

RESOLUTION NO. 98-190

A RESOLUTION SUPPLEMENTING RESOLUTION NO. 98-189 OF ST. JOHNS COUNTY, FLORIDA, ADOPTED OCTOBER 13, 1998, ENTITLED: "A RESOLUTION OF ST. JOHNS COUNTY, FLORIDA, PROVIDING FOR THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF ADDITIONS AND IMPROVEMENTS TO THE PUBLIC GOLF COURSE FACILITIES OF THE COUNTY; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 1998, TO FINANCE THE COST OF SUCH PROJECT; PLEDGING TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS CERTAIN PLEDGED FUNDS INCLUDING THE NET REVENUES OF SUCH FACILITIES, CERTAIN MONEYS SPECIFICALLY BUDGETED AND APPROPRIATED BY THE COUNTY FOR PAYMENT OF SUCH BONDS, ALL MONEYS ON DEPOSIT IN AND INVESTMENTS HELD FOR THE CREDIT OF CERTAIN FUNDS CREATED HEREUNDER AND THE EARNINGS ON SUCH INVESTMENTS; RATIFYING THE COUNTY'S ACCEPTANCE OF THE INSURER'S COMMITMENTS RELATING TO A BOND INSURANCE POLICY AND A RESERVE ACCOUNT INSURANCE POLICY; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF SUCH BONDS; AUTHORIZING THE REDEMPTION OF THE COUNTY'S OUTSTANDING CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 1987A; AND PROVIDING AN EFFECTIVE DATE;" FOR THE PURPOSE OF AUTHORIZING A NEGOTIATED SALE AND AWARD OF THE SALE OF THE SERIES 1998 BONDS, APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT TO THE SERIES 1998 BONDS; APPROVING A DRAFT PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE SERIES 1998 BONDS AND AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT AND A FINAL OFFICIAL STATEMENT WITH RESPECT THERETO; APPOINTING THE REGISTRAR AND PAYING AGENT FOR THE SERIES 1998 BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT BETWEEN THE COUNTY AND THE ESCROW HOLDER;

APPOINTING THE ESCROW HOLDER UNDER SAID  
ESCROW DEPOSIT AGREEMENT; AND PROVIDING AN  
EFFECTIVE DATE.

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

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

"Bond Counsel" shall mean Foley & Lardner, Jacksonville, Florida, bond counsel  
to the Issuer with respect to the issuance of the Series 1998 Bonds.

"Draft Preliminary Official Statement" shall mean the draft preliminary official  
statement relating to the Series 1998 Bonds attached hereto as Exhibit A.

"Escrow Deposit Agreement" shall mean the Escrow Deposit Agreement attached  
hereto as Exhibit C.

"Escrow Holder" shall mean the Escrow Holder appointed pursuant to Section 9  
of this resolution.

"Financial Advisor" shall mean Public Financial Management, Inc.

"Original Instrument" shall mean Resolution Number 98-~~168~~<sup>169</sup> adopted by the  
Governing Body on the date hereof, the title of which is quoted in the title of this resolution.

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

"Purchaser" shall mean William R. Hough & Co., the purchaser of the Series  
1998 Bonds.

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

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

(A) On the date hereof, the Governing Body duly adopted the Original  
Instrument for the purpose of authorizing the acquisition and construction of the Initial Project  
and the issuance of the Series 1998 Bonds to pay the cost thereof and providing for the  
redemption of the Prior Obligations.

(B) The Issuer is advised that due to the present volatility of the market for tax-exempt public obligations such as the Series 1998 Bonds, it is in the best interest of the Issuer to sell the Series 1998 Bonds by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Series 1998 Bonds 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 Series 1998 Bonds be authorized.

(C) The Purchaser has verbally agreed with the Governing Body to use its reasonable efforts to submit to the Issuer an offer to purchase the Series 1998 Bonds in the form of the Purchase Contract upon terms acceptable to the Governing Body as hereinafter authorized, and the Governing Body does hereby find and determine that it is in the best financial interest of the Issuer to accept the offer of the Purchaser to purchase the Bonds at a negotiated sale and to authorize the execution and delivery of the Purchase Contract in the manner and upon the terms hereinafter provided; and upon the execution of the Purchase Contract by the Issuer and the Purchaser, the Series 1998 Bonds shall be sold to the Purchaser pursuant to the terms and provisions of the Purchase Contract.

(D) The Issuer is advised that because the terms of the Series 1998 Bonds cannot be determined on the date of adoption of this resolution, it is in the best interest of the Issuer to delegate the authority to determine, in accordance with Section 2.2 of the Original Instrument, the terms of the Series 1998 Bonds, including their date, Amortization Installments, maturity dates, interest rates and redemption provisions, to the Chairman or the County Administrator in the manner hereinafter provided.

(E) It is appropriate that the Issuer authorize the distribution of a preliminary official statement for the purpose of acquainting potential investors with pertinent information with respect to the Issuer and the Series 1998 Bonds and that the Issuer authorize the distribution of a final official statement prior to or contemporaneously with the issuance and delivery of the Series 1998 Bonds. For this purpose, it is appropriate that the Draft Preliminary Official Statement be approved and that preparation and distribution of a preliminary official statement and a final official statement be authorized in substantially the form of the Draft Preliminary Official Statement, the final forms thereof to be approved by the Chairman at any time at or prior to the issuance of the Series 1998 Bonds.

(F) It is necessary and appropriate that the Issuer appoint a registrar and a paying agent for the Series 1998 Bonds, and the institution hereinafter named is acceptable to the Issuer; and it appears to the Governing Body that the same is qualified to serve as Registrar and Paying Agent for the Series 1998 Bonds in accordance with the terms of the Original Instrument.

(G) In order to carry out the redemption described in the Original Instrument, it is necessary and appropriate that the Issuer authorize the execution and delivery of the Escrow Deposit Agreement between the Issuer and the Escrow Holder.

(H) It is necessary and appropriate that the Issuer appoint an escrow holder to serve as such under the Escrow Deposit Agreement, and the institution hereinafter named is acceptable to the Issuer; and it appears to the Governing Body that the same is qualified to serve as Escrow Holder under the Escrow Deposit Agreement in accordance with the terms of the Escrow Deposit Agreement.

**SECTION 4. SALE OF THE SERIES 1998 BONDS; AUTHORIZATION OF EXECUTION OF PURCHASE CONTRACT.** A negotiated sale of the Bonds is hereby authorized. The Chairman or the County Administrator is hereby authorized and directed to award the sale of the Bonds to the Purchaser in an aggregate principal amount which shall not exceed \$3,500,000 (the "Maximum Principal Amount"), at an aggregate purchase price (excluding any original issue discount) of not less than 98% of the original principal amount of such Bonds (the "Minimum Purchase Price"), as approved by the Chairman or the County Administrator, within the following parameters (the "Parameters"): the net interest cost of the Series 1998 Bonds shall not exceed 4.5%; the final maturity of the Series 1998 Bonds shall not be later than July 1, 2012; the costs of issuance shall be comparable to or less than the current average issuance cost for bonds of similar tenor and amount; and the Insurer's commitments to provide the Bond Insurance Policy and the Reserve Account Insurance Policy with respect to the Series 1998 Bonds shall be in effect.

The proposed form of the Purchase Contract presented by the Purchaser, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the County Administrator prior to the execution and delivery thereof, is hereby approved; such necessity and/or desirability and approval by the Chairman or the County Administrator to be presumed by the Chairman's or the County Administrator's execution thereof; the Chairman or the County Administrator is hereby authorized to accept the offer of the Purchaser to purchase the Series 1998 Bonds in an aggregate principal amount not to exceed the Maximum Principal Amount, at a purchase price of not less than the Minimum Purchase Price plus accrued interest thereon to the date of delivery and with final terms within the Parameters, upon the terms and conditions set forth in the Purchase Contract; and the Chairman or the County Administrator is hereby authorized to execute and deliver the Purchase Contract in the form approved by such person for and on behalf of the Issuer pursuant to the terms hereof. Receipt by the Chairman or the County Administrator of a report of the Financial Advisor stating that the aggregate purchase price set forth in the Purchase Contract is not less than the Minimum Purchase Price and that the final terms are within the Parameters shall constitute conclusive proof that all of the terms and conditions set forth in this Section 4 have been fully satisfied.

The Series 1998 Bonds shall be dated such date, shall bear interest at such rates, mature on such dates, have such Amortization Installments, be redeemable prior to maturity upon such

terms and conditions and have such other terms as are set forth in the Purchase Contract and approved by the Chairman or the County Administrator, and the authority to approve such matters is hereby expressly delegated to the Chairman and the County Administrator as herein provided, with the Chairman's or the County Administrator's approval to be conclusively evidenced by the Chairman's or the County Administrator's execution of any documents including such terms.

Prior to the execution and delivery of the Purchase Contract by the Issuer, the Purchaser shall include in or attach to the Purchase Contract the disclosure statements required by Section 218.385, Florida Statutes, as amended. The Chairman, the County Administrator and the other officers, agents and employees of the Issuer are hereby authorized and directed to conclude the issuance and delivery of the Series 1998 Bonds and the redemption of the Prior Obligations in accordance with the provisions of the Original Instrument, this resolution and the Purchase Contract.

