RESOLUTION PROVIDING FOR THE ISSUANCE BY ST. JOHNS COUNTY, FLORIDA, OF $2,250,000 PRINCIPAL AMOUNT OF SUBORDINATED WATER AND SEWER REVENUE BONDS, SERIES 1991, TO FINANCE A PART OF THE COST OF THE COUNTY’S ACQUISITION OF CERTAIN PRIVATELY-OWNED WATER AND SEWER FACILITIES SITUATED WITHIN THE COUNTY, TO BE CONSOLIDATED WITH THE PUBLIC WATER AND SEWER SYSTEM OF THE COUNTY; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS CERTAIN PLEDGED FUNDS COMPRISED OF A PART OF THE NET REVENUES OF SAID SYSTEM; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS WITH THE HOLDERS OF SAID BONDS; APPOINTING THE REGISTRAR AND PAYING AGENT FOR SAID BONDS; AND PROVIDING AN EFFECTIVE DATE.
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Exhibit A -- Purchaser's Disclosure Statement
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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, Florida Statutes, as amended, St. Johns County Ordinance No. 86-89 and other applicable provisions of law.

"Additional Subordinated Bonds" shall mean the obligations issued at any time under the provisions of Section 4.02 hereof payable from the Pledged Funds on a parity with the Subordinated Bonds.

"Authorized Depository" shall mean the State Board of Administration of Florida or a bank or trust company in the State which is eligible under the laws of the State to receive funds of the Issuer.

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

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

"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 Governing Body or such other person as may be duly authorized by the Issuer 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.

"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.

"Gross Revenues" shall mean all income and moneys received by the Issuer from the Rates, but excluding all non-ad valorem special assessments and all non-refundable (except at the option of the Issuer) "Connection Charges" as such term is defined in the Prior Lien Resolution.

"Interest Date" shall mean such date or dates for the payment of interest on the Subordinated Bonds, to wit: June 1 and December 1 of each year commencing December 1, 1991.

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

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

"Operating Expenses" shall mean the Issuer's expenses for operation, maintenance, repairs and replacement with respect to the System, as more particularly defined in the Prior Lien Resolution.

"Outstanding" shall mean all Subordinated Bonds theretofore issued and delivered except, (1) any Subordinated Bond in lieu of which another Subordinated Bond or other Subordinated Bonds have been issued under an agreement to replace lost, mutilated or destroyed Subordinated Bonds, (2) any Subordinated Bond surrendered by the Holder thereof in exchange for another Subordinated Bond or other Subordinated Bonds under Section 2.05 hereof, (3) Subordinated Bonds deemed to have been paid pursuant to Section 4.05 hereof, and (4) Subordinated Bonds canceled after purchase in the open market or because of payment at, or upon redemption prior to, maturity.

"Paying Agent" shall mean any paying agent for Subordinated Bonds appointed by or pursuant to resolution of the Governing Body, and with respect to the Subordinated Bonds authorized pursuant to Section 2.01 of this Resolution shall mean the Paying Agent appointed pursuant to Section 4.06 of this Resolution, and such paying agent's 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.

"Pledged Funds" shall mean only the Net Revenues which shall be on deposit in the Revenue Fund created pursuant to the Prior Lien Resolution and available in accordance with the provisions of Section 4.06(A)(3) of the Prior Lien Resolution for payment of debt service
for Subordinated Indebtedness, as such term is defined in the Prior Lien Resolution.

"Prior Lien Obligations" shall mean the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1989, and Water and Sewer Revenue Bonds, Series 1990B-I and B-II, and the Issuer's Water and Sewer Revenue Bonds, Series 1991A, to be issued concurrently with the Subordinated Bonds, and all bonds of the Issuer which may hereafter be issued on a parity with said obligations described in this paragraph in accordance with the provisions of Section 5.02 of the Prior Lien Resolution, as the same may be amended and supplemented from time to time.


"Purchaser" shall mean United Florida Utilities Corporation, a Florida corporation.

"Rates" shall mean the fees and charges which shall be made and collected by the Issuer for the use of the services or facilities of the System. Rates shall be deemed to exclude non-ad valorem special assessments and "Connection Charges" as such term is defined in the Prior Lien Resolution.

"Registrar" shall mean any registrar for the Subordinated Bonds appointed by or pursuant to resolution of the Governing Body, and with respect to the Subordinated Bonds authorized pursuant to Section 2.01 of this Resolution shall mean the Registrar appointed pursuant to Section 4.06 of this Resolution, and such registrar's 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 be amended, modified or supplemented from time to time in accordance with the provisions of Section 4.10 hereof restricting and limiting the Issuer's right to amend, modify or supplement the terms hereof.

