

RESOLUTION NO. 91-113

A RESOLUTION FURTHER SUPPLEMENTING AND AMENDING RESOLUTION NO. 89-84 ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, ON APRIL 25, 1989, AS HERETOFORE AMENDED AND SUPPLEMENTED; FOR THE PURPOSE OF AUTHORIZING THE RESERVE ACCOUNT INSURANCE POLICY OF FINANCIAL GUARANTY INSURANCE COMPANY IN CONNECTION WITH THE COUNTY'S WATER AND SEWER REVENUE BONDS OUTSTANDING THEREUNDER; EFFECTING CERTAIN AMENDMENTS THERETO REQUIRED BY FINANCIAL GUARANTY INSURANCE COMPANY; ADDING ADDITIONAL COVENANTS AND AGREEMENTS OF THE COUNTY THERETO REQUIRED BY FINANCIAL GUARANTY INSURANCE COMPANY; AUTHORIZING THE EXECUTION AND DELIVERY OF A DEBT SERVICE RESERVE FUND POLICY AGREEMENT BETWEEN THE COUNTY AND FINANCIAL GUARANTY INSURANCE COMPANY; 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 Supplemental Resolution shall have the respective meanings assigned to them in the Original Instrument, as hereby amended, and in this Section, unless the text hereof clearly otherwise requires:

"Agreement" shall mean the Debt Service Reserve Fund Policy Agreement to be executed by and between the Issuer and Financial Guaranty in connection with the Reserve Account Insurance Policy, substantially in the form attached hereto as Exhibit B.

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

"Bonds" shall mean the Series 1989 Bonds and the Series 1990B Bonds.

"Financial Guaranty" shall mean Financial Guaranty Insurance Company, a New York stock insurance company.

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

"Original Instrument" shall mean Resolution No. 89-84 adopted by the Issuer on April 25, 1989, as amended and supplemented, authorizing the issuance of the Bonds.

"Reserve Account Insurance Policy" shall mean the Municipal Bond Debt Service Reserve Fund Policy to be issued by Financial Guaranty guaranteeing certain payments to the Reserve Account with respect to the Bonds as provided therein and subject to the limitations set forth therein, substantially in the form attached hereto as Exhibit A.

"Series 1989 Bonds" shall mean the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1989, authorized to be issued pursuant to the Original Instrument.

"Series 1990B Bonds" shall mean the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1990B-I and Series 1990B-II, authorized to be issued pursuant to the Original Instrument.

SECTION 2. AUTHORITY FOR THIS SUPPLEMENTAL RESOLUTION.

This Supplemental Resolution is adopted in furtherance of the provisions of the Original Instrument and pursuant to the provisions of Chapter 125, Part I, Florida Statutes, and other applicable provisions of law.

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

(A) On August 24, 1989, pursuant to the Original Instrument, the Issuer issued the Series 1989 Bonds in the original aggregate principal amount of \$10,430,000 to finance the cost of the Initial Project and the refunding of certain outstanding obligations of the Issuer. The payment of the principal of and interest on the Series 1989 Bonds is insured by Financial Guaranty.

(B) On December 13, 1990, pursuant to the Original Instrument, the Issuer issued the Series 1990B Bonds in the original aggregate principal amount of \$21,265,000 to finance the cost of Project 1990B and the refunding of certain outstanding obligations of the Issuer. The payment of the principal of and interest on the Series 1990B Bonds is insured by Financial Guaranty.

(C) The Bonds are the only obligations of the Issuer authorized under the Original Instrument which are outstanding on the date hereof.

(D) The Issuer desires to fund the Reserve Account established under the Original Instrument with the Reserve Account Insurance Policy, withdraw the cash therein and deposit such cash into the Construction Fund in order to complete the Projects.

(E) Pursuant to Resolution No. 91-93 adopted by the Board on June 11, 1991, the Issuer has accepted Financial Guaranty's commitment to provide the Reserve Account Insurance Policy with respect to the Bonds; and it is in the best financial interest of the Issuer

that the Issuer approve the payment of the premium payable to Financial Guaranty in connection with the Reserve Account Insurance Policy (the "Premium") and the other fees and expenses payable by the Issuer relating to the Reserve Account Insurance Policy (the "Expenses") from amounts on deposit in the Construction Fund.

(F) Amendments to the Original Instrument are required in order to clarify the provisions thereof relating to reserve account instruments such as the Reserve Account Insurance Policy and to comply with the provisions of Financial Guaranty's commitment; and it is necessary and desirable and in the best interest of the Issuer that the Original Instrument be amended as hereinafter provided.