Authority for the issuance of such aggregate principal amount of the Series 1998 Bonds herein authorized which shall not be hereafter delivered to the Purchaser pursuant to the provisions of the Purchase Contract is hereby cancelled and rescinded.

Notwithstanding the foregoing, in the event the Purchase Contract is not executed and delivered by the Issuer and the Purchaser on or before December 31, 1998, the Chairman's and the County Administrator's authority to award the sale of the Series 1998 Bonds to the Purchaser and to execute the Purchase Contract for and on behalf of the Issuer pursuant to the terms hereof shall be automatically terminated on December 31, 1998.

**SECTION 5. APPROVAL OF PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZATION OF FINAL OFFICIAL STATEMENT.** The Draft Preliminary Official Statement is hereby approved, and a preliminary official statement and a final official statement in substantially the form of the Draft Preliminary Official Statement, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman prior to the release thereof, are hereby approved and each is authorized to be delivered by the Issuer to the Purchaser for distribution prior to or contemporaneously with the issuance and delivery of the Series 1998 Bonds. The Chairman's approval of the preliminary official statement shall be presumed by the delivery thereof to the Purchaser. The Chairman is hereby authorized to evidence the Issuer's approval of the final official statement by the Chairman's endorsement thereof upon one or more copies, and approval of all such omissions, insertions and variations may be presumed from such endorsement upon any copy of such final official statement. Bond Counsel is hereby directed to furnish to the Division of Bond Finance of the State Board of Administration of the State of Florida a copy of the final official statement, a notice of the impending sale of the Series 1998 Bonds and the other information required by Section 218.38, Florida Statutes, as amended, within the appropriate time periods specified by such section.

**SECTION 6. REGISTRAR AND PAYING AGENT.** The Bank of New York, a New York banking corporation, New York, New York, is hereby appointed as Registrar and

Paying Agent under the Original Instrument, to serve as Registrar and Paying Agent for the Series 1998 Bonds; and the Chairman and the Clerk are hereby authorized to execute and deliver on behalf of the Issuer a registrar and paying agency agreement in a form which shall be approved by the Issuer's attorney.

SECTION 7. AUTHORIZATION OF REDEMPTION. Effective upon and subject to the execution and delivery of the Escrow Deposit Agreement and the issuance of the Series 1998 Bonds, the Issuer (A) does hereby call all Prior Obligations for redemption on December 14, 1998, at a redemption price of 100% (expressed as a percentage of the principal amount of the Prior Obligations to be redeemed), plus accrued interest to the redemption date, and (B) does hereby give irrevocable instructions to First Union National Bank, Jacksonville, Florida, the registrar for the Prior Obligations, to give notice of such call for redemption in the manner provided in the resolution of the Issuer pursuant to which the Prior Obligations were issued.

SECTION 8. AUTHORIZATION OF EXECUTION AND DELIVERY OF ESCROW DEPOSIT AGREEMENT. The Chairman and the Clerk are hereby authorized to execute and deliver the Escrow Deposit Agreement in favor of the Escrow Holder, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman and the Clerk prior to the delivery thereof, such necessity and/or desirability and approval by the Chairman and the Clerk to be presumed by their execution and delivery thereof.

SECTION 9. ESCROW HOLDER. The Bank of New York, a New York banking corporation, New York, New York, is hereby appointed to serve as Escrow Holder under the Escrow Deposit Agreement.

SECTION 10. AUTHORIZATION OF EXECUTION OF OTHER CERTIFICATES AND OTHER INSTRUMENTS. The Chairman, the Clerk and the County Administrator are hereby authorized and directed, either alone or jointly, under the official seal of the Issuer, to execute and deliver certificates of the Issuer certifying such facts as the Issuer's attorney, counsel to the Purchaser or Bond Counsel shall require in connection with the issuance, sale and delivery of the Series 1998 Bonds, and to execute and deliver such other instruments, including, without limitation, a 15c2-12 certificate, a continuing disclosure certificate and a reserve account insurance policy agreement, as shall be necessary or desirable to perform the Issuer's obligations under this resolution, the Original Instrument and the Purchase Contract and to consummate the transactions contemplated hereby and thereby.

SECTION 11. ORIGINAL INSTRUMENT IN FULL FORCE AND EFFECT. Except as hereby supplemented, the Original Instrument shall remain in full force and effect.

SECTION 12. REPEALING CLAUSE. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 13. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this thirteenth day of October, 1998.

BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA

*Moses A. Floyd*  
\_\_\_\_\_  
Its Chairman

(OFFICIAL SEAL)

ATTEST:

*Cheryl Strickland*  
\_\_\_\_\_  
Its Clerk

I, Cheryl Strickland, Clerk of Board of County Commissioners of St. Johns County, Florida, hereby certify that the foregoing is a true and correct copy of Resolution No. 98-190 of said County passed and adopted on October 13, 1998.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said County this thirteenth day of October, 1998.

(OFFICIAL SEAL)

*Cheryl Strickland*  
\_\_\_\_\_  
Clerk of the Board of County Commissioners

EXHIBIT A

Draft Preliminary Official Statement



PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER \_\_, 1998

**NEW ISSUE**

RATINGS: Moody's:  
Standard & Poor's:  
(MBIA Insured)  
See "Ratings" herein

*In the opinion of Bond Counsel, under existing law, assuming compliance with certain covenants in the Resolution described herein, interest on the 1998 Bonds is excluded from gross income for federal income tax purposes, and the 1998 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, as defined by Chapter 220, Florida Statutes, as amended. See, however, "TAX MATTERS" herein for a description of certain federal minimum and other special taxes that may affect the tax treatment of interest on the 1998 Bonds.*

**\$ \_\_,000,000\***  
**ST. JOHNS COUNTY, FLORIDA**  
**Capital Improvement Revenue Bonds**  
**Series 1998**

**Dated: October 15, 1998**

**Due: July 1, as shown below**

The Capital Improvement Revenue Bonds, Series 1998 (the "1998 Bonds") are being issued by St. Johns County, Florida (the "County"), as fully registered bonds in denominations of \$5,000 and integral multiples thereof. Interest (first payment due January 1, 1999 and on each January 1 and July 1 thereafter) on the 1998 Bonds will be payable by check or draft mailed to the registered owner by The Bank of New York, New York, New York, as Registrar and Paying Agent. Principal of the 1998 Bonds is payable to the registered owner upon presentation, when due, at the designated corporate trust office of the Paying Agent.

The 1998 Bonds are subject to redemption prior to their stated maturities as described herein.

The 1998 Bonds are being issued to provide funds to (i) finance the cost of acquiring, constructing and installing additions and improvements to the public golf course facilities (the "Facilities") of the County, (ii) fund a portion of the Reserve Fund established by the Resolution by the purchase of a reserve fund surety bond, and (iii) pay the costs of issuance with respect to the 1998 Bonds.

The 1998 Bonds and the interest thereon will be payable solely from and secured by a lien upon and pledge of the Net Revenues to be derived from the operation of the Facilities, certain moneys specifically budgeted and appropriated by the County for the payment of the Bonds pursuant to the Resolution and, until applied in accordance with the provisions of the Resolution, the proceeds of the Bonds and all moneys, including investments thereof, in certain of the funds and accounts established pursuant to the Resolution, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). The "Net Revenues" means the gross revenues of the Facilities less the operating expenses thereon, all as more particularly described in the Resolution.

The payment of the principal of and interest on the 1998 Bonds when due will be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation simultaneously with the delivery of the 1998 Bonds.

[LOGO]

The 1998 Bonds shall not constitute a lien upon the Facilities 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. The full faith and credit of neither the County, the State of Florida, nor any political subdivision thereof, is pledged to the payment of the principal of or premium, if any, or interest on the 1998 Bonds. The registered owners thereof shall never have the right to require or compel the exercise of any taxing power of the County, the State of Florida or any political subdivision thereof, to the payment of such principal, premium, if any, and interest.

**MATURITIES, AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS\***

<u>Maturity</u> <u>July 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>Maturity</u> <u>July 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>
1999	\$	%	%	2005	\$	%	%
2000				2006			
2001				2007			
2002				2008			
2003				2009			
2004				2010			

(Plus Accrued Interest)

*The 1998 Bonds are offered when, as and if issued and received by the Underwriter, subject to the unqualified approval of legality by Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain other legal matters will be passed upon for the County by James G. Sisco, Esquire, St. Augustine, Florida, Attorney for the County and for the Underwriter by its counsel, Rogers, Towers, Bailey, Jones & Gay, P.A., Jacksonville, Florida. It is expected that the 1998 Bonds in definitive form will be available for delivery in New York, New York on or about November 10, 1998.*

**William R. Hough & Co.**

\_\_\_\_\_, 1998

\* Preliminary; subject to change.

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

ST. JOHNS COUNTY, FLORIDA

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Moses A. Floyd, Chairman  
Karen Taylor  
Pal West Howell  
Mark A. Jacalone  
Joanne Cody  
James Bryant  
David J. Bruner

CONSTITUTIONAL OFFICERS

Neil Perry, Sheriff  
Cheryl Strickland, Clerk of Circuit Court  
Dennis Hollingsworth, Tax Collector  
Sharon P. Outland, Property Appraiser  
Penny Halyburton, Supervisor of Elections

COUNTY ADMINISTRATOR

Ben W. Adams, Jr.

