of County Commissioners of the Issuer or its successor in function.

"Insurer" shall mean such Person as shall be in the business of insuring or guaranteeing the payment of principal of and interest on governmental obligations and whose credit is such that, at the time of any action or consent required or permitted

by the Insurer pursuant to the terms of this Resolution, all governmental obligations insured or guaranteed by it are then rated, because of such insurance or guarantee, in one of the two most secure grades by either Moody's Investors Service or Standard and Poor's Corporation, and with respect to the Bonds, the Insurer which shall have insured or guaranteed payment of the principal thereof or interest thereon.

"Interest Account" shall mean the separate account of that name in the Debt Service Fund established pursuant to Section 4.02 hereof.

"Interest Date" shall mean each May 1 and November 1 on which payment of interest on the Bonds shall be due.

"Issuer" shall mean St. Johns County, Florida.

"Moody's Investors Service" shall mean Moody's Investors Service, the nationally recognized securities rating firm, and any successor or successors thereto; and if such corporation shall be dissolved or liquidated or shall no longer perform securities rating functions, shall mean any other nationally recognized securities rating firm designated by the Issuer and approved by the Insurer.

"Outstanding" shall mean all Bonds theretofore and thereupon being authenticated and delivered except, (1) any Bond in lieu of which another Bond or other Bonds have been issued under an agreement to replace lost, mutilated or destroyed Bonds, (2) any Bond surrendered by the Holder thereof in exchange for another Bond or other Bonds under Sections 2.04 and 2.06 hereof, (3) Bonds deemed to have been paid pursuant to Section 8.01 hereof, and (4) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity.

"Paying Agent" shall mean any paying agent for Bonds appointed by or pursuant to resolution of the Governing Body and its successors or assigns, and any other Person which may at any time be substituted in its place pursuant to resolution of the Governing Body.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

"Prerefunded Obligations" shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (1) which are (a) not callable prior to maturity or (b) as to which irrevocable instructions have been given to the fiduciary for such bonds or other obligations by the obligor to

give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, and as to which the obligor has reserved no right to call such bonds prior to such redemption date, (2) which are fully secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or Federal Securities, secured in the manner set forth in Section 8.01 hereof, which fund may be applied only to the payment of such principal of, redemption premium, if any, and interest on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as the case may be, (3) as to which the principal of and interest on the Federal Securities deposited in such fund with any cash on deposit in such fund, are sufficient, as verified by an independent certified public accountant, to pay principal of, redemption premium, if any, and interest on the bonds or other obligations on the maturity date or dates thereof or on the redemption date or dates specified in such irrevocable instructions, and (4) which are rated in the highest rating category of Standard & Poor's Corporation and of Moody's Investors Service.

"Principal Account" shall mean the separate account of that name in the Debt Service Fund established pursuant to Section 4.02 hereof.

"Project" shall mean the design, acquisition, construction, equipping and provision of utilities for additional jail and criminal justice facilities within St. Johns County, in accordance with preliminary plans and specifications and estimate of Cost therefor to be filed in the administrative offices of the Issuer.

"Rebate Fund" shall mean the Rebate Fund established pursuant to Section 4.02 hereof.

"Redemption Price" shall mean, with respect to any Bond or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond or a Supplemental Resolution.

"Registrar" shall mean any registrar for the Bonds appointed by or pursuant to resolution of the Governing Body and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to resolution of the Governing Body.

"Resolution" and "this Resolution" shall mean this instrument, as the same may from time to time be amended, modified or supplemented by any and all Supplemental Resolutions.

"Securities" shall mean Federal Securities and Prere-funded Obligations.

"Serial Bonds" shall mean all of the Bonds other than Term Bonds.

"Standard and Poor's Corporation" shall mean Standard and Poor's Corporation, the nationally recognized securities rating firm, and any successor and successors thereto; and if such corporation shall be dissolved or liquidated or shall no longer perform securities rating functions, shall mean any other nationally recognized securities rating firm designated by the Issuer and approved by the Insurer.

"State" shall mean the State of Florida.

"Supplemental Resolution" shall mean any resolution of the Issuer amending or supplementing this Resolution, adopted and becoming effective prior to the issuance of the Bonds or in accordance with the terms of Sections 4.04, 7.01 and 7.02 hereof.

"Term Bonds" shall mean those Bonds, if any, which shall be designated as Term Bonds by Supplemental Resolution and which are subject to mandatory redemption according to a schedule of Amortization Installments.

"Trust Agreement" shall mean the Trust Agreement to be executed by and between the Issuer and the Trustee in substantially the form attached hereto as Exhibit A. [Exhibit A Omitted.]

"Trustee" shall mean the bank or trust company authorized by state law to exercise trust powers within the State which shall be appointed by Supplemental Resolution to perform the duties of the Trustee under the Trust Agreement.