(G) All of the Bonds are insured by Financial Guaranty and Financial Guaranty is not in default; the Bonds continue to be rated by the rating agencies which rated the Bonds at the time the Bonds were insured no lower than the ratings assigned thereto by such rating agencies on the date the Bonds were insured; Financial Guaranty has delivered to the Issuer the written consent of Financial Guaranty to the amendments to the Original Instrument contained herein and has acknowledged in writing to the Issuer that its bond insurance policies will remain in full force and effect after the Original Instrument shall be amended in the manner accomplished hereby, as evidenced by the copy of such consent and acknowledgment attached as Exhibit C hereto; and notice of such amendments to the Original Instrument and a copy thereof have been provided to Moody's Investors Service and Standard and Poor's Corporation, as evidenced by the copy of such notice attached as Exhibit D hereto. Accordingly, pursuant to Section 7.03 of the Original Instrument the consent to the amendments to the Original Instrument contained herein by the Holders of the Bonds shall not be necessary. Such consent and acknowledgment given by Financial Guaranty and evidence of such notice to such rating agencies have been filed with the Clerk; and the Clerk, promptly upon adoption of this Supplemental Resolution, shall proceed, and he is hereby directed, to mail notice of the amendments herein contained, in accordance with the provisions of Section 7.03 of the Original Instrument.

SECTION 4. APPROVAL OF PAYMENT OF PREMIUM. The Issuer hereby approves the payment of the Premium and the Expenses from amounts on deposit in the Construction Fund.

SECTION 5. AMENDMENTS. The Original Instrument is hereby amended in each of the following respects:

(A) The last sentence of the first paragraph of Section 4.06(A)(2)(d) thereof is hereby amended to read as follows:

"Whenever there shall be surplus moneys in the Reserve Account by reason of a decrease in the Reserve Account Requirement or as a result of a deposit therein of a Reserve Account Insurance Policy and/or a Reserve Account Letter of

Credit, such surplus moneys shall be deposited by the Issuer into the Principal Account or such other appropriate fund or account of the Issuer, provided such deposit to such other fund or account will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes."

(B) The first sentence of the fourth paragraph of Section 4.06(A)(2)(d) thereof is hereby amended to read as follows:

"Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Account, the Issuer may, at its sole option and discretion, cause to be deposited a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums, if any, remaining on deposit in the Reserve Account after the deposit of such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit."

(C) The seventh paragraph of Section 4.06(A)(2)(d) thereof is hereby amended to read as follows:

"The Issuer may evidence its obligation to reimburse the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy by executing and delivering to such issuer a promissory note therefor and/or an agreement relating thereto, which shall be approved by Supplemental Resolution, provided, however, any such promissory note and any payment obligations of the Issuer under such agreement (i) shall not be a general obligation of the Issuer the payment of which is secured by the full faith and credit or taxing power of the Issuer, and (ii) shall be payable solely from the moneys available in the Reserve Account in accordance with the provisions of the first paragraph of this Section 4.06(A)(2)(d). All of the provisions of such promissory note and such agreement, when executed and delivered by the Issuer, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 6. AUTHORIZATION OF EXECUTION AND DELIVERY OF AGREEMENT. The Chairman and the Clerk are hereby authorized to execute and deliver the Agreement in favor of Financial Guaranty, with such omissions, insertions and variations as may be necessary or desirable and approved by the Chairman and the Clerk prior to the delivery thereof, such necessity or desirability and approval by the Chairman and the Clerk to be presumed by their execution and delivery thereof; and all of the provisions of the Agreement,

when executed and delivered by the Issuer as authorized herein, and by Financial Guaranty, shall be deemed to be a part of this Supplemental Resolution and the Original Instrument as fully and to the same extent as if incorporated verbatim herein and therein.

SECTION 7. AUTHORIZATION OF EXECUTION OF TAX CERTIFICATE.

The Chairman and the Clerk are hereby authorized to execute and deliver the Tax Certificate, substantially in the form attached hereto as Exhibit E, with such omissions, insertions and variations as may be necessary or desirable and approved by the Chairman and the Clerk prior to the delivery thereof, such necessity or desirability and approval by the Chairman and the Clerk to be presumed by their execution and delivery thereof.