"Series 1991A Bonds" shall mean the Water and Sewer Revenue Bonds, Series 1991A, authorized to be issued by the Issuer concurrently with the issuance of the Subordinated Bonds pursuant to St. Johns County Resolution No. 91-113 hereof.

"Sinking Fund" shall mean the Sinking Fund established pursuant to Section 3.03 hereof.
"Subordinated Bonds" shall mean the bonds of the Issuer authorized to be issued pursuant to Section 2.01 of this Resolution, together with any Additional Subordinated Bonds hereinafter issued.

"System" shall mean the water and sewer facilities which are owned, operated and maintained by the Issuer as more particularly defined and described in the Prior Lien Resolution.

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 Subordinated 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 Subordinated Bonds. 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 Subordinated Bonds. All of the Subordinated Bonds shall be of equal rank without preference, priority or distinction of any of the Subordinated 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 presently owns and operates a water and sewer system for the health, benefit and welfare of its citizens and inhabitants, and it is in the best interest of the Issuer and said citizens and inhabitants that the Issuer acquire the privately-owned water and sewer facilities serving the area of St. Johns County known as "St. Augustine Shores" and finance a part of the cost thereof through the issuance of the Subordinated Bonds in the manner herein provided. The balance of such cost shall be financed with a portion of the proceeds to be derived from the sale by the Issuer of the Series 1991A Bonds.

(B) After publication of notice thereof by the Issuer, a public hearing on the acquisition of such water and sewer facilities serving the area of St. Johns County known as "St. Augustine Shores" was duly held by the Governing Body on July 23, 1991; and the Governing Body, having considered each and all of the elements listed in Section 125.3401, Florida Statutes, as amended, as well as other factors bearing upon the matter, has found and
determined, in and by St. Johns County Resolution No. 91-111, that the acquisition of such facilities is in the public interest; and the Issuer has prepared and filed in the minutes of the Governing Body a statement showing that the acquisition of such facilities is in the public interest, including a summary of the Issuer’s experience in water and sewer utilities operation and a showing of financial ability to provide the service.

(C) The Issuer deems it necessary, desirable and in the best interest of the Issuer that the Pledged Funds be pledged to the payment of the principal of and interest on the Subordinated Bonds. No part of the Pledged Funds shall be otherwise pledged or encumbered in any manner, except that the Pledged Funds have been pledged as security for the Prior Lien Obligations; and in Section 3.02 hereof the Issuer reserves the right to issue additional Prior Lien Obligations under the terms, limitations and conditions provided in the Prior Lien Resolution. The Issuer further reserves the right to issue Additional Subordinated Bonds secured by and payable from the Pledged Funds on a parity with the Subordinated Bonds under the terms, limitations and conditions contained in Section 4.02(A) hereof and to issue other obligations and incur other indebtedness secured by and payable from the Pledged Funds subordinate and inferior to the Subordinated Bonds.

(D) No Bondholder shall ever be entitled to compel the payment of the principal of and interest on the Subordinated Bonds or any other payments provided for in this Resolution from any funds or revenues of the Issuer other than the sources herein provided in accordance with the terms hereof; nor will any Bondholder ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay the principal of or interest on the Subordinated Bonds or to make any other payments provided for in this Resolution, and the Bonds shall not constitute a lien upon the System or any other property of the Issuer or situated within its territorial limits, except the Pledged Funds.

(E) The owner of the said water and sewer facilities serving the area known as "St. Augustine Shores" has agreed to accept the Subordinated Bonds authorized to be issued pursuant to Section 2.01 of this Resolution as payment of a part of the purchase price for said water and sewer facilities; and, accordingly, the Governing Body does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Subordinated Bonds to the Purchaser, said owner, be authorized.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION
AND REGISTRATION OF SUBORDINATED BONDS

SECTION 2.01. Authorization of Subordinated Bonds. The Issuer hereby authorizes the issuance of revenue bonds of the Issuer to be designated as "St. Johns County, Florida, Subordinated Water and Sewer Revenue Bonds, Series 1991," in the aggregate principal amount of $2,250,000, for the principal purpose of paying a part of the purchase price for said water and sewer facilities in St. Augustine Shores.
SECTION 2.02. Description of Subordinated Bonds. The Subordinated Bonds shall be dated as of the date of the delivery of the Subordinated Bonds; shall be issued as a fully registered single typewritten bond numbered R-1; and shall bear interest at such 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 June 1 and December 1 in each year (commencing December 1, 1991); and shall mature in such installments, contain such redemption provisions, and have such other terms as are provided in the bond form set out in Section 2.06 hereof and on Exhibit B attached hereto.