The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the singular number include the plural number, and vice versa.

SECTION 1.02. Authority for Resolution. This Resolution is adopted pursuant to the provisions of the Act.

SECTION 1.03. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from

time to time of the Bonds and shall be a part of the contract of the Issuer with any Insurer. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds and for the benefit, protection and security of any Insurer. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

SECTION 1.04. Findings. It is hereby ascertained, determined and declared as follows:

(A) The Issuer deems it necessary, desirable and in the best interests of the Issuer that the Project be acquired and constructed.

(B) The Cost of the Project shall be financed with the proceeds of the Bonds.

(C) The Issuer deems it necessary, desirable and in the best interest of the Issuer that there be pledged to the payment of the principal of and interest on the Bonds the full faith and credit and the ad valorem taxing power of the Issuer.

SECTION 1.05. Project Authorized. The acquisition and construction of the Project and the financing of the Cost thereof in the manner herein provided is hereby authorized.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

SECTION 2.01. Authorization and Description of Bonds. For the purpose of financing the Cost of the Project, the Issuer hereby authorizes the issuance of Bonds of the Issuer to be designated as "St. Johns County, Florida, General Obligation Bonds, Series 1989," in an aggregate principal amount not exceeding Eight Million Five Hundred Thousand Dollars (\$8,500,000).

The Bonds shall bear interest at such rate or rates not exceeding the maximum rate permitted by law (calculated on the basis of a 360-day year of twelve 30-day months), payable on May 1 and November 1 of each year and in such years, all as shall be determined by Supplemental Resolution. From and after any maturity date of any of the Bonds (deposit of moneys and/or Securities

for the payment of the principal and interest on such Bonds having been made by the Issuer with the Paying Agents), notwithstanding that any of such Bonds shall not have been surrendered for cancellation, no further interest shall accrue upon the principal or upon the interest which shall have accrued and shall then be due on such date, and such Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holders shall have no rights in respect of such Bonds except to receive payment of such principal and unpaid interest accrued to the maturity date.

The Bonds shall be issued in fully registered form in denominations of \$5,000 and integral multiples thereof; shall be numbered from 1 upward in order of maturity, preceded by the letter "R;" shall be dated such date; shall be payable at such place or places; shall contain such redemption provisions; shall have such Paying Agents and Registrars; and shall mature on November 1 in such amounts and in such years, not exceeding thirty (30) years from their dates, all as shall be determined by Supplemental Resolution.

The principal and Redemption Price, if applicable, of the Bonds is payable upon presentation and surrender of the Bonds at the office of the Paying Agent. Interest payable on any Bond on any Interest Date will (except for the final payment of interest which will be paid only upon presentation and surrender of such Bond at the office of the Paying Agent) be paid by check or draft of the Paying Agent 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 Date, or, unless otherwise provided by Supplemental Resolution, at the option of the Paying Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. In the event the interest payable on any Bond is not punctually paid or duly provided for by the Issuer on such Interest Date, such defaulted interest will be paid to the Holder 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 such Holder, not less than ten (10) days preceding such special record date. All payments of principal and Redemption Price, if applicable, of and interest on the Bonds shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 2.02. Execution of Bonds. The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and the official seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the

Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond shall hold the proper office of the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized. 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 Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

SECTION 2.03. Authentication. No Bond shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such purpose. Such certificate on any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.07 hereof.

SECTION 2.04. Temporary Bonds. Until the definitive Bonds are prepared, the Issuer may execute, in the same manner as is provided in Section 2.02, and deliver, upon authentication by the Registrar pursuant to Section 2.03 hereof, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Issuer by resolution of the Governing Body, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Issuer, at its own expense, shall prepare and execute definitive Bonds, which shall be authenticated by the Registrar. Upon the surrender of such temporary Bonds for exchange, the Registrar, without charge to the Holder thereof, shall deliver in exchange therefor definitive Bonds, of the same aggregate principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution. All temporary Bonds surrendered in exchange for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Registrar.

SECTION 2.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of such Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered or otherwise substituted shall be cancelled by the Registrar in a manner that complies with Section 130.09, Florida Statutes, as amended. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.05 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights hereunder to the same extent as all other Bonds issued hereunder and shall be entitled to the same benefits and security as the Bond so lost, stolen or destroyed.

SECTION 2.06. Interchangeability, Negotiability and Transfer. Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity of any other authorized denominations.

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the laws of the State, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bonds.