SECTION 8. AUTHORIZATION OF EXECUTION OF OTHER CERTIFICATES AND INSTRUMENTS. The Chairman and the Clerk are hereby authorized and directed either alone or jointly, under the official seal of the Issuer, to execute and deliver such other certificates and instruments of the Issuer certifying such facts as the Issuer's attorney, Foley & Lardner, or Financial Guaranty shall require in connection with the Reserve Account Insurance Policy and the Agreement, and to execute and deliver such other certificates and instruments as shall be necessary or desirable to perform the Issuer's obligations under this Supplemental Resolution, the Reserve Account Insurance Policy and the Agreement and to consummate the transactions contemplated hereby and thereby.

SECTION 9. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Supplemental 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 Supplemental Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Original Instrument or the Bonds.

SECTION 10. ORIGINAL INSTRUMENT IN FULL FORCE AND EFFECT.

Except as hereby amended and supplemented, the Original Instrument shall remain in full force and effect.

SECTION 11. REPEAL OF INCONSISTENT INSTRUMENTS.

All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 12. EFFECTIVE DATE. This Supplemental Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 23rd day of July, 1991.


BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

(OFFICIAL SEAL)



Its Chairman

ATTEST: Carl "Bud" Markel, Its Clerk



Its Clerk

DRAFT

Financial Guaranty Insurance Company
 175 Water Street
 New York, New York 10038-4972
 (212) 607-3000
 (800) 352-0001

**Municipal Bond Debt Service
 Reserve Fund Policy**

Issuer: St. Johns County,
 Florida

Policy Number:

Control Number:

Bonds: Water and Sewer Revenue
 Bonds, Series 1989 and Water and
 Sewer Revenue Bonds, Series 1990-BI
 and 1990B-II issued pursuant to
 Resolution 89-84 adopted April 25,
 1989, as amended and supplemented

Premium:

Maximum Amount:

Termination Date:

Paying Agent:

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay the paying agent named above or its successor, as paying agent for the Bonds (the "Paying Agent"), for the benefit of Bondholders, that portion (not to exceed the Maximum Amount set forth above) of the amount required to pay principal and interest (but not any prepayment premium) on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer. No payment shall be due hereunder for any event of Nonpayment that occurs after the Termination Date set forth above.

Financial Guaranty will make such payment to the Paying Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. Upon such disbursement, Financial Guaranty shall become entitled to reimbursement therefor (together with interest thereon) all as provided in the Debt Service Reserve Fund Policy Agreement between the Issuer and Financial Guaranty dated as of the Effective Date of this Policy. The Maximum Amount shall be automatically reinstated when and to the extent that the Issuer repays amounts disbursed hereunder, but shall not be reinstated to the extent of amounts received by Financial Guaranty constituting interest on amounts disbursed to the Paying Agent pursuant to this Policy. Financial Guaranty shall provide Notice to the Paying Agent of any reinstatement of any portion of the Maximum Amount within one Business Day of such reinstatement.

DRAFT

Financial Guaranty Insurance
Company
175 Water Street
New York, New York 10038-4972
(212) 607-3000
(800) 352-0001

**Municipal Bond Debt Service
Reserve Fund Policy**

This Policy is non-cancellable for any reason, including the failure of the Issuer to reimburse Financial Guaranty for any payment made hereunder.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest Due for Payment on such Bond and includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from the Paying Agent for the Bonds to Financial Guaranty or from Financial Guaranty to the Paying Agent, as the case may be. "Business Day" means any day other than a Saturday, Sunday or a day on which the Paying Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officers in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Senior Vice President

Effective Date:

Authorized Representative

F&L/DRAFT OF
07/09/91

DEBT SERVICE RESERVE FUND POLICY AGREEMENT

AGREEMENT, dated as of July 23, 1991, by and between ST. JOHNS COUNTY, FLORIDA (the "Issuer"), and FINANCIAL GUARANTY INSURANCE COMPANY (the "Insurer").

In consideration of the issuance by the Insurer of its Municipal Bond Debt Service Reserve Policy (the "Reserve Policy") with respect to the Issuer's Water and Sewer Revenue Bonds, Series 1989, and Water and Sewer Revenue Bonds, Series 1990B-I and Series 1990B-II (collectively, the "Bonds"), issued pursuant to Resolution No. 89-84 adopted by the Issuer on April 25, 1989, as amended and supplemented (the "Authorizing Document"), and the Issuer's payment to the Insurer of the insurance premium for the Reserve Policy, the Insurer and the Issuer hereby covenant and agree as follows:

1. Upon any payment by the Insurer under the Reserve Policy, the Insurer shall furnish to the Issuer written instructions as to the manner in which repayment of amounts owed to the Insurer as a result of such payment shall be made.
2. The Issuer shall, solely from the moneys available in the Reserve Account in accordance with the provisions of Section 4.06(A)(2)(d) of the Authorizing Document, repay the Insurer the principal amount of any draws under the Reserve Policy and related reasonable expenses incurred by the Insurer and shall pay interest thereon at a rate equal to the lower of (i) the prime rate of Morgan Guaranty Trust Company of New York in effect from time to time plus 2% per annum and (ii) the highest rate permitted by law.
3. Repayment of draws, expenses and the interest thereon (collectively, "Policy Costs") shall enjoy the same priority as the obligation to maintain and refill the Reserve Account.
4. Payment of Policy Costs shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to

1/12th of the aggregate of Policy Costs related to such draw.

5. Amounts paid to the Insurer shall be credited first to interest due under the Reserve Policy and hereunder, then to the expenses due hereunder and then to principal due under the Reserve Policy and hereunder. As and to the extent that payments are made to the Insurer on account of principal due under the Reserve Policy and hereunder, the coverage under the Reserve Policy will be increased by a like amount.
6. If the Issuer shall fail to repay any Policy Costs in accordance with the requirements of the Authorizing Document and this Agreement, the Insurer shall be entitled to exercise any and all remedies available under the Authorizing Document other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect the Bondholders.
7. The Issuer shall ascertain the necessity for a claim upon the Reserve Policy and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least two business days prior to each date upon which interest or principal is due on the Bonds.
8. All cash and investments in the Reserve Account shall be utilized for making required transfers to the Debt Service Fund for payment of debt service on the Bonds before making any draws on any alternative credit instrument. Repayment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all alternative credit instruments on which there is available coverage shall be made on a pro rata basis (calculated by reference to coverage then available under each such alternate credit instrument) after applying available cash and investments in the Reserve Account. Repayment of Policy Costs and reimbursement of amounts with respect to alternative credit instruments shall be made on a pro

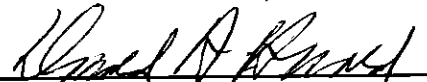
rata basis (calculated by reference to the coverage then available under each such alternative credit instrument) prior to replenishment of any cash draws on the Reserve Account.

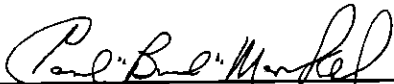
9. The Authorizing Document shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full.
10. As security for the Issuer's repayment obligations with respect to the Reserve Policy, the Insurer shall be granted a security interest (subordinated only to that of the Bondholders) in all revenues and collateral pledged as security for the Bonds in the manner provided in the Authorizing Document.
11. The rate covenant and additional bonds test in the Authorizing Document shall be calculated with at least one times coverage of the Issuer's obligations with respect to repayment of Policy Costs then due and owing. Furthermore, no additional bonds may be issued under the Authorizing Document without the Insurer's prior written consent if any Policy Costs are past due and owing to the Insurer.
12. Notices to the Insurer shall be sent to the following address (or such other address as the Insurer may designate in writing): Financial Guaranty Insurance Company, 175 Water Street, New York, New York 10038 Attention: General Counsel.
13. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.
14. If any one or more of the agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

15. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Authorizing Document.
16. This Agreement and the rights and obligations of the parties of the Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have set their hands as of the date written above.

ST. JOHNS COUNTY, FLORIDA

By: 
Name: Donald H. Herold
Title: Chairman of the Board of
County Commissioners of
St. Johns County, Florida

By: 
Name: Carl "Bud" Markel
Title: Clerk of the Board of
County Commissioners
of St. Johns County,
Florida

(SEAL)

FINANCIAL GUARANTY
INSURANCE COMPANY

By: _____
Name: _____
Title: _____

INSURER'S CONSENT AND ACKNOWLEDGMENT

July 12, 1991

Board of County Commissioners
St. Johns County, Florida
4020 Lewis Speedway
St. Augustine, Florida 32095

91 JUL 22 P 1 5
CLEAR
RECEIVED

Re: St. Johns County, Florida, Water and Sewer Revenue Bonds,
Series 1989 and Series 1990B

Ladies and Gentlemen:


This letter is in response to your request for a consent of Financial Guaranty Insurance Company ("Financial Guaranty") to certain amendments to Resolution No. 89-84 of the Board of County Commissioners of St. Johns County, Florida (the "Issuer"), as heretofore amended and supplemented (the "Original Instrument"), as required by Section 7.03 of the Original Instrument. Such amendments (the "Amendments") shall be in the form thereof contained in Section 5 of the supplemental resolution of the Issuer (the "Supplemental Resolution") authorizing Financial Guaranty's municipal bond debt service reserve fund policy relating to the above-referenced bonds.