FINANCE DIRECTOR

Peggy R. Davis, C.P.A.

COUNTY ATTORNEY

James G. Sisco, Esquire

BOND COUNSEL

Foley & Lardner  
Jacksonville, Florida

FINANCIAL ADVISOR

Public Financial Management, Inc.  
Fort Myers, Florida

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 1998 Bonds by any persons in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale in such jurisdiction. The information set forth herein has been furnished by the County and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create the implication that there has been no change in the affairs of the County since the date hereof.

The 1998 Bonds have not been registered under the Securities Act of 1933 in reliance upon an exemption contained in such Act.

---

IN CONNECTION WITH THE OFFERING OF THE 1998 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 1998 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

---

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY STATEMENT .....	ii
INTRODUCTION .....	1
PURPOSE OF THE 1998 BONDS .....	1
PLAN OF FINANCE .....	1
DESCRIPTION OF THE 1998 BONDS .....	2
AUTHORITY AND SECURITY FOR THE 1998 BONDS .....	3
MUNICIPAL BOND INSURANCE .....	9
THE FACILITIES AND THE INITIAL PROJECT .....	11
SOURCES AND USES OF FUNDS .....	13
FLOW OF FUNDS .....	14
DEBT SERVICE SCHEDULE .....	14
LEGAL MATTERS .....	15
LITIGATION .....	15
TAX MATTERS .....	15
RATINGS .....	18
UNDERWRITING .....	18
FINANCIAL ADVISOR .....	18
ANNUAL FINANCIAL REPORT .....	18
INVESTMENT POLICIES .....	18
YEAR 2000 COMPUTER CONCERNS .....	19
CONTINUING DISCLOSURE .....	19
MISCELLANEOUS .....	20
AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT .....	20
Appendix A -- Feasibility Report	
Appendix B -- Comprehensive Annual Financial Report of the County	
Appendix C -- General Information Concerning the County	
Appendix D -- Resolution	
Appendix E -- Summary of Continuing Disclosure Certificate	
Appendix F -- Form of Bond Counsel Legal Opinion	
Appendix G -- Specimen Municipal Bond Insurance Policy	

## SUMMARY STATEMENT

*This Summary Statement, being part of the Official Statement, is subject to the more complete information contained herein and should not be considered to be a complete statement of the facts material to making an investment decision. The offering of the St. Johns County, Florida Capital Improvement Revenue Bonds, Series 1998 (the "1998 Bonds") to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this Summary Statement from the Official Statement or to otherwise use it without the entire Official Statement. Unless otherwise defined, all capitalized terms in this Summary Statement shall be as defined in the main text of the Official Statement.*

### **St. Johns County**

St. Johns County, Florida (the "County") encompasses approximately 617 square miles and is located in the northeast region of the State of Florida, immediately south of Duval County and Jacksonville, Florida. The largest of the County's three municipalities is St. Augustine, which is the county seat. The estimated 1997 population of the County is 102,116.

### **Purpose of the 1998 Bonds**

The 1998 Bonds are being issued to provide funds to (i) finance the cost of acquiring, constructing and installing additions and improvements to the public golf course facilities (the "Facilities") of the County, (ii) fund a portion of the Reserve Fund established by the Resolution by the purchase of a reserve fund surety bond, and (iii) pay the costs of issuance with respect to the 1998 Bonds.

### **Authority and Security for the 1998 Bonds**

*Authority for the 1998 Bonds.* The 1998 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, particularly, Chapter 125, Part I, Florida Statutes, as amended, County Ordinance No. 87-28, and other applicable provisions of law, and the Resolution.

*Source of Payment.* The 1998 Bonds are payable solely from and secured by a lien upon and pledge of the Net Revenues to be derived from the operation of the Facilities, certain moneys specifically budgeted and appropriated by the County for the payment of the 1998 Bond pursuant to the Resolution and, until applied in accordance with the provisions of the Resolution, the proceeds of the Bonds and all moneys, including investments thereof, in certain of the funds and accounts established pursuant to the Resolution, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). The "Net Revenues" means the gross revenues of the Facilities, less the operating expenses of the Facilities, all as further described in the Resolution.

*Reserve Fund.* Simultaneously with the issuance of the 1998 Bonds, the County is required by the Resolution to deposit in the Reserve Fund the Reserve Fund Requirement which is, as of any date of calculation, an amount equal to the lesser of (i) the Maximum Debt Service Requirement, (ii) 125% of the average annual Debt Service Requirement, or (iii) 10% of the proceeds of each Series of Outstanding Bonds. Moneys in the Reserve Fund are to be applied by the County to payment the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Bond Amortization Account are insufficient for such purpose. The Reserve Fund for the 1998 Bonds is funded by a surety bond issued by MBIA Insurance Corporation (the "Insurer").

*Additional Bonds.* The County may issue Additional Bonds payable from the Pledged Funds on a parity with the 1998 Bonds; provided, however, that such Additional Bonds may be issued only if the County first complies with certain requirements set out in the Resolution. The Resolution also permits

the Issuer to issue indebtedness payable in whole or in part out of the Pledged Funds which are not Additional Bonds; provided, however, that such pledge is required to be subordinated in all respects to the pledge of the Pledged Funds created by the Resolution.

*No Pledge of Credit or Taxing Power.* The 1998 Bonds shall not constitute a lien upon the Facilities 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. The full faith and credit of neither the County, the State of Florida, nor any political subdivision thereof, is pledged to the payment of the principal of or premium, if any, or interest on the 1998 Bonds. The registered owners thereof shall never have the right to require or compel the exercise of any taxing power of the County, the State of Florida or any political subdivision thereof, to the payment of such principal, premium, if any, and interest.

*Municipal Bond Insurance.* The payment of the principal of and interest on the 1998 Bonds when due will be insured by a financial guaranty insurance policy to be issued by the Insurer simultaneously with the delivery of the 1998 Bonds.

## OFFICIAL STATEMENT

*Relating to*

\$ \_\_,000,000

### ST. JOHNS COUNTY, FLORIDA Capital Improvement Revenue Bonds Series 1998

October \_\_, 1998

#### INTRODUCTION

The purpose of this Official Statement, including the cover page, summary statement, and appendices, is to provide information concerning the proposed issuance by St. Johns County, Florida (the "County") of \$ \_\_,000,000 aggregate principal amount of the County's Capital Improvement Revenue Bonds, Series 1998 (the "1998 Bonds"). The 1998 Bonds are issued 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, County Ordinance No. 87-28, and other applicable provisions of law, and Resolution No. 98-\_\_ of the County duly adopted on October \_\_, 1998, as supplemented (the "Resolution"). See Appendix D hereto for the pertinent provisions of the Resolution.

The County encompasses approximately 617 square miles and is located in the northeast region of the State, immediately south of Duval County and Jacksonville, Florida. The largest of the County's three municipalities is St. Augustine, which is the county seat. The estimated 1997 population of the County is 102,116.

For a complete description of the terms and conditions of the 1998 Bonds, reference is made to the Resolution. Capitalized terms used herein and not defined are used as defined in the Resolution. The description of the 1998 Bonds and of the documents authorizing and securing the same and the description of other debt of the County do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each. All information included herein has been provided by the County except where attributed to other sources. Copies of documents not contained in this Official Statement and further information which may be desired may be obtained from the County's Finance Director, Ms. Peggy Davis, C.P.A., St. Johns County Administration Building, 4020 Lewis Speedway, St. Augustine, Florida 32095, telephone (904) 823-2333 (ext. 345), or from the County's Financial Advisor, Public Financial Management, Inc., 5900 Enterprise Parkway, Ft. Myers, Florida 33905, telephone (941) 693-7117.

#### PURPOSE OF THE 1998 BONDS

The 1998 Bonds are being issued to provide funds to (i) finance the cost of acquiring, constructing and installing additions and improvements to the public golf course facilities (the "Facilities") of the County, (ii) fund a portion of the Reserve Fund established by the Resolution by the purchase of a reserve fund surety bond, and (iii) pay the costs of issuance with respect to the 1998 Bonds.

#### PLAN OF FINANCE

Simultaneously with the issuance of the 1998 Bonds, other available funds of the County will be used to provide the moneys needed to effect a redemption of the outstanding St. Johns County

---

\* Preliminary; subject to change.

Capital Improvement Revenue Bonds, Series 1987A (the "Prior Obligations") which funded improvements to the Facilities. Upon issuance of the 1998 Bonds, the County will enter into an Escrow Deposit Agreement with The Bank of New York, as escrow holder (the "Escrow Holder"), providing, among other things, for the deposit of available funds of the County and other moneys specified therein with the Escrow Holder. Such amounts shall be invested by the Escrow Holder in direct obligations of the United States of America and obligations the principal of and interest on which are fully guaranteed by the United States of America, none of which permit redemption prior to maturity at the option of the obligor (the "Federal Securities"), in an amount which will be sufficient to pay the redemption price on the Prior Obligations. The County will call the Prior Obligations for redemption on December 14, 1998.