The principal and interest payable on any Subordinated Bond on any Interest Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Subordinated 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, without the necessity of presenting or surrendering such Subordinated Bond; except the final payment of the principal of and interest on such Subordinated Bond will be made only upon presentation and surrender of such Subordinated Bond at the office of the Paying Agent. In the event the interest payable on any Subordinated 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 Subordinated 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 of and interest on the Subordinated Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

From and after any maturity date of any of the Subordinated Bonds, whether at fixed maturity, or by redemption, or otherwise (deposit of moneys and/or Federal Securities for the payment of the principal and interest on the Subordinated Bonds having been made by the Issuer with the Paying Agent), notwithstanding that the 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 the Subordinated 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 the Subordinated Bonds except to receive payment of such principal and unpaid interest accrued to the maturity date.

The Issuer shall have the option to redeem all of the Subordinated Bonds on any date, without premium or penalty, upon giving notice in the manner stated in the bond form set out in Section 2.06 hereof.

SECTION 2.03. Application of Bond Proceeds. The Issuer shall exchange the Subordinated Bonds in payment of a part of the cost of acquisition of said water and sewer facilities serving St. Augustine Shores, and the Issuer shall derive no money proceeds from such delivery of the Subordinated Bonds.
SECTION 2.04. Execution of Bonds. The Subordinated Bonds shall be executed in the name of the Issuer by the Chairman or any other member of the Governing Body and the official seal of the Issuer shall be impressed thereon, attested and countersigned by the Clerk or a deputy clerk. In case any one or more of the officers who shall have signed or sealed the Subordinated Bonds shall cease to be such officer of the Issuer before the Subordinated Bonds so signed and sealed have been actually delivered, the Subordinated Bonds may nevertheless be delivered as herein provided and may be issued as if the person who signed or sealed the Subordinated Bonds had not ceased to hold such office. Any Subordinated Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Subordinated Bond shall hold the proper office of the Issuer, although at the date of such Subordinated Bond such person may not have held such office or may not have been so authorized.

SECTION 2.05. Negotiability and Transfer. The Subordinated Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, subject to the provisions for registration and transfer contained in this Resolution and in the Subordinated Bonds. So long as any of the Subordinated Bonds shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Subordinated Bonds.

Each Subordinated 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 Subordinated Bond, the Issuer shall issue in the name of the transferee a new Subordinated 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 Subordinated Bond shall be registered upon the books of the Issuer as the absolute owner of such Subordinated Bond, whether such Subordinated Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest on such Subordinated 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 Subordinated 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.

Provided, however, anything herein to the contrary notwithstanding, that by acceptance of the Subordinated Bonds upon the issuance and delivery thereof by the Issuer, the Purchaser shall thereby agree (i) that prior to February 20, 1992 the Purchaser will not sell, transfer or assign the Subordinated Bonds to any Person, for valuable consideration or without consideration (except as a part of any sale, transfer or assignment by the Purchaser of substantially all of its assets, in which case the purchaser, transferee or assignee of such assets shall be bound by this clause), and shall agree that if the Purchaser or such purchaser, transferee or assignee of such assets shall breach this clause then the Issuer shall be relieved of all further
liability under the Subordinated Bonds and this Resolution; (ii) that on and after February 20, 1992, for the purpose of any exchange or transfer of Subordinated Bonds, the Issuer shall be required to furnish to any transferee of all or any portion of the initial single typewritten Subordinated Bond and to any and all subsequent Holders only typewritten bond certificates in denominations in integral multiples of $5,000 not less than $100,000; and (iii) that for every such exchange or transfer of Subordinated 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.