Pursuant to Section 7.03 of the Original Instrument, Financial Guaranty hereby confirms:

- (a) Financial Guaranty issued and delivered a new issue municipal bond insurance policy (the "1989 Bond Insurance Policy") insuring the scheduled payments of principal and interest on the Issuer's Water and Sewer Revenue Bonds, Series 1989 (the "Series 1989 Bonds");
- (b) Financial Guaranty issued and delivered a new issue municipal bond insurance policy (the "1990B Bond Insurance Policy") insuring the scheduled payments of principal and interest on the Issuer's Water and Sewer Revenue Bonds, Series 1990B-I and Series 1990B-II (the "Series 1990B Bonds");

- (c) Financial Guaranty is not currently nor has Financial Guaranty ever been in default under the 1989 Bond Insurance Policy with respect to a payment on the Series 1989 Bonds or under the 1990B Bonds Insurance Policy with respect to a payment on the Series 1990B Bonds;
- (d) To the best of Financial Guaranty's knowledge, as the date hereof, the Series 1989 Bonds and the Series 1990B Bonds continue to be rated "AAA" by Standard & Poor's Corporation and "Aaa" by Moody's Investor's Service, Inc.;
- (e) Financial Guaranty, as Insurer of the Series 1989 Bonds and the Series 1990B Bonds, hereby consents to the Amendments; and
- (f) Financial Guaranty hereby acknowledges that the 1989 Bond Insurance Policy and the 1990B Bond Insurance Policy shall remain in full force and effect upon the adoption of the Supplemental Resolution and the Amendments.

FINANCIAL GUARANTY INSURANCE
COMPANY


Christopher H. Richmond

FOLEY & LARDNER

INCLUDING

COMMANDER LEGLER WERBER DAWES SADLER & HOWELL

POST OFFICE BOX 240

JACKSONVILLE, FLORIDA 32201-0240

THE GREENLEAF BUILDING

200 LAURA STREET 32202-3520

TELEPHONE (904) 359-2000

FACSIMILE (904) 359-0319

ORLANDO, FLORIDA
TALLAHASSEE, FLORIDA
TAMPA, FLORIDA
WEST PALM BEACH, FLORIDA

MILWAUKEE, WISCONSIN
MADISON, WISCONSIN
CHICAGO, ILLINOIS
WASHINGTON, D.C.
ALEXANDRIA, VIRGINIA
ANNAPOLIS, MARYLAND

July 9, 1991

Standard and Poor's Corporation
25 Broadway
New York, NY 10004

Attention: Mr. Phil Edwards

Moody's Investors Service
99 Church Street
New York, NY 10007

Attention: Ms. Patricia Schafer

Re: St. Johns County, Florida, Water and Sewer
Revenue Bonds, Series 1989 and Series 1990B

91 JUL 22 P 1 51
CLEVERLY
RECEIVED

Ladies and Gentlemen:

Enclosed please find a revised copy of a proposed resolution (the "Resolution") of the Board of County Commissioners of St. Johns County, Florida (the "Issuer"), relating to the above-referenced bonds (the "Bonds"), marked to show changes from the previous draft. As you know, the Bonds are insured by Financial Guaranty Insurance Company (the "Insurer"), and the Resolution provides for a municipal bond debt service reserve fund policy to be issued by the Insurer (the "Reserve Policy") with respect to the Bonds and contains certain amendments to Resolution No. 89-84 authorizing the Bonds adopted by the Issuer on April 25, 1989, as heretofore amended and supplemented (the "Original Instrument"), required to be made in connection with the Reserve Policy.

Pursuant to Section 7.03 of the Original Instrument, the amendments to the Original Instrument made in the Resolution may be made with the consent of the Insurer and without the consent of the holders of the Bonds if the Issuer provides to Moody's Investors Service and Standard and Poor's Corporation notice of such amendments and a copy thereof.

Standard and Poor's Corporation
Moody's Investors Service
July 9, 1991
Page 2

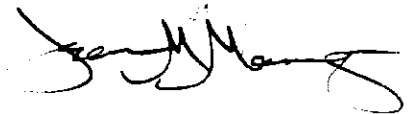
Section 7.03 of the Original Instrument also provides that upon the filing with the Issuer of evidence of such notice to the rating agencies and such consent of the Insurer, the Issuer may adopt the Resolution. The Insurer has consented to the amendments and the Issuer is scheduled to adopt the Resolution July 23, 1991.