Each Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of

transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent for the Bonds, shall forthwith (a) following the fifteenth day of the calendar month next preceding an Interest Date, (b) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Bonds, and (c) at any other time as reasonably requested by the Paying Agent, certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books. The Paying Agent shall effect payment of interest on the Bonds by mailing a check or draft to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Issuer shall execute and the Registrar shall authenticate and deliver such Bonds in accordance with the provisions of this Resolution. Execution of Bonds by the Chairman and the Clerk for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the Bonds. All Bonds surrendered in any such exchanges or transfers shall be cancelled by the Registrar in a manner that complies with Section 130.09, Florida Statutes, as amended. For every such exchange or transfer of Bonds, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The Issuer and the Registrar shall not be obligated to make any such exchange or transfer of any Bonds which shall have been selected for redemption or of any Bonds during the fifteen (15) days next preceding an Interest Date, or, in the case of any proposed redemption of

Bonds, during the fifteen (15) days next preceding the date of selection of Bonds to be redeemed.

The Issuer may elect to issue the Bonds as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry obligations, provided it shall establish a system of registration therefor by supplemental Resolution.

SECTION 2.07. Form of Bonds. The Bonds shall be in substantially the following form:

[Bond Form Omitted.]

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01. Privilege of Redemption. The terms of this Article III shall apply to all redemptions of Bonds hereunder.

SECTION 3.02. Selection of Bonds to be Redeemed. Bonds to be redeemed shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall, at least sixty (60) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the redemption date by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the Issuer by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Issuer and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

SECTION 3.03. Notice of Redemption. Unless waived by any Holder of Bonds 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 thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each Holder of Bonds to be redeemed at the address of such Holder shown on the registration books maintained by the Registrar 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 to be redeemed nor failure to give such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Bonds 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 are to be redeemed, the number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed,
- (4) that on the redemption date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (5) that such Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price plus accrued interest at the office of the Paying Agent.

Prior to any redemption date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of and accrued interest on all the Bonds or portions of Bonds which are to be redeemed on that date.

In addition to the foregoing notice, further notice shall be given by the Issuer 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 (a) the CUSIP numbers of all Bonds being redeemed; (b) the date of issue of the Bonds as originally issued; (c) the rate of interest borne by each Bond being redeemed; (d) the maturity date of each Bond being redeemed; and (e) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by registered or certified mail or overnight delivery service to any Insurer which shall have insured any of the Bonds being redeemed and to all registered securities depositories then in the business of holding substantial amounts of obligations of types similar to the type of which the Bonds consist (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.

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

SECTION 3.04. Redemption of Portions of Bonds. Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

SECTION 3.05. Payment of Redeemed Bonds. Official notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds 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 portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. Each check or other transfer of funds issued by the Registrar and/or Paying Agent for the purpose of the payment of the Redemption Price of Bonds being redeemed shall bear the CUSIP number identifying, by issue and maturity, the Bonds 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. All Bonds which have been redeemed shall

be cancelled by the Registrar in a manner that complies with Section 130.09, Florida Statutes, as amended, and shall not be re-issued.

ARTICLE IV

SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF

SECTION 4.01. Security for Bonds. The payment of the principal and Redemption Price, if applicable, of and interest on the Bonds shall be a general obligation of the Issuer for which the full faith and credit and the ad valorem taxing power of the Issuer are hereby pledged; provided, however, that by Supplemental Resolution the Issuer may cause the Bonds to be additionally payable from and secured by an insurance policy of an Insurer.

SECTION 4.02. Funds and Accounts. The Issuer covenants and agrees to establish with the Trustee a separate account to be known as the "St. Johns County General Obligation Bonds, Series 1989 Costs of Issuance Account," which shall be used only for payment of the costs and expenses described in Section 4.03(B). The Issuer covenants and agrees to establish additionally with the Trustee separate funds to be known as the "St. Johns County General Obligation Bonds, Series 1989 Debt Service Fund" and the "St. Johns County General Obligation Bonds, Series 1989 Rebate Fund." The Trustee shall maintain in the Debt Service Fund three accounts: the "Interest Account," the "Principal Account" and the "Bond Amortization Account." Moneys in the Debt Service Fund, until applied in accordance with the provisions hereof, shall be invested by the Trustee in the manner provided by the Trust Agreement and subject to a lien and charge in favor of the Holders and for the further security of the Holders.

SECTION 4.03. Application of Bond Proceeds. The proceeds derived from the sale of the Bonds, including accrued interest and premium, if any, shall, simultaneously with the delivery of the Bonds to the purchaser or purchasers thereof, be deposited by the Issuer with the Trustee and applied by the Trustee as follows:

(A) Accrued and capitalized interest shall be deposited in the Interest Account.

(B) A sum sufficient to pay all costs and expenses in connection with the preparation, issuance and sale of the Bonds, including fees of financial advisors, architectural, engineering and other consulting fees, legal fees, bond insurance premiums, printing fees, rating agency fees and all other similar costs, as shall be furnished by the Issuer to the Trustee in writing signed

by the Authorized Issuer Officer, shall be deposited to the credit of the Costs of Issuance Account, and all such costs and expenses shall be promptly paid by the Trustee to the Persons respectively entitled to receive the same. When all moneys on deposit to the credit of the Costs of Issuance Account shall have been disbursed by the Trustee for the payment of such costs and expenses, the Costs of Issuance Account shall be closed; provided, however, that if any balance shall remain in the Costs of Issuance Account six months after issuance of the Bonds, such moneys shall be transferred by the Trustee to the Construction Fund and the Costs of Issuance Account shall be closed. After the Costs of Issuance Account shall be closed, the Issuer shall caused to be paid from the Construction Fund any unpaid issuance expenses.