The maturing principal of and interest on the Federal Securities held under the Escrow Deposit Agreement will not be available to pay debt service on the 1998 Bonds.

**DESCRIPTION OF THE 1998 BONDS**

**General**

The 1998 Bonds shall be dated as set forth on the cover page of this Official Statement and are being issued as fully registered bonds without coupons in denominations of \$5,000 and integral multiples thereof. Interest on the 1998 Bonds (first payment due January 1, 1999 and semiannually on each January 1 and July 1 thereafter) will be payable by check or draft of The Bank of New York, as Registrar and Paying Agent, mailed to the registered owner, as shown on the registration books of the Registrar on the 15th day of the month prior to each interest payment date (the "Record Date"). Principal of and premium, if any, on the 1998 Bonds are payable at maturity or redemption to the registered owner upon presentation, when due or when called for redemption, at the designated corporate trust office of the Paying Agent in New York, New York.

**Optional Redemption**

The 1998 Bonds maturing \_\_\_\_\_ 1, 20\_\_ shall not be subject to redemption prior to maturity. The 1998 Bonds maturing on \_\_\_\_\_ 1, 20\_\_ or thereafter, may be redeemed prior to maturity at the option of the County, as a whole on \_\_\_\_\_ 1, 20\_\_, or on any date thereafter, or in part, from such maturity or maturities as the County shall designate and by lot within a maturity, on \_\_\_\_\_ 1, 20\_\_, or on any interest payment date thereafter, at the following redemption prices (expressed as a percentage of the principal amount of the 1998 Bonds to be redeemed) plus accrued interest to the redemption date, if redeemed during the following periods:

<u>Redemption Periods</u> <u>(both dates inclusive)</u>	<u>Redemption</u> <u>Prices</u>
_____, ____ through _____, ____ _____, ____ and thereafter	%

**Notice of Redemption**

Notice of redemption of the 1998 Bonds, unless waived, shall be mailed, postage prepaid, by first class mail by the Registrar not less than thirty (30) days nor more than sixty (60) days before the date fixed for redemption to the registered owners of any 1998 Bonds or portions of 1998 Bonds which are to be redeemed, at their addresses as they appear on the registration books kept by the Registrar or at such other address as such owner shall have furnished in writing to the Registrar. No defect in any



notice of redemption or failure to give such notice to any owner of 1998 Bonds or failure of any owner to receive such notice shall in any manner defeat the effectiveness of a call for redemption as to all other owners of 1998 Bonds to be redeemed. Upon the giving of such notice of redemption, the 1998 Bonds or portions thereof to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) such 1998 Bonds or portions thereof shall cease to bear interest.

### **AUTHORITY AND SECURITY FOR THE 1998 BONDS**

The 1998 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, particularly, Chapter 125, Part I, Florida Statutes, as amended, County Ordinance No. 87-28, and other applicable provisions of law, and the Resolution.

#### **Source of Payment**

The 1998 Bonds are payable solely from and secured by a lien upon and pledge of the Net Revenues to be derived from the operation of the Facilities, certain moneys specifically budgeted and appropriated by the County for the payment of the 1998 Bond pursuant to the Resolution and, until applied in accordance with the provisions of the Resolution, the proceeds of the Bonds and all moneys, including investments thereof, in certain of the funds and accounts established pursuant to the Resolution, all in the manner and to the extent described in the Resolution (collectively, the "Pledged Funds"). The "Net Revenues" means the gross revenues of the Facilities, less the operating expenses of the Facilities, all as further described in the Resolution. "Gross Revenues" means all income and moneys received by the County from the rates, fees, rentals and other charges which shall be made and collected by the County as provided in the Resolution for use of the product, services and facilities to be provided by the Facilities, or otherwise received by the County or accruing to the County in the management and operation of the Facilities, calculated in accordance with generally accepted accounting principles employed in the operation of public facilities similar to the Facilities, including, without limiting the generality of the foregoing, all earnings and income derived from the investment of moneys under the provisions of the Resolution which are transferred to the Revenue Fund or Interest Account as provided therein. "Operating Expenses" means the County's expenses for management, operation, maintenance, marketing, promotion, repairs and replacements with respect to the Facilities, all as more particularly provided in the Resolution.

Comparative Statement of Revenues, Expenses  
and Changes in Retained Earnings  
St. Johns County Golf Course

	Fiscal Year Ended September 30,				
	1993	1994	1995	1996	1997
<b>OPERATING REVENUES:</b>					
Charges for services	\$1,011,301	\$1,034,227	\$1,135,965	\$1,235,985	\$1,416,889
Other operating revenue	50,808	53,123	30,554	76,008	51,933
Merchandise sales	<u>19,238</u>	<u>29,114</u>	<u>21,990</u>	<u>20,974</u>	<u>44,176</u>
Total operating revenues	\$1,081,347	\$1,116,464	\$1,188,509	\$1,332,967	\$1,512,998
<b>OPERATING EXPENSES:</b>					
Contractual services	\$ 23,749	\$ 24,111	\$ 38,818	\$ 60,989	\$ 126,773
Salaries and benefits	424,207	431,087	421,822	448,484	492,120
Operating and administrative expenses	247,169	214,324	208,089	194,545	190,181
Maintenance	40,112	45,456	34,464	56,642	46,646
Depreciation	<u>197,497</u>	<u>100,516</u>	<u>156,693</u>	<u>135,774</u>	<u>181,443</u>
Total operating expenses	<u>\$ 932,734</u>	<u>\$ 815,494</u>	<u>\$ 859,886</u>	<u>\$ 896,434</u>	<u>\$1,037,163</u>
OPERATING INCOME	<u>\$ 148,613</u>	<u>\$ 300,970</u>	<u>\$ 328,623</u>	<u>\$ 436,533</u>	<u>\$ 475,835</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest income	\$ 23,268	\$ 18,253	\$ 35,011	\$ 30,866	\$ 51,392
Interest expense				(141,105)	(97,341)
Other revenues	<u>          </u>	<u>90,355</u>	<u>          </u>	<u>          </u>	<u>          </u>
Total non-operating revenues (expenses)	<u>\$ 23,268</u>	<u>\$ 108,608</u>	<u>\$ 35,011</u>	<u>\$(110,239)</u>	<u>\$ (45,949)</u>
NET (LOSS) INCOME BEFORE OPERATING TRANSFERS	\$ 171,881	\$ 409,578	\$ 363,634	\$ 326,294	\$ 429,886
<b>OPERATING TRANSFERS:</b>					
Operating transfers in				90,581	
Operating transfers out	<u>(377,513)</u>	<u>(378,538)</u>	<u>(378,512)</u>	<u>          </u>	<u>          </u>
Total operating transfers	<u>\$ (377,513)</u>	<u>\$ (378,538)</u>	<u>\$ (378,512)</u>	<u>\$ 90,581</u>	<u>\$ 0</u>
NET (LOSS) INCOME	\$ (205,632)	\$ 31,040	\$ (14,878)	\$ 416,875	\$ 429,886
RETAINED EARNINGS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	358,996	153,364	184,404	119,237	536,112
PRIOR PERIOD ADJUSTMENT	<u>          </u>	<u>          </u>	<u>(50,289)</u>	<u>          </u>	<u>          </u>
RETAINED EARNINGS, BEGINNING OF YEAR, AS ADJUSTED	<u>\$ 358,996</u>	<u>\$ 153,364</u>	<u>\$ 134,115</u>	<u>\$ 119,237</u>	<u>\$ 536,112</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 153,364</u>	<u>\$ 184,404</u>	<u>\$ 119,237</u>	<u>\$ 536,112</u>	<u>\$ 965,998</u>

Source: St. Johns County general purpose financial statements.

*Covenant to Budget and Appropriate.* The County has covenanted in the Resolution to appropriate in its Annual Budget (by amendment, if necessary) from all legally available revenues of the County derived from any source whatsoever other than (i) ad valorem taxation on real or personal property, (ii) pledged non-ad valorem revenues, (iii) governmental assessments, and (iv) revenues restricted or regulated by law or contract to other uses (collectively, "Non-Ad Valorem Funds"), lawfully available for such purpose in each Fiscal Year in which principal of, premium, if any, or interest on the 1998 Bonds becomes due (whether by redemption, at maturity or otherwise). Such covenant on the part of the County to budget and appropriate such amounts of Non-Ad Valorem Funds shall be cumulative to the extent not paid, and shall continue until such Non-Ad Valorem Funds or other legally funds in amounts sufficient to make all such required payments under the Resolution and under the 1998 Bonds shall have been budgeted, appropriated and actually paid. Notwithstanding the foregoing, the County does not covenant to maintain any services or programs provided or maintained by the County at the time of the adoption of the Resolution or thereafter which generate Non-Ad Valorem Funds.