In order to provide evidence to the Issuer that timely notice was given to and received by you, please sign the appropriate acknowledgment below on the enclosed copy of this letter and telecopy a copy to us (telecopy number (904) 359-0319) as soon as it is available and return the original signed acknowledgment to us at your earliest convenience.

Should you have any questions regarding any of the foregoing, please do not hesitate to contact us.

Thank you for your prompt attention to this matter.

Sincerely,



Jean M. Mangu

stjohns\vk0620.2\JMM:vmk

Acknowledgment of timely
notice to Standard and
Poor's Corporation:

By Philip Edwards
Title: Senior Vice President
Date: 7/12/91

Acknowledgment of timely
notice to Moody's Investors
Service

By _____
Title: _____
Date: _____

FOLEY & LARDNER
INCLUDING
COMMANDER LEGLER WERBER DAWES SADLER & HOWELL
POST OFFICE BOX 240
JACKSONVILLE, FLORIDA 32201-0240
THE GREENLEAF BUILDING
200 LAURA STREET 32202-3520
TELEPHONE (904) 359-2000
FACSIMILE (904) 359-0319

ORLANDO, FLORIDA
TALLAHASSEE, FLORIDA
TAMPA, FLORIDA
WEST PALM BEACH, FLORIDA

MILWAUKEE, WISCONSIN
MADISON, WISCONSIN
CHICAGO, ILLINOIS
WASHINGTON, D.C.
ALEXANDRIA, VIRGINIA
ANNAPOLIS, MARYLAND

July 9, 1991

JI

153280

Standard and Poor's Corporation
25 Broadway
New York, NY 10004

Attention: Mr. Phil Edwards

Moody's Investors Service
99 Church Street
New York, NY 10007

Attention: Ms. Patricia Schafer

Re: St. Johns County, Florida, Water and Sewer
Revenue Bonds, Series 1989 and Series 1990B

CLIENT
91 JUL 22 P1
RECEIVED

Ladies and Gentlemen:

Enclosed please find a revised copy of a proposed resolution (the "Resolution") of the Board of County Commissioners of St. Johns County, Florida (the "Issuer"), relating to the above-referenced bonds (the "Bonds"), marked to show changes from the previous draft. As you know, the Bonds are insured by Financial Guaranty Insurance Company (the "Insurer"), and the Resolution provides for a municipal bond debt service reserve fund policy to be issued by the Insurer (the "Reserve Policy") with respect to the Bonds and contains certain amendments to Resolution No. 89-84 authorizing the Bonds adopted by the Issuer on April 25, 1989, as heretofore amended and supplemented (the "Original Instrument"), required to be made in connection with the Reserve Policy.

Pursuant to Section 7.03 of the Original Instrument, the amendments to the Original Instrument made in the Resolution may be made with the consent of the Insurer and without the consent of the holders of the Bonds if the Issuer provides to Moody's Investors Service and Standard and Poor's Corporation notice of such amendments and a copy thereof.

Standard and Poor's Corporation
Moody's Investors Service
July 9, 1991
Page 2

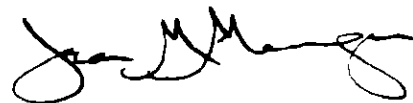
Section 7.03 of the Original Instrument also provides that upon the filing with the Issuer of evidence of such notice to the rating agencies and such consent of the Insurer, the Issuer may adopt the Resolution. The Insurer has consented to the amendments and the Issuer is scheduled to adopt the Resolution July 23, 1991.

In order to provide evidence to the Issuer that timely notice was given to and received by you, please sign the appropriate acknowledgment below on the enclosed copy of this letter and telecopy a copy to us (telecopy number (904) 359-0319) as soon as it is available and return the original signed acknowledgment to us at your earliest convenience.

Should you have any questions regarding any of the foregoing, please do not hesitate to contact us.

Thank you for your prompt attention to this matter.