(C) The balance of the Bond proceeds shall be deposited in the Construction Fund.

SECTION 4.04. Construction Fund. The Issuer covenants and agrees to establish with the Trustee a separate fund to be known as the "St. Johns County 1989 Jail and Criminal Justice Facilities Construction Fund," which shall be used only for payment of the Cost of the Project. Moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project in the manner hereinafter provided, shall be held in trust by the Trustee and invested in Authorized Investments as directed by the Issuer in writing signed by the Authorized Issuer Officer.

There may be paid into the Construction Fund also, at the option of the Issuer, any moneys received for or in connection with the Project by the Issuer from any other source, and the proceeds of insurance or of contractors' performance bonds with respect to the Project shall be deposited into the Construction Fund.

The Issuer shall cause the Trustee to make disbursements or payments from the Construction Fund to pay the Cost of a Project upon the filing with the Trustee of requisitions signed by an Authorized Issuer Officer stating with respect to each disbursement or payment to be made: (1) the item number of the payment, (2) the name and address of the Person to whom payment is due, (3) the amount to be paid, (4) the purpose, by general classification, for which payment is to be made, and (5) that (A) each obligation, item of cost or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of the Project and is a proper charge against the Construction Fund and has not been the basis of any previous disbursement or payment, or (B) each obligation, item of cost or expense mentioned therein has been paid by the Issuer, is a reimbursement of a part of the Cost of the Project, is a proper charge against the Construction Fund, has not been theretofore reimbursed to the Issuer or otherwise been the basis of any previous disbursement or payment and the

Issuer is entitled to reimbursement thereof. The Trustee shall retain all such requisitions of the Authorized Issuer Officers for seven (7) years from the dates thereof. The Trustee shall make available the requisitions at all reasonable times for inspection by any member of the public.

The date of completion of the Project shall be determined by the Authorized Issuer Officer who shall certify such fact in writing to the Governing Body and to the Trustee. Promptly after the date of the completion of the Project, and after paying or making provisions for the payment of all unpaid items of the Cost of the Project, the Trustee shall deposit any balance of moneys remaining in the Construction Fund first to the Debt Service Fund, to the extent of any deficiency therein, and after providing for any deficiency in the Debt Service Fund to such other fund or account of the Issuer as shall be determined by Supplemental Resolution, provided the Issuer has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion, if any, of interest on the Bonds from gross income for federal income tax purposes.

SECTION 4.05. Flow of Funds. All of the moneys collected and received by the Tax Collector of the Issuer as proceeds of the ad valorem tax levied by the Issuer for the purpose of paying the principal and Redemption Price, if applicable, of and interest on the Bonds and all moneys received by the Tax Collector of the Issuer on account of property sold for such taxes shall be deposited by the Tax Collector of the Issuer with the Trustee, promptly as received by the Tax Collector of the Issuer and not less frequently than monthly, for deposit by the Trustee in the Debt Service Fund. The moneys on deposit in the Debt Service Fund shall be applied by the Trustee in the manner provided herein solely for the payment of the principal and Redemption Price, if applicable, of and interest on the Bonds and shall not be available for any other purpose. The moneys received by the Trustee for deposit to the Debt Service Fund shall be deposited or credited in the following manner and in the following order of priority:

(1) Interest Account. The Trustee shall deposit into or credit to the Interest Account the sum which, together with the balance in said account, shall equal the interest on all Outstanding Bonds accrued and unpaid and to accrue through the end of the then current Bond Year. Moneys in the Interest Account shall be applied by the Trustee to pay interest on the Bonds as and when the same become due, whether by redemption or otherwise, and for no other purpose.

(2) Principal Account. Next, the Trustee shall deposit into or credit to the Principal Account the sum which, together with the balance in said account, shall equal (a) the principal amount of all Outstanding Bonds other than Term Bonds due and

unpaid and (b) the principal amount of the Bonds other than Term Bonds which shall thereafter mature during the then current Bond Year. Moneys in the Principal Account shall be applied by the Trustee to pay the principal of the Bonds other than Term Bonds as and when the same shall mature, and for no other purpose.

(3) Bond Amortization Account. Payments to the Bond Amortization Account shall be on a parity with payments to the Principal Account. The Trustee shall deposit into or credit to the Bond Amortization Account the sum which, together with the balance in said account, shall equal (a) the principal amount of all such Outstanding Term Bonds due and unpaid and (b) the amount of the Amortization Installment due in the then current Bond Year. Moneys in the Bond Amortization Account shall be applied by the Trustee to purchase or redeem Term Bonds in the manner herein provided, and for no other purpose.