SECTION 2.06. Form of Bonds. The Subordinated Bonds shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the officers of the Issuer described in Section 2.04 above prior to the issuance thereof (which necessity and/or desirability and approval shall be evidenced conclusively by the Issuer’s delivery of the Subordinated Bonds):

No. R-1 $2,250,000

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF ST. JOHNS
SUBORDINATED WATER AND SEWER REVENUE BOND
SERIES 1991

KNOW ALL MEN BY THESE PRESENTS, that St. Johns County, a political subdivision created and existing under and by virtue of the laws of the State of Florida (the “Issuer”), for value received, hereby promises to pay, solely from the sources of payment hereinafter described, to UNITED FLORIDA UTILITIES CORPORATION, a Florida corporation, or registered assigns as hereinafter provided, the principal sum of Two Million Two Hundred Fifty Thousand Dollars ($2,250,000), payable in installments on June 1 of the years and in the amounts set forth in the table below. The unpaid principal balance of such principal sum shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) from the date hereof or from the most recent interest payment date to which interest has been paid, at the respective rates per annum set forth in the table below, on June 1 and December 1 of each year commencing December 1, 1991 until such principal sum shall have been paid or provided for, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.
This bond shall be paid in installments of principal on June 1 of the years and in the amounts set forth below:

<table>
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<th>Year</th>
<th>Amount</th>
<th>Interest Rate</th>
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Such principal sum and the interest on this bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Payment of each installment of such principal sum and of such interest on the unpaid principal balance shall be made by the Clerk of the Circuit Court for St. Johns County, Florida, as paying agent, or such other paying agent as the Issuer shall hereafter duly appoint (the "Paying Agent"), to the person in whose name this bond shall be registered on the registration books of the Issuer maintained by said Clerk, as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "Registrar"), at the close of business on the date which shall be the fifteenth day (whether or not a business day) next preceding each payment date and shall be paid by a check or draft of the Paying Agent mailed to such registered holder at the address appearing on such registration books, without the necessity of presenting or surrendering this bond, except in the case of the final payment hereon. The final payment of the principal of and interest on this bond shall be made upon presentation and surrender of this bond at the office of the Paying Agent. Payments of principal and interest and prepayments of installments of principal shall be noted by the registered holder hereof on the Payment and Prepayment Records annexed to and made a part of this bond. Upon request and presentation of this bond to the Paying Agent, the Paying Agent shall by appropriate endorsement verify the entries made on the Payment and Prepayment Records. In the event interest payable on this bond is not punctually paid or duly provided for by the Issuer on such interest payment date, payment of each installment of such defaulted interest shall be made to the person in whose name this bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such registered holder, not less than ten (10) days preceding such special record date.

This bond represents an authorized issue of bonds of the Issuer in the aggregate principal amount of $2,250,000 (the "Bonds") issued to finance a part of the cost of the acquisition of certain privately-owned water and sewer facilities operating within St. Johns County, to be consolidated with the public water and sewer system of the Issuer (the "System," as defined in the Resolution hereinafter referred to), under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, other applicable provisions of law, St. Johns County Ordinance No. 86-89, and Resolution No. 91-__ adopted by the Board of County Commissioners.
of the Issuer on August __, 1991 (the "Resolution"), and is subject to all the terms and conditions of the Resolution.

The principal of and interest on this bond are payable solely from and secured by a lien upon and a pledge of certain of the Net Revenues (as defined in the Resolution) of the System, but only in the manner and to the extent described in the Resolution (the "Pledged Funds"). It is expressly agreed by the registered holder of this bond that the full faith and credit of the Issuer is not pledged to the payment of the principal of and interest on this bond and that the registered holder shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer to the payment of such principal and interest. This bond and the obligation evidenced hereby shall not constitute a lien upon the System or any other property of the Issuer, except the Pledged Funds, and shall be payable solely from the Pledged Funds in accordance with the terms of the Resolution.

Provided, however, payment of the principal of and interest on the Bonds from the Pledged Funds is subordinate in every respect to payment therefrom of the principal of and premium, if any, and interest on the Issuer’s outstanding Water and Sewer Revenue Bonds, Series 1989 and Water and Sewer Revenue Bonds, Series 1990B-I and B-II, and the Issuer’s Water and Sewer Revenue Bonds, Series 1991A, issued concurrently with the issuance of the Bonds, and all bonds of the Issuer which may hereafter be issued on a parity with said obligations described in this paragraph.

Neither the members of the Board of County Commissioners of the Issuer nor any person executing this bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

This bond is redeemable prior to its stated installment payment dates, at the option of the Issuer, without premium or penalty, on any date after the issuance and delivery hereof. Notice of redemption, unless waived, is to be given by the Registrar by mailing an official redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered holders of the Bonds to be redeemed at such holders’ addresses shown on the registration books maintained by the Registrar or at such other addresses as shall be furnished in writing by such registered holders to the Registrar; provided, however, that no defect in any such notice to any registered holder of Bonds to be redeemed nor failure to give such notice to any such registered holder nor failure of any such registered holder to receive such notice shall in any manner defeat the effectiveness of a call for redemption as to all other registered holders of Bonds to be redeemed. Notice of redemption having been given as aforesaid, the 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 shall cease to bear interest.