Sincerely,



Jean M. Mangu

stjohns\vk0620.2JMM:vmk

Acknowledgment of timely
notice to Standard and
Poor's Corporation:

By _____
Title: _____
Date: _____

Acknowledgment of timely
notice to Moody's Investors
Service

By Pat Schaffer
Title: Assistant Vice President, Supervisor
Date: 7/12/91

Pat Schaffer
7/12/91

F&L/DRAFT OF
07/09/81

TAX CERTIFICATE

The undersigned officers of the Board of County Commissioners of St. Johns County, Florida (the "County"), being duly authorized and delegated, with others, to perform such requirements as are necessary and proper in connection with the Municipal Bond Debt Service Reserve Fund Policy (the "Reserve Policy") issued by Financial Guaranty Insurance Company ("Financial Guaranty"), which guarantees certain payments to the Reserve Account established under Resolution No. 89-84 adopted by the County on April 25, 1989, as amended and supplemented (the "Resolution"), in connection with the County's Water and Sewer Revenue Bonds, Series 1989 (the "Series 1989 Bonds"), and Water and Sewer Revenue Bonds, Series 1990B-I and Series 1990B-II (the "Series 1990B Bonds"), DO HEREBY CERTIFY as follows:

1. In General.

1.1 This Certificate is being executed and delivered pursuant to Section 5.15 of the Resolution. Any words or phrases capitalized herein and not defined shall have the meaning assigned thereto under the Resolution.

1.2 We have reviewed and are familiar with the Resolution and all other proceedings taken preliminarily to and in connection with the issuance of the Reserve Policy by Financial Guaranty. This Certificate, which is made on behalf of the County, is executed for the purpose of establishing the County's reasonable expectations as to future events relating to the Reserve Policy and the use of the proceeds of the Series 1989 Bonds and the Series 1990B Bonds (collectively, the "Bonds").

1.3 We have investigated the facts, estimates and circumstances relating to the issuance of the Reserve Policy and set forth in summary terms in this Certificate. To the best of our knowledge, information and belief, such facts, estimates and circumstances are true, correct and complete as of the date hereof; the County's expectations as to future events, which are based thereon, are in all respects reasonable; and there are no other facts, estimates or circumstances that would materially change such expectations. On the basis of such facts, estimates and circumstances, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" under Section 148 of the Code and the regulations promulgated thereunder.

2. Proceeds.

2.1 On August 24, 1989, the date of issuance of the Series 1989 Bonds, the County deposited into the Reserve Account from the proceeds of the Series 1989 Bonds and other available funds an amount equal to \$912,000, the Reserve Account Requirement for the Series 1989 Bonds.

2.2 On December 13, 1990, the date of issuance of the Series 1990B Bonds, the County deposited into the Reserve Account from the proceeds of the Series 1990B Bonds an amount equal to \$1,934,152.50, which together with the amount theretofore deposited into the Reserve Account equalled the Reserve Account Requirement for the Bonds (i.e., \$2,846,152.50).

2.3 As of the date hereof, the amount on deposit in the Reserve Account equals \$2,846,152.50.

2.4 On the date of issuance of the Series 1990B Bonds, the portion of Reserve Account allocated to the refunding portion of the Series 1990B Bonds (i.e., \$1,667,819.70) was invested in zero-yield U.S. Treasury Certificates of Indebtedness--State and Local Government Series in order to restrict the yield on such portion of the Reserve Account in the manner required by Section 148 of the Code.

2.5 Financial Guaranty will issue and deliver on the date hereof the Reserve Policy.

2.6 The Reserve Policy, in the maximum amount of \$2,846,152.50, is being issued by Financial Guaranty pursuant to a Commitment dated June 3, 1991 and a Debt Service Reserve Fund Policy Agreement dated as of July 23, 1991, by and between the County and Financial Guaranty. The amount of the premium paid to Financial Guaranty to provide the Reserve Policy (the "Premium") equals \$106,730.

2.7 The Reserve Policy will be delivered to the Paying Agent for the Bonds and the surplus proceeds on deposit in the Reserve Account in the amount of \$2,846,152.50 will be transferred by the County to the Construction Fund and applied to pay Costs of Projects in the manner provided in the Resolution and to pay the Premium and other fees and expenses payable by the County in connection with the Reserve Policy.

3. Funds and Accounts.

3.1 All Nonpurpose Investments, as defined in Section 148(b)(2) of the Code, allocated to the proceeds of the Series 1989 Bonds transferred from the Reserve Account to the Construction Fund due to the issuance of the Reserve Policy will not be invested at an unrestricted yield for a temporary period greater than three years from the date of issuance of the Series 1989 Bonds. Any moneys contained in the Construction Fund that constitute earnings on such proceeds of the Series 1989 Bonds will not be invested at an unrestricted yield for a

temporary period greater than the later of three years from the date of issuance of the Series 1989 Bonds or one year from the date of receipt of the amount earned.