Amounts accumulated in the Bond Amortization Account with respect to any Amortization Installment shall be applied by the Trustee, at the option of the Issuer, upon notice thereof in writing signed by an Authorized Issuer Officer, on or prior to the sixtieth (60th) day preceding the due date of such Amortization Installment (i) to the purchase of Term Bonds of the maturity for which such Amortization Installment was established, at a price not greater than the Redemption Price at which such Term Bonds may be redeemed on the first date thereafter on which such Term Bonds shall be subject to redemption, or (ii) to the redemption at the applicable Redemption Price of such Term Bonds. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Bond Amortization Account until such Amortization Installment date, for the purposes of calculating the amount of such Account. As soon as practicable after the sixtieth (60th) day preceding the due date of any such Amortization Installment, the Issuer shall proceed to call for redemption on such due date, by causing notice to be given as provided in Section 3.03 hereof, Term Bonds of the Series and maturity for which such Amortization Installment was established (except in the case of Term Bonds maturing on an Amortization Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Amortization Installment. The Trustee shall pay out of the Bond Amortization Account and the Interest Account to the respective Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the Issuer from its general funds.

(4) Rebate Fund. Finally, the Trustee shall deposit into or credit to the Rebate Fund the sum required to be deposited therein in accordance with the Code as determined pursuant to Section 4.06 hereof.

The Issuer, in its discretion, may direct the Trustee in writing signed by an Authorized Issuer Officer to use moneys in the Principal Account and the Interest Account to purchase or redeem Bonds coming due on the next principal payment date, provided such purchase or redemption does not adversely affect the Issuer's ability to pay the principal or interest coming due on such principal payment date on the Bonds not so purchased or redeemed.

At least one (1) business day prior to the date established for payment of any principal or Redemption Price, if applicable, or interest on the Bonds, the Trustee shall withdraw from the Debt Service Fund sufficient moneys to pay such principal or Redemption Price, if applicable, or interest and deposit such moneys with the Paying Agent for the Bonds to be paid.

SECTION 4.06. Rebate Fund. Amounts on deposit in the Rebate Fund shall be held in trust by the Trustee and used solely to make required rebates to the United States Treasury, and the Bondholders shall have no right to have the same applied for debt service on the Bonds. The Issuer agrees to undertake all actions required of it in its arbitrage certificate, dated the date of issuance of the Bonds, relating to the Bonds, including, but not limited to:

(1) making a determination in accordance with the Code of the amount required to be deposited in the Rebate Fund;

(2) depositing into the Rebate Fund from surplus moneys in the Debt Service Fund or from any other moneys of the Issuer the amount determined in clause (1) above;

(3) directing the Trustee to pay on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund such amounts as shall be required by the Code to be rebated to the United States Treasury; and

(4) keeping such records of the determinations made pursuant to this Section 4.06 as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with proceeds of the Bonds.

The provisions of the above-described arbitrage certificate may be amended from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

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.

SECTION 4.07. Investments. All moneys in the Construction Fund and the Debt Service Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed. Moneys on deposit in the Debt Service Fund may be invested or reinvested in the manner authorized by Section 130.12, Florida Statutes, as amended.

Any and all income received by the Trustee from the investment of moneys in the Construction Fund shall be retained therein; and any and all income received by the Trustee from the investment of moneys in the Debt Service Fund shall be deposited by the Trustee in the Interest Account, unless otherwise required by applicable law.

All investments shall be valued at cost. Nothing contained in this Resolution shall prevent any investments acquired as investments of or security for funds held under this Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

SECTION 4.08. Surplus Funds. On or prior to the final day of each Bond Year, after having made each and all of the deposits required by this article, the Trustee shall pay to the Issuer all of the funds remaining of the sums received by the Trustee from the Issuer by reason of this Resolution and the

Trust Agreement, and the Issuer may use any and all moneys received by the Trustee by reason of this Section for any lawful county purpose.

ARTICLE V

COVENANTS

SECTION 5.01. Levy of Ad Valorem Taxes. The Issuer covenants and agrees that so long as any of the Bonds shall remain Outstanding hereunder it will levy and collect a direct annual tax, in addition to all other taxes levied and collected by the Issuer, upon all real property within St. Johns County, including homesteads, which shall be subject to taxation under the Constitution and the laws of the State, or the decrees and judgments of its courts, without limitation as to rate or amount, for the payment of the principal or Amortization Installment, if applicable, of and interest on the Bonds as the same shall become due.

SECTION 5.02. Books and Records. The Issuer will keep books, records and accounts of all of its revenues and expenditures in accordance with generally accepted accounting principles, and any Holder or Insurer or the duly authorized representatives thereof shall have the right at all reasonable times to inspect all such books, records and accounts of the Issuer.