This bond is transferable in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the office of the Registrar by the registered

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holder hereof in person or by such holder's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered holder or such holder's attorney duly authorized in writing, and thereupon a new bond or bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, prescribed in the Resolution. The Issuer, the Registrar and any Paying Agent may treat the registered holder of this bond as the absolute owner hereof for all purposes, whether or not this bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer and the Registrar shall not be obligated to make any exchange or transfer of Bonds (i) during the fifteen (15) days next preceding an interest payment date or, (ii) in the case of any proposed redemption of Bonds, after the mailing of the notice of redemption.

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

This bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida. Provided, however, that payment of the principal of and interest on this bond is subject to the agreement by the initial registered holder hereof, as evidenced by its acceptance hereof, as expressed in the Resolution, that prior to February 20, 1992 this bond will not be sold, assigned, or transferred.

IN WITNESS WHEREOF, St. Johns County, Florida, has issued this bond and has caused the same to be executed by the Chairman of its Board of County Commissioners and attested and countersigned by the Clerk of said Board and its official seal to be impressed hereon, this __________ day of August, 1991.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

By ____________________________
Chairman of the Board of County Commissioners

ATTESTED AND COUNTERSIGNED:

______________________________
Clerk of the Circuit Court, ex officio Clerk of the Board of County Commissioners

11
ASSIGNMENT

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

______________________________

Insert Social Security or Other
Identifying Number of Assignee

______________________________

(Name and Address of Assignee)

the within bond and does hereby irrevocably constitute and appoint __________
as attorneys to register the transfer of the said bond on the books kept for registration thereof
with full power of substitution in the premises.

Dated: _________________________

Signature Guaranteed:

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

NOTICE: The signature to this assignment
must correspond with the name of the
Registered Holder as it appears upon the face
of the within bond in every particular, without
alteration or enlargement or any change
whatever and the Social Security or other
identifying number of such assignee must be
supplied.
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ARTICLE III

SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF

SECTION 3.01. Bonds Not General Indebtedness of Issuer. The Subordinated Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds in accordance with the terms of this Resolution. No Holder of any Subordinated Bond shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay such Subordinated Bond or be entitled to payment of such Subordinated Bond from any moneys of the Issuer except the Pledged Funds in the manner provided herein.

SECTION 3.02. Security for Bonds. The payment of principal of and interest on the Subordinated Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds subordinate and inferior in every respect to the lien and pledge thereon in favor of the Prior Lien Obligations. The Issuer does hereby reserve the right to issue "Additional Bonds," as such term is defined in the Prior Lien Resolution, payable from the Pledged Funds on a parity with the Prior Lien Obligations under the terms, limitations and the conditions provided in the Prior Lien Resolution. The Pledged Funds shall be subject to the lien of this pledge in favor of the Subordinated Bonds immediately upon the issuance and delivery of the Subordinated Bonds, without any physical delivery by the Issuer of the Pledged Funds or further act, and the lien of this pledge shall be valid and binding as against all parties having
claims of any kind against the Issuer, in tort, contract or otherwise. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Subordinated Bonds in the manner provided in this Resolution.

SECTION 3.03. Sinking Fund. The Subordinated Bonds shall be deemed to be Subordinated Indebtedness within the meaning of the Prior Lien Resolution, and the Issuer covenants and agrees to deposit on or before the last day of each month, commencing with the month in which delivery of the Subordinated Bonds shall be made to the Purchaser, into a special fund to be established by the Issuer with an Authorized Depository and known as the "St. Johns County Subordinated Water and Sewer Revenue Bonds Sinking Fund," from the moneys on deposit to the credit of the Revenue Fund created pursuant to the Prior Lien Resolution, but only after compliance with all of the requirements of clauses (1) and (2) of subsection (A) of Section 4.06 of the Prior Lien Resolution shall have been fully complied with, all of the moneys remaining in said Revenue Fund or such portion thereof as shall be required until the moneys on deposit in the Sinking Fund shall be sufficient to pay in full all of the principal of and interest on the Subordinated Bonds which shall become due on the next succeeding Interest Date and the next succeeding principal payment date of the Subordinated Bonds. Moneys in the Sinking Fund shall be applied by the Issuer to pay the principal of and interest on the Subordinated Bonds as and when the same become due, whether by redemption or otherwise, and for no other purpose.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. Rate Covenant. The Issuer shall fix, establish, maintain and collect such Rates, and revise the same from time to time, as shall be necessary to provide always Net Revenues sufficient to pay the principal of and interest on the Subordinated Bonds as the same shall become due and payable.