Such covenant to budget and appropriate does not create any pledge of or lien upon such Non-Ad Valorem Funds, nor does it hinder, restrict or preclude the County from pledging in the future its Non-Ad Valorem Funds, nor does it require the County to levy and collect any particular Non-Ad Valorem Funds, nor does it hinder, restrict or preclude the County from making the same or a similar covenant with respect to any other contractual indebtedness, nor does it give the owners of the 1998 Bonds a prior claim on the Non-Ad Valorem Funds as opposed to claims of general creditors of the County. Such covenant to budget and appropriate Non-Ad Valorem Funds is subordinate and subject in all respects to the prior payments of obligations secured by a pledge or pledges of and lien or liens upon any or all of such Non-Ad Valorem Funds made or entered into before the adoption of the Resolution or thereafter (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate in its Annual Budget for the purpose and in the manner stated in the Resolution shall have the effect of making available for the payment of the principal of, premium, if any, and interest on the 1998 Bonds in the manner described in the Resolution legally available Non-Ad Valorem Funds and placing on the County a positive duty to appropriate and budget (by amendment, if necessary) amounts from legally available Non-Ad Valorem Funds sufficient to meet its obligations under the Resolution; subject, however, in all respects to the restrictions of State law relating to county budgets, including Section 129.07, Florida Statutes, as amended, which provides in part that it is unlawful for the board of county commissioners of a county to expend or contract for the expenditure in any fiscal year more than the amount budgeted in each fund's budget and in no case shall the total appropriations of any budget be exceeded, except as provided pursuant to Section 129.06, Florida Statutes, as amended; and subject, further, to the prior payment of services and programs which (i) are essential public purposes affecting the health, welfare and safety of the inhabitants of the County, (ii) are legally mandated or required by applicable law, and/or (iii) are the services and programs for which the revenues were received. The County's determination that a service or a program is an essential public purpose shall be presumed valid unless such determination clearly appears arbitrary and capricious.

The covenant of the County to budget and appropriate Non-Ad Valorem Funds is enforceable upon the County in any court of competent jurisdiction at law or in equity, by suit, action, mandamus or other proceedings to protect and enforce any and all rights granted and contained in the Resolution.

*Anti-Dilution Covenant.* The County has covenanted not to issue any additional obligations secured by all or any portion of the Non-Ad Valorem Funds (such obligations being referred to as "Specific Lien Debt") or a covenant-to budget and appropriate from Non-Ad Valorem Funds (such obligations being referred to as "Budget Covenant Debt," together with Specific Lien Debt, collectively, "Non-Ad Valorem Debt"), other than subordinated obligations, unless the following conditions are complied with:

- (A) The average of the total Non-Ad Valorem Funds in the two preceding Fiscal Years shall equal or exceed 2.00 times the maximum annual debt service on all outstanding and proposed Non-Ad Valorem Debt.
- (B) The total Non-Ad Valorem Funds for the preceding Fiscal Year, less (1) the Non-Ad Valorem Revenue Share of Essential Services Expenditures Amount and (2) the debt service on outstanding and proposed Specific Lien Debt for the next Fiscal Year, shall equal at least 1.10 times the maximum annual debt service on all outstanding and proposed Budget Covenant Debt.

"Non-Ad Valorem Revenue Share of Essential Services Expenditure Amount" means the amount determined by multiplying the average total cost of the Essential Services for the preceding two Fiscal Years by a fraction, the numerator of which is the total Non-Ad Valorem Funds for the preceding Fiscal Year and the denominator of which is the average total revenues of the County derived from all sources, including all governmental fund-type and proprietary fund-type revenues as reported in the audited financial statements of the County, for the preceding two Fiscal Years. "Essential Services" means the total expenditures by the County for public safety and general governmental purposes as reported in the audited financial statements of the County. The County is currently in compliance with this covenant, and will be in compliance therewith upon the issuance of the 1998 Bonds. There is presently outstanding \$16,990,000 of the County's Taxable Convention Center Revenue Bonds, Series 1996 and \$321,000 of the County's special assessment debt with governmental commitment held by SunTrust Bank, \_\_\_\_\_ Florida, National Association, both of which are secured in part by moneys derived from a covenant to budget and appropriate from Non-Ad Valorem Funds.

#### **Reserve Fund**

Simultaneously with the issuance of the 1998 Bonds, the County is required by the Resolution to deposit in the Reserve Fund the Reserve Fund Requirement which is, as of any date of calculation, an amount equal to the lesser of (i) the Maximum Debt Service Requirement, (ii) 125% of the average annual Debt Service Requirement, or (iii) 10% of the proceeds of each Series of Outstanding Bonds. Moneys in the Reserve Fund are to be applied by the County to payment the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Bond Amortization Account are insufficient for such purpose. The Reserve Fund for the 1998 Bonds is funded by a surety bond issued by MBIA Insurance Corporation (the "Insurer").

Concurrently with the issuance of the 1998 Bonds, the Insurer will issue its Debt Service Reserve Surety Bond (the "Surety Bond"). The Surety Bond will provide that upon notice from the Paying Agent to the Insurer to the effect that insufficient amounts are on deposit in the Sinking Fund to pay principal of (at maturity) and interest on the 1998 Bonds, the Insurer will promptly deposit with the Paying Agent an amount sufficient to pay the principal of and interest on the 1998 Bonds or the available amount of the Surety Bond, whichever is less. Upon the later of: (i) three (3) days after receipt by the Insurer of a Demand for Payment in the form attached to the Surety Bond, duly executed by the Paying Agent; or (ii) the payment date of the 1998 Bonds as specified in the Demand for Payment presented by the Paying Agent to the Insurer, the Insurer will make a deposit of funds in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent (as specified in the Demand for Payment) subject to the available amount of the Surety Bond.

The available amount of the Surety Bond is the initial face amount of the Surety Bond (\$ \_\_\_\_\_) less the amount of any previous deposits by the Insurer with the Paying Agent which have not been reimbursed by the County. The County and the Insurer upon the issuance of the 1998 Bonds will have entered into a Financial Guaranty Agreement dated \_\_\_\_\_, 1998 (the "Agreement"). Pursuant

to the Agreement, the County is required to reimburse the Insurer, within one year of any deposit, the amount of such deposit made by the Insurer with the Paying Agent under the Surety Bond. Such reimbursement shall be made only after all required deposits for Operating Expenses and the Sinking Fund have been made.

Under the terms of the Agreement, the Paying Agent is required to reimburse the Insurer, with interest, until the face amount of the Surety Bond is reinstated before any deposit is made to any other fund or account of the County (other than for Operating Expenses and to the Sinking Fund). No optional redemption of the 1998 Bonds may be made until the Insurer's Surety Bond is reinstated. The Surety Bond will be held by the Paying Agent in the Reserve Fund and is provided as an alternative to the County depositing funds equal to the Reserve Fund Requirement for the outstanding 1998 Bonds. The Surety Bond will be used in the face amount equal to Reserve Fund Requirement for the 1998 Bonds and the premium therefor will be fully paid by the County at the time of delivery of the 1998 Bonds.

### **Additional Bonds**

The County may issue Bonds payable from the Pledged Funds on a parity with the 1998 Bonds (the "Additional Bonds") pursuant to the Resolution, provided that:

(1) The County shall certify that it is current in all deposits into the various funds and accounts established under the Resolution and all payments theretofore required to have been deposited or made by it under the provisions of the Resolution and has complied with the covenants and agreements of the Resolution.

(2) There shall have been obtained and filed with the County a certificate of independent certified public accountant: (a) stating that such accountant has examined the books and records of the County relating to the collection and receipt of Gross Revenues and relating to Operating Expenses; (b) setting forth the amount of Net Revenues for the immediately preceding Fiscal Year or any twelve consecutive months selected by the County of the 24 months immediately preceding the issuance of such Additional Bonds; (c) stating that such Net Revenues, adjusted as provided in Section 6.2(E) of the Resolution, equals or exceeds (x) 1.05 times the Maximum Debt Service Requirement for all Outstanding Bonds and such Additional Bonds then proposed to be issued, and (y) 1.00 times the maximum annual subordinated debt service for all Subordinated Indebtedness then outstanding; and (d) stating that no Event of Default was disclosed in the report of the most recent Annual Audit or if such Event of Default was so disclosed, that it shall have been cured. In computing Maximum Debt Service Requirement for purposes of this provision, the interest rate on outstanding Variable Rate Bonds, and on additional parity Variable Rate Bonds then proposed to be issued, shall be deemed to be the Maximum Interest Rate applicable thereto. For purposes of the Additional Bonds test, the phrase "immediately preceding Fiscal Year or any twelve consecutive months selected by the County of the 24 months immediately preceding the issuance of such Additional Bonds" shall be sometimes referred to as "twelve consecutive months."

(3) In the event any Additional Bonds were issued for the purposes of refunding any Bonds then Outstanding, the conditions of the first sentence of paragraph (2) above shall not apply, provided that the issuance of such Additional Bonds shall not result in an increase in the aggregate amount of principal of and interest on the Outstanding Bonds becoming due in the current Fiscal Year and all subsequent Fiscal Years. The conditions of the first sentence of such paragraph (2) shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph (3).

Section 6.2 of the Resolution contains certain other provisions for the issuance for Additional Parity Bonds which must be complied with.

The Resolution further provides for the issuance of Subordinated Indebtedness which is payable in whole or in part out of the Pledged Funds, provided that such pledge shall be subordinated in all respect to the pledge of the Pledged Funds created by the Resolution. The County shall have the right to covenant with the owners from time to time of any Subordinated Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued pursuant to the Resolution.