The Issuer covenants that within ninety (90) days after the close of each Bond Year it will cause to be mailed to any Insurer and to Holders who shall have filed their names and addresses with the Clerk for such purpose, the report of the Trustee received after such Bond Year, which report shall show (i) the total amounts deposited during such Bond Year to the credit of each fund and account created under the provisions of this Resolution, (ii) the principal amount of all Bonds paid, purchased or redeemed during such Bond Year, and (iii) the amounts on deposit at the end of such Bond Year to the credit of each such fund and account.

SECTION 5.03. Annual Audit. The Issuer shall, immediately after the close of each Fiscal Year, cause the financial statements of the Issuer to be properly audited by a recognized independent firm of certified public accountants, and shall require such accountants to complete their report of such Annual Audit in accordance with applicable law. Such Annual Audits shall contain, but not be limited to, a balance sheet, an income statement, a statement of changes in financial position, a statement of change in retained earnings, a statement of insurance coverage, and any other statements as required by law or accounting convention, and a certificate by such accountants disclosing any material default on the part of the Issuer of any covenant or agreement herein. Each Annual Audit shall be in conformity with generally accepted accounting principles. A copy of each Annual

Audit shall regularly be furnished to any Insurer and to any Holder who shall have furnished an address to the Clerk and requested in writing that the same be furnished to such Holder. The Issuer shall be permitted to make a reasonable charge for furnishing to any Holder such Annual Audit.

SECTION 5.04. Federal Income Tax Covenants.

(A) The Issuer covenants that it shall not knowingly use the proceeds of the Bonds in any manner which would cause the interest on the Bonds to be or become includable in the gross income of the Holder thereof for federal income tax purposes.

(B) The Issuer covenants that neither the Issuer nor any Person under its control or direction will knowingly make any use of the proceeds of the Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and neither the Issuer nor any such other Person shall knowingly do any act or fail to do any act which would cause the interest on the Bonds to become includable in the gross income of the Holder thereof for federal income tax purposes.

(C) The Issuer hereby covenants that it will use its best efforts to comply with all provisions of the Code necessary to maintain the exclusion of interest on the Bonds from the gross income of the Holders thereof for federal income tax purposes, including, in particular, the payment of any amount required to be rebated to the United States Treasury pursuant to the Code.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.01. Events of Default. The following events shall each constitute an "Event of Default" hereunder:

(A) Default shall be made in the payment of the principal of, Amortization Installment for, redemption premium applicable to or interest on any Bond when due.

(B) There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under

the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

(C) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the Issuer to be performed, and such default shall continue for a period of thirty (30) days after written notice of such default shall have been received from any Insurer or the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds Outstanding. Notwithstanding the foregoing, the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes curative action and diligently pursues such action until the default has been corrected.

SECTION 6.02. Remedies. Any Holder of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Bondholders 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 under the laws of the State, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer and the Trustee or by any officer thereof. This paragraph shall not be deemed to be a waiver by the Issuer or the Trustee of their venue rights.

The Holder or Holders of Bonds in an aggregate principal amount of not less than twenty-five percent (25%) of the Bonds then Outstanding may by a duly executed certificate in writing appoint a trustee for Holders of Bonds issued pursuant to this Resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Clerk. Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Issuer and the trustee and notice of appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first trustee hereunder, no further trustees may be appointed; however, the Holders of a majority in aggregate principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

SECTION 6.03. Directions to Trustee as to Remedial Proceedings. The Holders of a majority in principal amount of the Bonds then Outstanding (or any Insurer insuring the Outstanding Bonds) have the right, by an instrument or concurrent instruments in writing executed and delivered to the trustee, to direct the method and place of conducting all remedial proceedings to be taken hereunder by the trustee, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the trustee shall have the right to decline to follow any such direction which in the opinion of the trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

SECTION 6.04. Remedies Cumulative. No remedy herein conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 6.05. Waiver of Default. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by Section 6.02 of this Resolution to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

SECTION 6.06. Application of Moneys After Default. If an Event of Default shall happen and shall not have been remedied, the Issuer and the Trustee or a court-appointed trustee or receiver shall apply all funds collected, recorded and received by it for Bondholders as follows and in the following order:

(A) To the payment of the reasonable and proper fees, expenses and liabilities of such trustee or receiver, the Registrar and the Paying Agent; and

(B) To the payment of the interest and principal or Redemption Price, if applicable, then due on the Bonds, as follows:

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

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the

amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 8.01 of this Resolution), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD: to the payment of the Redemption Price of any Bonds called for optional redemption pursuant to the provisions of this Resolution.