3.2 All Nonpurpose Investments allocated to the proceeds of the Series 1990B Bonds transferred from the Reserve Account to the Construction Fund due to the issuance of the Reserve Policy will not be invested in an unrestricted yield for a temporary period greater than three years from the date of issuance of the Series 1990B Bonds. Any moneys contained in the Construction Fund that constitutes earnings on such proceeds of the Series 1990B Bonds will not be invested at an unrestricted yield for a temporary period greater than the later of three years from the date of issuance of the Series 1990B Bonds or one year from the date of receipt of the amount earned.

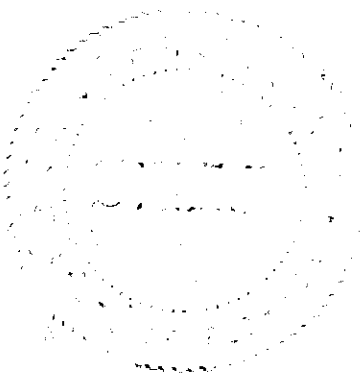
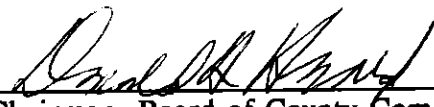
3.3 Notwithstanding the foregoing, a Tax-exempt Investment may be purchased with, or otherwise allocated to, yield-restricted proceeds of the Bonds regardless of the yield on the Tax-exempt Investment. For purposes of this Certificate, "Tax-exempt Investment" shall mean (i) an obligation that constitutes a "tax-exempt bond" within the meaning of Section 150(a)(6) of the Code and that is not a "specified private activity bond" under Section 57(a)(5)(C) of the Code, or (ii) stock of a tax-exempt mutual fund described in Treas. Reg. §1.148-8T(e)(3)(iii).

4. Miscellaneous.

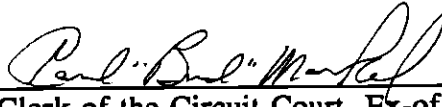
4.1 The County shall make, or shall cause to be made, rebate payments to the United States Treasury at such times and in such amounts as shall meet the requirements of Section 148(f) of the Code and the regulations promulgated thereunder.

4.2 The County has covenanted that it will not make any investments or acquiesce in the making of any investments that could cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

IN WITNESS WHEREOF, the undersigned, being thereunto duly authorized, have executed and delivered this Certificate as of this 23 day of July, 1991.

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



Clerk of the Circuit Court, Ex-officio Clerk
of the Board of County Commissioners,
St. Johns County, Florida

(OFFICIAL SEAL)

NOTICE TO BONDHOLDERS

**TO: HOLDERS OF ST. JOHNS COUNTY, FLORIDA, WATER AND SEWER
REVENUE BONDS, SERIES 1989, SERIES 1990B-I AND SERIES 1990B-II**

On July 23, 1991, the Board of County Commissioners of St. Johns County, Florida (the "County"), adopted its Resolution No. ⁹¹⁻¹¹³ (the "Supplemental Resolution") which, among other things, amended St. Johns County Resolution No. 89-84, as previously amended and supplemented (the "Bond Resolution"), which authorized issuance of the County's outstanding Water and Sewer Revenue Bonds, Series 1989, Series 1990B-I and Series 1990B-II (the "Bonds"). Pursuant to the provisions of Section 7.03 of the Bond Resolution, the consent of the holders of the Bonds shall not be necessary for any of the amendments which were accomplished by the Supplemental Resolution, all of the Bonds being insured and the insurer, Financial Guaranty Insurance Company ("the Insurer"), having consented to the amendments and having acknowledged that upon adoption of the Supplemental Resolution its bond insurance policies relating to Bonds shall remain in full force and effect.

The Supplemental Resolution authorized the Municipal Bond Debt Service Reserve Fund Policy issued by the Insurer for the Reserve Account established for the Bonds (the "Reserve Policy") and the withdrawal of the cash in the Reserve Account in connection therewith, and amended certain provisions of the Bond Resolution in order to clarify the provisions thereof relating to reserve account instruments such as the Reserve Policy and to comply with the Insurer's requirements in connection with the Reserve Policy.

Copies of the Supplemental Resolution are on file at the office of the Clerk of the Board of County Commissioners of the County and the office of the Registrar for the Bonds, for inspection by all holders of the Bonds.

Dated: July 23, 1991.

ST. JOHNS COUNTY, FLORIDA