#### **No Pledge of Credit or Taxing Power**

The 1998 Bonds shall not constitute a lien upon the Facilities 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. The full faith and credit of neither the County, the State of Florida, nor any political subdivision thereof, is pledged to the payment of the principal of or premium, if any, or interest on the 1998 Bonds. The registered owners thereof shall never have the right to require or compel the exercise of any taxing power of the County, the State of Florida or any political subdivision thereof, to the payment of such principal, premium, if any, and interest.

#### **Other Covenants**

The County has covenanted in the Resolution to maintain or cause to be maintained (from the Gross Revenues of the Facilities) the Facilities and all portions thereof in good condition and to operate or cause to be operated the same in an efficient and economical manner, making or causing to be made such expenditures for equipment and for renewals, repairs and replacements as may be proper for the economical operation and maintenance thereof. The County is required to annually prepare and adopt, prior the beginning of each Fiscal Year, an Annual Budget in accordance with applicable law, and not to incur expenditures in excess of the amount provided in the Annual Budget without appropriate authorization from the governing body of the County. The County must keep books and records of the operation of the Facilities and of Gross Revenues and Operating Expenses. The owners of the Bonds or duly authorized representative shall have the right at all reasonable times to inspect all books, records and accounts of the County relating thereto. After the close of each Fiscal Year, the County is required to cause the books, records and accounts relating to the Facilities to be properly audited by a recognized independent firm of certified public accountants. The County must require such accountants to complete their report of such Annual Audit in accordance with applicable law. The County is permitted to make a reasonable charge for furnishing any owner of the Bonds with a copy of such Annual Audit. The County covenants not to sell, lease, encumber or in any manner dispose of the Facilities as a whole or any substantial part thereof until all of the Bonds and all interest thereon has been paid in full or provision for payment has been made in accordance with the Resolution. Notwithstanding the foregoing, the County does have the right to sell, lease or otherwise dispose of any of the property comprising a part of the Facilities as provided in the Resolution if such property is not necessary to the operation of the Facilities, such property is not useful in the operation of the Facilities, such property is not profitable in the operation of the Facilities or, in the case of a lease of such property, will be advantageous to the Facilities and will not adversely affect the security for the owners of the Bonds.

The County is required to endeavor to fix, establish and maintain and collect such Rates and revise the same from time to time, whenever necessary, as will always provide in each Fiscal Year Net Revenues adequate at all times to pay in each Fiscal Year at least 1.00% of the current annual Debt Service Requirement coming due in such Fiscal Year on such Series of Outstanding Bonds and at least 100% of any amounts required by the terms of the Resolution to be deposited in the Reserve Fund or with any issuer of a Reserve Fund Letter of Credit or Reserve Fund Insurance Policy in such Fiscal Year. If, in any Fiscal Year, the County shall fail to comply with the requirements contained in the provisions describe above, it shall cause the Qualified Independent Consultant to review its Rates, Gross Revenues, Operating Expenses and methods of operation and to make written recommendations as to the methods by which the County may properly seek to comply with the requirements set forth in the foregoing rate covenant. The County

shall forthwith commence to implement such recommendations to the extent required so as to cause it to thereafter comply with such requirements.

The Resolution requires the County to carry certain insurance coverages. The County is not permitted to render any free services of any nature by the Facilities or any part thereof, nor is it permitted to establish any preferential rates for users of the same class, which in any manner will materially adversely affect the security for the owners of the 1998 Bonds. The County is required to diligently enforce its right to receive the Gross Revenues.

#### MUNICIPAL BOND INSURANCE

The following information has been furnished by the Insurer for use in this Official Statement. Reference is made to Appendix G for a specimen of the Insurer's policy.

The Insurer's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Issuer to the Paying Agent or its successor of an amount equal to (i) the principal of (at the stated maturity) and interest on, the 1998 Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of optional redemption or acceleration resulting from default or otherwise, the payments guaranteed by the Insurer's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the 1998 Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any 1998 Bond. The Insurer's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of 1998 Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer's policy also does not insure against nonpayment of principal of or interest on the 1998 Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any paying agent for the 1998 Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of a 1998 Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such 1998 Bonds or presentment of such other proof of ownership of the 1998 Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the 1998 Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the 1998 Bonds in any legal proceeding related to payment of insured amounts on the 1998 Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of such insured amounts due on such 1998 Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

The Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against the Insurer. The Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Insurer has two European branches, one in the Republic of France and the other in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Insurer, changes in control and transactions among affiliates. Additionally, the Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

Effective February 17, 1998, the Company acquired all of the outstanding stock of Capital Markets Assurance Corporation ("CMAC") through a merger with its parent CapMAC Holdings Inc. Pursuant to a reinsurance agreement, CMAC has ceded all of its net insured risks (including any amounts due but unpaid from third party reinsurers), as well as its unearned premiums and contingency reserves to the Insurer. The Company is not obligated to pay the debts of or claims against CMAC.

As of December 31, 1997, the Insurer had admitted assets of \$5.3 billion (audited), total liabilities of \$3.5 billion (audited), and total capital and surplus of \$1.8 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of June 30, 1998, the Insurer had admitted assets of \$6.0 billion (unaudited), total liabilities of \$4.0 billion (unaudited), and total capital and surplus of \$2.0 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Furthermore, copies of the Insurer's year end financial statements prepared in accordance with statutory accounting practices are available without charge from the Insurer. A copy of the Annual Report on Form 10-K of the Company is available from the Insurer or the Securities and Exchange Commission. The address of the Insurer is 113 King Street, Armonk, New York 10504. The telephone number of the Insurer is (914) 273-4545.

[Moody's Investors Service, Inc. rates the claims paying ability of the Insurer "Aaa."

Standard & Poor's Ratings Services ("Standard & Poor's"), a division of The McGraw Hill Companies, Inc., rates the claims paying ability of the Insurer "AAA."]

Fitch IBCA, Inc. (formerly known as Fitch Investors Service, L.P.) rates the claims paying ability of the Insurer "AAA."

Each rating of Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the credit worthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the 1998 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the 1998 Bonds. The Insurer does not guaranty the market price of the 1998 Bonds nor does it guaranty that the ratings on the 1998 Bonds will not be revised or withdrawn.

The insurance provided by this Insurer's policy is not covered by the Florida Insurance Guaranty Association created under Chapter 631, Florida Statutes.



## THE FACILITIES AND THE INITIAL PROJECT

The "Facilities" means the public golf course and appurtenant facilities now owned and operated or owned and operated after the adoption of the Resolution by the County, which Facilities also include any and all improvements, extensions and additions thereto constructed and acquired after the adoption of the Resolution which shall be financed either from the proceeds of the 1998 Bonds or from any other funds or sources, together with all property, real or personal, tangible or intangible, now or after the adoption of the Resolution owned or used in connection therewith.

The County's golf course opened for play in January 1989. The course consists of 18 holes located on approximately 176 acres. It includes a 30-station driving range, a putting and chipping practice area, a 5,000-square foot clubhouse (which includes administrative offices, a pro shop and a 45-seat dining area), a cart storage facility and a golf course maintenance area. The golf course is located in the unincorporated area of the County known as Elkton, Florida, one-eighth of a mile west of the State Road 207 exit on Interstate 95.

The County has obtained an Operational Analysis & Expansion Feasibility Report dated May 13, 1998 (the "Feasibility Report") prepared by CrisStar Development Group. The Feasibility Report (exclusive photographs) is included as Appendix A to this Official Statement.

According to the Feasibility Report, the County's course commands a significantly higher share of the public golf market (as much as 80% more player volume) than its closest competitors. This is attributed to a convenient location in the target market, quality of design, overall conditioning of the course, price and staff friendliness. The Feasibility Report indicates that rounds played on the County's golf course are higher during the period January through April. The fall months of September through December show the lowest amount of usage, and the June through August summer period falls in the middle. The Feasibility Report recommends the institution of lower rates for County residents to encourage more usage by those that would be more inclined to play on a year-round basis.

The Feasibility Report opines that current management and support structure at the golf course does not lend itself its optimum performance of the course for the long term. The report concludes that starting salaries and benefits for employees of the course are below average when compared to golf course employees in the Jacksonville market. It rates staff members for the course as being generally average to above average in qualifications, image and level of performance. In order to avoid detrimental employee turnover, the report indicates that the County will need to offer more competitive salaries and benefits as well as better training. The report identifies the present process of evaluating new employees through the County's personnel department as being cumbersome and preventing golf course management from making timely hiring decisions and developing specialized employee orientation programs to train, motivate and reward good performance. It recommends a more formalized performance enhancing evaluation process for all employees and a compensation program.