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

SECTION 6.07. Control by Insurer. Upon the occurrence and continuance of an Event of Default, an Insurer, if such Insurer shall have honored all of its commitments under its Bond Insurance Policy, shall be entitled to direct and control the enforcement of all rights and remedies with respect to the Bonds it shall insure.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS

SECTION 7.01. Supplemental Resolution Without Bondholders' Consent. The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolution shall thereafter form a part hereof) for any of the following purposes:

(A) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder.

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

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

(D) To specify and determine at any time prior to the delivery of any of Bonds any matters and things relative to the Bonds.

(E) To modify the description of the Project.

(F) To make any other change that, in the opinion of Bond Counsel, would not materially adversely affect the security for the Bonds. In making such determination, Bond Counsel shall not take into consideration any Bond Insurance Policy.

Except Supplemental Resolutions described in subsections (D) and (E) of this Section 7.01, no Supplemental Resolution adopted pursuant to this Article VII shall become effective unless approved in writing by any Insurer; and the Issuer covenants and agrees to furnish to any Insurer an executed original transcript of the Issuer's proceedings with respect to the adoption of each Supplemental Resolution.

SECTION 7.02. Supplemental Resolution With Bondholders' Insurer's and Credit Bank's Consent. Subject only to the terms and provisions contained in this Section 7.02 and Section 7.01 hereof, the Holder or Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the adoption of such Supplemental Resolution or Resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 7.02. No Supplemental Resolution may be approved or adopted which shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (B) reduction in the principal amount of any Bond or

the Redemption Price or the rate of interest thereon, (C) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (D) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders or any Insurer of the adoption of any Supplemental Resolution as authorized in Section 7.01 hereof.

If at any time the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 7.02, the Clerk shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books and to the Trustee and any Insurer of Bonds Outstanding. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Clerk and the Registrar for inspection by all Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 7.02 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 7.02.

Whenever the Issuer shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 7.02, this Resolution shall be deemed to be modified and amended in accordance therewith, and

the respective rights, duties and obligations under this Resolution of the Issuer and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01 Defeasance. If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Bonds the principal and Redemption Price, if applicable thereof and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agents shall pay over or deliver to the Issuer all money or securities held by them pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such bonds, shall be deemed to have been paid within the meaning of this Section 8.01 if (A) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (B) there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Issuer either moneys in an amount which shall be sufficient, or Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such bank or trust company at the same time shall be sufficient, to pay the principal and Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Neither the Securities nor any moneys so deposited with such bank or trust company nor any moneys received by such bank or trust company on account of principal or Redemption Price, if applicable, of or interest on the Bonds shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal or Redemption Price, if applicable, of the Bonds for payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption thereof; provided, however, the Issuer may substitute new Securities and moneys for the deposited Securities and moneys if the new Securities and moneys are sufficient to pay the principal and Redemption Price, if

applicable, of and interest on such Bonds, and any trust agreement governing the deposit of such Securities and moneys may provide for the investment of moneys unclaimed by Bondholders and for the payment to the Issuer of such unclaimed moneys and the investment earnings thereon.

In the event the Bonds for which moneys are to be deposited for the payment thereof in accordance with this Section 8.01 are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall cause the Registrar to mail a notice to the Holders of such Bonds that the deposit required by this Section 8.01 of moneys or securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 8.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal and Redemption Price, if applicable, of and interest on said Bonds.

Nothing herein shall be deemed to require this Issuer to call any of the Outstanding 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 of early redemption.

In the event that the principal and Redemption Price, if applicable, of and interest due on the Bonds or any portion thereof shall be paid by an Insurer and such Insurer shall not have been reimbursed by the Issuer, such Bonds or any portion thereof shall remain Outstanding, shall not be defeased and shall not be considered paid by the Issuer, and all covenants, agreements and other obligations of the Issuer to the Bondholders shall continue to exist and such Insurer shall be subrogated to the rights of such Bondholders.

SECTION 8.02 No Personal Liability. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Bonds, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Governing Body, 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 any certificate or other instrument to be executed in connection with the issuance of the Bonds, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

SECTION 8.03 No Third Party Beneficiaries. Except such other Persons as may be expressly described herein or in the Bonds, nothing in this Resolution, or in the Bonds, expressed or

implied, is intended or shall be construed to confer upon any Person other than the Issuer, the Holders and any Insurer any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Bonds, all provision hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer, any Insurer and the Persons who shall from time to time be the Holders.

SECTION 8.04. Sale of Bonds. The Bonds shall be issued and sold at public or private sale at such price or prices as shall be consistent with the provisions of the Act, the requirements of this Resolution and other applicable provisions of law.

SECTION 8.05. 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 Bonds and the proper officers of the Issuer are hereby authorized to verify on behalf of the Issuer any pleadings.

SECTION 8.06 General Authority. The members of the Governing Body and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the initial purchasers of the Bonds to effectuate the sale of the Bonds to said initial purchasers.