SECTION 4.02. Additional Subordinated Bonds and Other Indebtedness.

(A) No obligations payable from the Pledged Funds on a parity with the Subordinated Bonds shall be issued after issuance of the initial series of Subordinated Bonds herein authorized, except Additional Subordinated Bonds to be issued upon the conditions and in the manner hereinafter provided:

1. There shall have been obtained and filed with the Governing Body a statement of an independent certified public accountant of suitable experience and responsibility:

   a. stating that the books and records of the Issuer relating to the operation of the System have been examined by him;
   
   b. setting forth the amount of the Net Revenues
available under Section 4.06(A)(3) of the Prior Lien Resolution for payment of Subordinated Indebtedness during any twelve consecutive months out of the last twenty-four months immediately preceding the date of delivery of the Additional Subordinated Bonds with respect to which such statement is made; and

c. stating that such available Net Revenues during such twelve-month period equal at least 1.10 times the future maximum aggregate amount of principal and interest which will thereafter become due in any calendar year with respect to all Subordinated Bonds then Outstanding and such Additional Subordinated Bonds with respect to which such statement is made.

2. Each Resolution authorizing the issuance of Additional Subordinated Bonds pursuant to the provisions of this section will recite that all of the covenants contained in this Resolution will be applicable to such Additional Subordinated Bonds.

3. The Issuer shall not be in default in performing any of the covenants and obligations assumed hereunder or under the Prior Lien Resolution, and all payments required thereby and hereby to have been made into the accounts and funds established hereunder and hereunder shall have been made to the full extent required.

(B) The Issuer further reserves the right to issue other obligations and incur other indebtedness, without limitation as to kind or amount, secured by and payable from the Pledged Funds subordinate and inferior to the Subordinated Bonds and any Additional Subordinated Bonds hereafter issued in accordance with the provisions of subsection (A) of this section.

SECTION 4.03. Delivery of Bonds. The Purchaser having filed with the Governing Body the disclosure statement required by Section 218.385(4), Florida Statutes, as amended, a copy of which is attached hereto as Exhibit A, the Chairman or the Vice-Chairman and the Clerk and all of the other officers, agents and employees of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Subordinated Bonds in accordance with the Stipulation and Joint Motion For Final Judgment (St. Johns County, Florida, Circuit Court Case No. 91-114-CA) signed by the Issuer and the Purchaser and filed with the Clerk on August 13, 1991. 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 notice of the impending issuance of the Subordinated Bonds and the other information required by Section 218.38, Florida Statutes, as amended, within the appropriate time period specified by such section.

(A) The Issuer covenants with the Holders that it shall not use the proceeds of any series of Subordinated Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the interest on such series of Subordinated Bonds to be or become includable in the gross income of the Holder thereof for federal income tax purposes.

(B) The Issuer covenants with the Holders that neither the Issuer nor any Person under its control or direction will knowingly make any use of the proceeds of any series of Subordinated Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause any series of Subordinated 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 any series of Subordinated Bonds to become includable in the gross income of the Holder thereof for federal income tax purposes.

(C) The Issuer hereby covenants with the Holders that it will use its best efforts to comply with all provisions of the Code necessary to maintain the exclusion of interest on the Subordinated Bonds from the gross income of the Holder 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.

SECTION 4.05. Defeasance. If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Subordinated Bonds the principal and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of the Pledged Funds, and 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 Agent shall pay over or deliver to the Issuer all money or securities held by the Paying Agent pursuant to this Resolution which are not required for the payment or redemption of Subordinated Bonds not theretofore surrendered for such payment or redemption.

Any Subordinated Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Subordinated Bonds, shall be deemed to have been paid within the meaning of this Section 4.05 if (A) in case any such Subordinated Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Subordinated 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 Federal 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 of and interest due and to become due on said Subordinated Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Neither the Federal 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 of or interest on said Federal Securities 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 of the Subordinated Bonds for the 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 Federal Securities and moneys for the deposited Federal Securities and moneys if the new Federal Securities and moneys are sufficient to pay the principal of and interest on such Subordinated Bonds, and any trust agreement governing the deposit of such Federal 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.