The Feasibility Report identifies the greatest risk to current operation as being overplay of the course and management's ability to become more formalized and systematic in effectively managing golf operations. The report concludes that there are no prohibitive environmental, zoning or competitor obstacles to the expansion of the course. Nonetheless, the Initial Project will require strict development cost management as well as implementing the recommendations in the report. In the human resource area, the report indicates the need for an intensive reevaluation of the golf course organizational structure, compensation packages and the recruitment, selection, orientation and retention of quality staff. The report has a marketing recommendation to develop a strategic and formalized marketing initiative to level out the flow of business by building play in non-peak periods. Finally, the report recommends enhancements to the performance management systems by implementing a cohesive, formalized package of operating

standards and performance measurement tools enabling the Facilities to move ahead of its competition in providing superior service. The report concludes that given proper consideration of and attention to the risks associated with the current operation and the proposed expansion, there is no reason to believe that the golf course cannot continue to provide value to the customer and financial productivity for the County.

The Feasibility Report contains the following summary of conclusions:

- There is sufficient current and projected demand to justify additional, value priced, quality, public access golf in the St. Augustine area in the next three-to-five years. With the absence of any impending new entries to the market, St. Johns County Golf Course can continue to grow and sustain a dominant market share in this segment.
- A nine hold addition to the existing facility is the most practical means by which the County can maintain stable, positive cash golf operations for the long term.
- The current levels of financial performance (and ultimately the financial success of the expansion), as well as the County's ability to provide a quality recreational experience for residents of, and visitors to, the St. Johns County area could soon reach a point of diminishing return if the existing management structure and operational procedures are left unchanged.
- Given proper attention to the operations recommendations contained in the Feasibility Report, a nine hole expansion is very much justified and can stand alone financially.

The administration of the County concurs with the Feasibility Report's conclusion that current management and support structures are not adequate to realize optimal performance of the golf course for the long term; and additional staffing has been proposed in the pro forma financial information prepared by the golf course personnel and presented to the Board of County Commissioners on March 10, 1998. Additional personnel will be added in the pro shop as well as in the golf course maintenance department to optimize the performance of the expanded facility. Administration is also committed to implement the necessary tools and standards to provide proper measurement of facility and management performance in order to ensure a successful expansion of the Facilities.

The Feasibility Report also indicated the need to examine salaries and benefits of golf course supervisors and other employees in order to bring these salaries and benefits in line with the Jacksonville market. During the Fiscal Year ending September 30, 1999 a salary and benefit study will be conducted by the administration; and once the expansion of the Facilities is completed, the salaries and benefits will be adjusted in order to be competitive with the surrounding market.

The Initial Project to be financed out of the proceeds of the 1998 Bonds includes the addition of nine regulation golf holes consistent in design quality with the existing course, relocating, expanding and lighting the practice range, relocating and modernizing the golf course maintenance facility, and expansion of the dining room, kitchen and cart storage building. The impetus for the Initial Project is prompted by excess demand (especially in the peak season). This excess demand has required turning away a high number of customers, crowded conditions and regular occurrences of slow play.

The Feasibility Report estimates the following costs for the Initial Project:

Land acquisition (60 acres at \$18,000 per acre) (pending receipt of appraisal)	\$1, 080,000
Golf course construction	1,476,000
Maintenance building relocation	250,000
Dining room expansion	46,000
Kitchen expansion	32,000
Cart barn expansion	39,200
Unallocated contingency	<u>375,000</u>
 Total Budgeted Development Cost	 \$3,298,200

The report indicates that maintenance building relocation and renovation costs are highly preliminary and somewhat understated by industry standards. It also identifies a number of capital improvements and repair projects which need to be addressed in the coming twelve months. The unallocated contingency is earmarked for understated expansion costs estimates as well as to deferred repairs and improvements. No assurance can be given that the Initial Project can be acquired and constructed for the amount indicated in the Feasibility Report. The report does state that the total budgeted development cost is a fair and reasonable estimate.

#### SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the 1998 Bonds, together with other moneys of the County, are expected to be applied as described below:

**Sources:**

Principal Amount of 1998 Bonds	\$
Less: Original Issue Discount	
Accrued Interest on the 1998 Bonds	
Sinking Fund for the Prior Obligations	
County Cash Contribution	<u>                    </u>
 Total Sources:	 \$ <u>                    </u>

**Uses:**

Deposit to Escrow Holder	
Deposit to Construction Fund	
Deposit to Interest Account	
Underwriter's Discount	
Cost of Issuance (including bond insurance and Surety Bond premiums)	<u>                    </u>
 Total Uses:	 \$ <u>                    </u>

**FLOW OF FUNDS**

County is required to deposit all Gross Revenues into the Revenue Fund, promptly upon the receipt thereof. On or before the last day of each month, commencing with the month in which the delivery of the 1998 Bonds is made, the moneys in the Revenue Fund are to be deposited or credited in the following manner and in the following order of priority:

1. *Operation and Maintenance.* Amounts in the Revenue Fund shall be used first to pay reasonable and necessary Operating Expenses for the next ensuing month, subject to the requirement of the Resolution that the County comply with its covenants relating to the Annual Budget.
2. *Sinking Fund.* Next, the County shall deposit into or credit to the Sinking Fund the pro rata monthly portion necessary to fund amounts due for interest, principal and Amortization Installments for such year, as more particularly provided in the Resolution.
3. *Reserve Fund.* Next, the County shall deposit into or credit to the Reserve Fund such sums as are required to immediately restore the funds or deposits therein to an amount equal to the amount equal to the Reserve Fund Requirement, including the reinstatement of any Reserve Fund Insurance Policy or Reserve Fund Letter of Credit.
4. *Surplus Moneys.* The balance of any moneys remaining in the Revenue Fund after the payments and deposits required as described above may be transferred, at the discretion of the County, to any other appropriate fund or account of the County and be used by the County for any lawful purposes, including, but not limited to, the payment of the principal of, premium, if any, and interest on any Subordinated Indebtedness.

**DEBT SERVICE SCHEDULE**

The following table sets forth the debt service schedule for the 1998 Bonds.

Bond Year Ending July 1,	1998 Bonds		Total Debt Service
	Principal	Interest	
1999	\$	\$ <sup>1</sup>	\$
2000			
2001			
2002			
2003			
2004			
2005			
2006			
2007			
2008			
2009			
2010			
Totals	\$	\$	\$

<sup>1</sup> Includes accrued interest of \$ \_\_\_\_\_

## LEGAL MATTERS

Certain legal matters in connection with the authorization, issuance and sale of the 1998 Bonds are subject to the approval of Foley & Lardner, Jacksonville, Florida, Bond Counsel, the form of whose approving opinion is attached hereto as Appendix F. Certain legal matters will be passed upon for the County by James G. Sisco, Esquire, St. Augustine, Florida, County Attorney, and for the Underwriter by its counsel, Rogers, Towers, Bailey, Jones & Gay, P.A., Jacksonville, Florida.

## LITIGATION

The County is the defendant in many lawsuits, most of which are being defended by the County's insurance carrier. Several lawsuits seek damages that significantly exceed the County's policy limits. In one such suit, the County is being sued for over \$24 million by a developer for damages it alleges to have incurred as a result of a dispute with the County over County contracts and land development regulations pertaining to impact fees. Additionally, litigation exists and is also threatened pertaining to traffic concurrency and if successful could seriously impede or prevent new development within large areas of the County.

Other than as described in the preceding paragraph, in the opinion of the County Attorney there are no legal proceedings pending or threatened which may materially adversely affect the County's ability to perform its obligations to the owners of the 1998 Bonds. Further, in his opinion, there is no litigation or controversy of any nature now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the 1998 Bonds or in any way contesting the validity of the 1998 Bonds or any proceedings of the County taken with respect to the authorization, sale or issuance of the 1998 Bonds or the pledge or application of any moneys provided for the payment of the 1998 Bonds.

## TAX MATTERS

### Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the 1998 Bonds, including investment restrictions, a requirement of periodic payments of arbitrage profits to the United States, requirements regarding the use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to use its best efforts to comply with all requirements of the Code that must be satisfied in order for the interest on the 1998 Bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the 1998 Bonds to be included in gross income retroactive to the date of issuance of the 1998 Bonds.

Subject to the condition that the County comply with the pertinent requirements of the Code, under existing law, in the opinion of Bond Counsel, interest on the 1998 Bonds will be excluded from the gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Reference is made to a proposed form of the Bond Counsel opinion attached hereto as Appendix F for the complete text thereof.

In rendering the opinion, Bond Counsel will rely upon certificates of the County with respect to certain material facts relating to the property financed with the proceeds of the 1998 Bonds and the application of the proceeds of the 1998 Bonds.

The Code contains numerous provisions which could affect the economic value of the 1998 Bonds to certain owners of the 1998 Bonds. The following is a brief summary of some of the significant provisions that may be applicable to particular owners of the 1998 Bonds. Prospective owners of the 1998 Bonds, however, should consult their own tax advisors with respect to the impact of such provision on their own tax situations.

The 1998 Bonds will not be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. Interest on indebtedness incurred or continued to purchase or carry the 1998 Bonds or, in the case of banks and certain other financial institutions, interest expense allocable to interest on the 1998 Bonds, will not be deductible for federal income tax purposes.

Insurance companies (other than life insurance companies) are required to reduce the amount of their deductible underwriting losses by 15% of the amount of tax-exempt interest received or accrued on certain obligations, including the 1998 Bonds, acquired after August 7, 1986. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income. Life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest, such as interest on the 1998 Bonds.