SECTION 8.07. Repeal of Inconsistent Resolutions. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 8.08. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions of this Resolution shall 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 separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

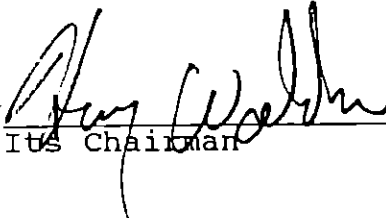
SECTION 8.09. Table of Contents and Headings not Part Hereof. The Table of Contents preceding the body of this Resolution and the headings preceding the several articles and sections

hereof shall be solely for convenience of reference and shall not constitute a part of this Resolution or affect its meaning, construction or effect.

SECTION 8.10. Effective Date. This Resolution shall become effective immediately upon its passage.

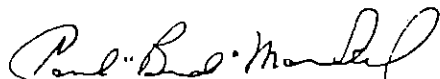
PASSED, APPROVED AND ADOPTED this 1st day of March, 1989.

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

By 
Its Chairman

(OFFICIAL SEAL)


ATTEST:


Clerk

DG13RES1

I, Carl "Bud" Markel, Clerk of the Board of County Commissioners of St. Johns County, Florida, hereby certify that the foregoing is a true and correct copy of Resolution No. 89-52 of said County passed and adopted by said Board on March 1, 1989.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said Board this 3rd day of March, 1989.


Clerk

(OFFICIAL SEAL)

DG15RES1

(THIS PAGE INTENTIONALLY LEFT BLANK)

FOLEY & LARDNER
POST OFFICE BOX 1290
JACKSONVILLE, FLORIDA 32201-1290

1700 FIRST UNION BUILDING
200 WEST FORSYTH STREET
TELEPHONE (904) 356-2029

IN MILWAUKEE, WISCONSIN
FOLEY & LARDNER
777 EAST WISCONSIN AVENUE
MILWAUKEE, WIS. 53202-5367
TELEPHONE (414) 271-2400
TELEX 26-819

July 13, 1989

MADISON, WISCONSIN
CHICAGO, ILLINOIS
ITASCA, ILLINOIS
WASHINGTON, D. C.
ALEXANDRIA, VIRGINIA
ANNAPOLIS, MARYLAND
ORLANDO, FLORIDA
TALLAHASSEE, FLORIDA
TAMPA, FLORIDA
WEST PALM BEACH, FLORIDA

The Honorable Chairman and Members
of the Board of County Commissioners
of St. Johns County, Florida
St. Augustine, Florida

Ladies and Gentlemen:

We have examined the Constitution and statutes of the State of Florida, most particularly Chapter 130 and Part I of Chapter 125, Florida Statutes, as amended, and other applicable laws, certified copies of proceedings of the Board of County Commissioners (the "Board") of St. Johns County, Florida (the "Issuer"), a certified copy of the record of validation proceedings in the Circuit Court for St. Johns County, Florida, and other proofs submitted to us relative to the issuance and sale by the Issuer of the bonds hereinafter more particularly described (the "Bonds"), to wit:

\$8,500,000
St. Johns County, Florida
General Obligation Bonds, Series 1989
Dated as of June 1, 1989

The Bonds are issued pursuant to the Constitution and laws of the State of Florida, particularly a resolution adopted by the Board on March 1, 1989, as amended and supplemented (the "Resolution"), authorizing issuance of the Bonds to finance the cost of the design, acquisition, construction, equipping and provision of utilities for additional jail and criminal justice facilities in and for the Issuer.

In and by the Resolution, the Issuer has covenanted and agreed that so long as any of the Bonds shall remain outstanding it will levy and collect a direct annual tax, in addition to all other taxes levied and collected by the Issuer, upon all real property within St. Johns County, including homesteads, which shall be subject to taxation under the Constitution and the laws of the State of Florida, or the decrees and judgments of its

The Honorable Chairman and Members
of the Board of County Commissioners
of St. Johns County, Florida
July 13, 1989
Page Two

courts, without limitation as to rate or amount, for the payment of the principal of and interest on the Bonds as the same shall become due.

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

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

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

3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding general obligations of the Issuer enforceable in accordance with their terms (subject as to enforceability of any remedies to any applicable bankruptcy or insolvency laws or other laws affecting creditors' rights generally, from time to time in effect).

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

5. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that interest on the Bonds is included in calculating the following: (i) "adjusted net book income" and "adjusted current earnings" for purposes of calculating the alternative minimum tax on corporations pursuant to Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) the environmental tax on corporations imposed by Section 59A of the Code, (iii) the branch

The Honorable Chairman and Members
of the Board of County Commissioners
of St. Johns County, Florida
July 13, 1989
Page Three

profits tax imposed on foreign corporations by Section 884 of the Code, and (iv) the tax on "excess net passive income" imposed by Section 1375 of the Code on certain Subchapter S corporations that have Subchapter C earnings and profits. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

Respectfully submitted,