Nothing herein shall be deemed to require the Issuer to call any of the Outstanding Subordinated Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

SECTION 4.06. Registrar and Paying Agent. The Clerk is hereby appointed as Registrar and Paying Agent under this Resolution to serve as Registrar and Paying Agent for the Subordinated Bonds authorized to be issued pursuant to Section 2.01 of this Resolution.

SECTION 4.07. 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 Subordinated Bonds and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be reasonably required by Bond Counsel or the Purchaser to effectuate the sale and delivery of the Subordinated Bonds.

SECTION 4.08. No Personal Liability. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Subordinated Bonds, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Subordinated 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 Subordinated Bonds or any certificate or other instrument to be executed in connection with the issuance of the Subordinated Bonds, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

SECTION 4.09. No Third Party Beneficiaries. Except such other Persons as may be expressly described herein or in the Subordinated Bonds, nothing in this Resolution, or in the Subordinated Bonds, expressed or implied, is intended or shall be construed to confer upon any Person other than the Issuer and the Holders any right, remedy or claim, legal or
equitable, under and by reason of this Resolution or any provision hereof, or of the Subordinated Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Persons who shall from time to time be the Holders.

SECTION 4.10. Modification or Amendment. No material modification or amendment of this Resolution may be made without the consent in writing of the Holders of two-thirds or more in principal amount of the Subordinated Bonds then Outstanding and which shall be affected by such modification or amendment; provided, however, that no modification or amendment shall permit a change in the maturity of such Subordinated Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or affect the Issuer's unconditional covenants herein with respect to the maintenance and collection of sufficient Rates and to the application of the same as herein provided, or reduce the number of such Subordinated Bonds the written consent of the Holders of which are required by this section for such modification or amendment, without the consent in writing of all of such Holders.

SECTION 4.11. 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 Subordinated Bonds.

SECTION 4.12. Repeal of Inconsistent Resolutions. All other resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 4.13. 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 4.14. Effective Date. This Resolution shall become effective immediately upon its passage.

PASSED, APPROVED AND ADOPTED this ___/3____ day of August, 1991.

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

By
Its Chairman

ATTEST:

Its Clerk
August 12, 1991

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

RE: $2,250,000 St. Johns County, Florida Subordinated
Water and Sewer Revenue Bonds, Series 1991

Ladies/Gentlemen:

In connection with the proposed issuance by St. Johns County, Florida
(the "County") of the above-referenced bonds (the "Subordinated
Bonds"), United Florida Utilities Corporation, a Florida corporation
(the "Purchaser"), has agreed to purchase the Subordinated Bonds
upon the terms and conditions set forth in the County's resolution
authorizing the issuance of the Subordinated Bonds (the
"Resolution").

Pursuant to Section 4.03 of the Resolution and the provisions of
Section 218.385(4), Florida Statutes, as amended, the Purchaser
hereby furnishes the following information to the County:

(a) The Subordinated Bonds are not being underwritten. There is
no managing underwriter in connection with the issuance of the
Subordinated Bonds. The Purchaser will not incur any expenses in
connection with the issuance of the Subordinated Bonds.
(b) No person has entered into an understanding with the Purchaser or to the knowledge of the Purchaser, with the County for any paid or promised compensation or valuable consideration, directly or indirectly, expressed or implied, to act solely as an intermediary between the County and the Purchaser or to exercise or to attempt to exercise any influence to effect any transaction in connection with the purchase of the Subordinated Bonds.

(c) No underwriting spread will be realized by the Purchaser.

(d) No management fee will be charged by the Purchaser.

(e) No fee, bonus or other compensation is estimated to be paid by the Purchaser in connection with the issuance of the Subordinated Bonds to any person not regularly employed or retained by the Purchaser (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes, as amended).

(f) No managing underwriter is connected with the issuance of the Subordinated Bonds.

We understand that you do not require any further disclosure from the Purchaser pursuant to Section 218.385(4), Florida Statutes, as amended.

As a part of the consideration for the issuance and sale to the Purchaser by the County of the Subordinated Bonds, the Purchaser hereby represents, warrants, covenants and agrees as follows:

1. It is purchasing the Subordinated Bonds solely for its own account and not on account of others, and solely for investment and not with a view to reselling or otherwise distributing all or any part of or interest in the Subordinated Bonds.
2. It is aware that the principal of and interest on the Subordinated Bonds are payable solely from and secured by a lien upon and a pledge of the Net Revenues (as defined in the Resolution) of the County's water and sewer system (as defined in the Resolution, the "System"), in the manner and to the extent described in the Resolution (the "Pledged Funds"). The Purchaser is aware that the full faith and credit of the County is not pledged to the payment of the principal of and interest on the Subordinated Bonds and that the Purchaser shall never have the right to require or compel the exercise of the ad valorem taxing power of the County to the payment of the principal of and interest on the Subordinated Bonds or to obtain payment of such principal or interest from any funds of the County other than such Pledged Funds. The Purchaser is aware that the Subordinated Bonds do not constitute a lien upon the System or any other property of the County, except the Pledged Funds, and shall be payable solely from the Pledged Funds in accordance with the terms of the Resolution.

3. It is aware that the payment of the principal of and interest on the Subordinated Bonds from the Pledged Funds is subordinate in every respect to the payment therefrom of the principal of, premium, if any, and interest on the County's outstanding Water and Sewer Revenue Bonds, Series 1989 and Water and Sewer Revenue Bonds, Series 1990B-I and B-II, the County's Water and Sewer Revenue Bonds, Series 1991A, to be issued concurrently with the issuance of the Subordinated Bonds, and all bonds of the County which may hereafter be issued on a parity with said obligations described in this paragraph.

4. It has made its own inquiry and analysis with respect to the County, the System and the Net Revenues and the likelihood of payment of the Subordinated Bonds.

5. It has been offered copies of or full access to all records, reports, financial statements and other information concerning the System and the County and pertinent to the source of payment for the Subordinated Bonds to which a reasonable investor would attach significance in making investment decisions.
6. It has received all information with respect to the Subordinated Bonds, the County, the System and the Net Revenues, including financial statements, that it has requested and in order for it to evaluate the risks of purchasing the Subordinated Bonds and make the decision to purchase the Subordinated Bonds. As a sophisticated investor, the Purchaser has made its decision to purchase the Subordinated Bonds based upon its own inquiry and analysis.

7. It has had an opportunity to review the documents in connection with this transaction, including, but not limited to, the Resolution and the form of the Subordinated Bonds.

8. It is, by reason of knowledge and experience in financial and business matters in general, capable of evaluating the merits and risks of the investment represented by the purchase of the Subordinated Bonds, and is aware of the intended use of the proceeds of the Subordinated Bonds and the risks therein. In reaching the conclusion that the Purchaser desires to acquire the Subordinated Bonds, the Purchaser has evaluated the risks associated with such investment, and acknowledges that the undersigned is able to bear the economic risk of such investment.

9. It has been informed and acknowledges that the Subordinated Bonds (i) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (ii) will not be listed on any stock or other securities exchange, (iii) will carry no rating from any rating service and (iv) are not likely to be readily marketable.

10. Prior to February 20, 1992 it will not sell or otherwise dispose of all or any part of or interest in the Subordinated Bonds (except as a part of any sale, transfer or assignment by the Purchaser of substantially all of its assets, in which case the purchaser, transferee or assignee of such assets shall be bound hereby); and on and after February 20, 1992 it will not offer, sell or otherwise dispose of all or any part of or interest in the Subordinated Bonds, except (i) in full good faith compliance with all securities registration, broker-dealer, antifraud and other provisions of the applicable state and federal
laws, (ii) with full and accurate disclosure of all material facts to the prospective purchaser(s) or transferee(s) and (iii) either under effective federal and state registration statements (which the County shall in no way be obligated to provide) or pursuant to exemptions from such registrations.

11. It understands, acknowledges and agrees that the Subordinated Bonds are being issued and sold in reliance upon exemptions from filing, registration and qualification under the securities laws of Florida, Chapter 517, Florida Statutes, as amended, and that the same have not been and will not be filed, registered or qualified under such laws.

12. It has satisfied itself that the Subordinated Bonds may be legally purchased by it.

This letter shall be binding upon the Purchaser and its successors and assigns.

Dated as of this 12th day of August, 1991.

UNITED FLORIDA UTILITIES CORPORATION

By: [Signature]
Its: Vice President
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| Annual | 2,250,000.00 | 2,250,000.00 | 3,151,069.26 | 5,401,069.26 |

**Notes:**
- **Total Interest Cost:** 6,904,697.67
- **Exhibit B**