Interest on the 1998 Bonds must be included in the "adjusted current earnings" of corporations (other than S corporations, regulated investment companies, real estate investment trusts, and REMICs), and such corporations are required to include in their calculation of alternative minimum taxable income 75% of the excess of adjusted current earnings over alternative minimum taxable income (determined with regard to this adjustment and prior to reduction of certain net operating losses).

Certain recipients of social security benefits and railroad retirement benefits are required to include a portion of such benefits in gross income by reason of the receipt or accrual of interest on tax-exempt obligations, such as the 1998 Bonds.

For foreign corporations that operate branches in the United States, Section 884 of the Code imposes a branch level tax on certain earnings and profits in the tax years beginning after 1986. Interest on tax-exempt obligations, such as the 1998 Bonds, may be included in the determination of such domestic branches' taxable base on which this tax is imposed.

Passive investment income, including interest on the 1998 Bonds, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation consists of passive investment income.

From time to time, legislative proposals are pending in Congress that if enacted would alter or amend one or more of the federal tax matters referred to above in certain respects or would adversely affect the market value of the 1998 Bonds. It cannot be predicted whether or in what form any such proposals, either pending or that could be introduced, may be enacted and there can be no assurance that such proposals will not apply to the 1998 Bonds.

#### **Florida Tax Matters**

It is also the opinion of Bond Counsel that, under existing law, the 1998 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes

on interest, income or profits on debt obligations owned by corporations, as defined in Chapter 220, Florida Statutes, as amended.

### **Original Issue Discount**

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each 1998 Bond maturing \_\_\_\_\_ (the "Discount Bonds"), to the extent properly allocable to each owner of a Discount Bond, is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Discount Bond is or would be excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of such Discount Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discount Bonds were sold (the "issue price").

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of each accrual period), less (iii) any interest payable on such Discount Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, and will increase the owner's tax basis in such Discount Bond. The adjusted tax basis in a Discount Bond will be used to determine taxable gain or loss upon a disposition (*e.g.*, sale, exchange, redemption, or payment at maturity) of such Discount Bond.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued original issue discount, the amount of original issue discount that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Discount Bond.

As described above regarding tax-exempt interest, a portion of the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. In the case of a corporation, such portion of the original issue discount will be included in the calculation of the corporation's alternative minimum tax liability and the branch profits tax liability. Corporate owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability or a branch profits tax liability although the owners of such 1998 Bonds will not receive a corresponding cash payment until a later year.

Owners of Discount Bonds who did not purchase such Discount Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Discount Bonds.

Owners of such Discount Bonds should consult their own tax advisors with respect to state and local tax consequences of the Discount Bonds. It is possible that under the applicable provisions governing the determination of state and local income taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual, even though there will not be a corresponding cash payment until a later year.

## **RATINGS**

The 1998 Bonds have been rated \_\_\_ and \_\_\_ by Moody's Investors Service and Standard & Poor's Ratings Services, respectively, with the understanding that upon delivery of the 1998 Bonds, the financial guaranty insurance policy will be issued by the Insurer. An explanation of the significance of any ratings may be obtained only from the rating agency furnishing the same. There is no assurance that such ratings will be in effect for any given period of time or that they will not be revised upward or downward or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. Any such downward revision or withdrawal of any ratings may have an adverse effect on the market price of the 1998 Bonds.

## **UNDERWRITING**

William R. Hough & Co., (the "Underwriter") has agreed, subject to certain customary conditions to closing, to purchase the 1998 Bonds from the County at par plus accrued interest less an aggregate underwriting discount of \$\_\_\_\_\_ and an original issue discount of \$\_\_\_\_\_. The Underwriter will be obligated to purchase all of the 1998 Bonds if any such 1998 Bonds are purchased. The public offering prices may be changed, from time to time, by the Underwriter.

## **FINANCIAL ADVISOR**

The County has retained Public Financial Management, Inc., Fort Myers, Florida, as Financial Advisor in connection with preparation of the County's plan of financing and with respect to the authorization and issuance of the 1998 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. Public Financial Management, Inc. is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments.

## **ANNUAL FINANCIAL REPORT**

The Comprehensive Annual Financial Report of the County for the Fiscal Year ended September 30, 1997, reproduced herein as Appendix B, is an integral part of this Official Statement. The security for the 1998 Bonds is limited to the Pledged Funds as described under "AUTHORITY AND SECURITY FOR THE 1998 BONDS."

## **INVESTMENT POLICIES**

The County has detailed written investment policies which it follows. The principal investment objectives of the County are to achieve safety, liquidity, and yield, in that priority.



## YEAR 2000 COMPUTER CONCERNS

A portion of the computer hardware and software and imbedded technology (such as micro-controllers contained in equipment and machinery) used by the County is not designed to recognize calendar years after 1999--the so-called "year 2000 problem." Since the County's operations are in many cases dependent upon computer technologies and also are dependent upon the systems of others (such as financial institutions and the State of Florida), the failure by the County or others with whom it conducts business to become year 2000 compliant on a timely basis could have a significant adverse effect on the County's operations and its financial condition, and could result in a significant loss of revenues to the County.

In \_\_\_\_\_ 1997, the County began a year 2000 initiative to identify and address issues facing the County's various computer systems. The County has commenced implementation of its plan and has committed sufficient resources in its opinion to adequately address the issues in a timely manner. The County's plan involves an identification and assessment phase, an implementation phase and a testing phase.

Major systems that affect the County's basic service delivery are tax roll preparation and collection, finance and accounting, and human resources. Efforts to address these systems include both hardware and software upgrades to be year 2000 compliant. The target date for completion is December 31, 1998, and County administration believes this project is on schedule.

The County is working with third parties with whom it conducts business, including banks and other financial institutions, surrounding jurisdictions, and the State of Florida, to understand the level of compliance that can be reasonably expected on the part of those entities. This will allow the County to accommodate its needs and minimize disruption of service delivery.

While the County believes its efforts to address year 2000 issues is sufficient and timely, it is developing a contingency plan to address the billing and collection of ad valorem taxes.

The County's projected costs to address year 2000 issues is not believed to be material to its overall operations. Current estimates are that the total costs will be \$ \_\_\_\_\_, of which approximately \$ \_\_\_\_\_ has been spent to date.

## CONTINUING DISCLOSURE

The County has covenanted in the Resolution to provide certain financial information and operating data relating to the County by not later than 270 days following the end of the County's Fiscal Year (which currently ends September 30) (the "Annual Report"), commencing with the report for the Fiscal Year ending 1998, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the County with each nationally recognized municipal securities information repository and with the appropriate state information depository, if any (the "State Depository"), designated as such by the State of Florida for purposes of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The notices of material events will be filed by the County with (i) each nationally recognized municipal securities information repository or the Municipal Securities Rulemaking Board and (ii) the State Depository. The specific nature of the information to be contained in the Annual Report and the notices of material events is summarized in "APPENDIX E - Summary of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with the Rule.

## MISCELLANEOUS

All information included herein has been provided by the County, except where attributed to other sources. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument. The information herein has been compiled from official and other sources and, while not guaranteed by the County, is believed to be correct. So far as any statements made in the Official Statement and the Appendices attached hereto involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

Section 517.051, Florida Statutes provides for the exemption from registration of certain government securities, such as the 1998 Bonds, provided that, if the issuer thereof has been in default at any time after December 31, 1975 as to principal or interest on obligations, its securities may not be offered or sold in Florida pursuant to this exemption except by means of an offering circular containing a full and fair disclosure of such defaults, as prescribed by rules of the Florida Department of Banking and Finance (the "Department"). Under the rules of the Department, the prescribed disclosure is not required if the information is not an appropriate disclosure because such information would not be considered material by a reasonable investor. The County is not and has not been in default as to principal and interest on non-conduit bonds or other non-conduit debt obligations which it has issued or guaranteed. The County is not undertaking an independent review of bonds or other debt obligations for which it served only as a conduit issuer, if any. Because the source of payment for any defaulted conduit bonds would be separate and distinct from the source of payment for the 1998 Bonds and would not be an obligation of the County other than to the extent the County receives funds from the party borrowing the proceeds of such bonds, any default on such bonds is not considered a material fact with respect to the 1998 Bonds.

### AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT

The delivery of this Official Statement has been duly authorized by the Board of County Commissioners of the County. Concurrently with the delivery of the 1998 Bonds, the undersigned or the then Chairman or Vice Chairman of the Board will furnish the County's certificate to the effect that, to the best of its knowledge, this Official Statement did not as of its date and does not as of the date of the delivery of the 1998 Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purposes for which this Official Statement is to be used, or which is necessary in order to make the statements made herein, in light of the circumstances in which they were made, not misleading.

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

By: \_\_\_\_\_  
Chairman

## APPENDIX C

### GENERAL INFORMATION CONCERNING THE COUNTY

*The following information concerning St. Johns County, Florida is included only for the purpose of providing general background information.*

#### Location

St. Johns County (the "County") encompasses approximately 617 square miles and is located in the northeast region of the State of Florida. The County is located directly south of Duval County, Florida, and is bordered on the west by the St. Johns River, on the south by Flagler County, and on the east by the Atlantic Ocean.

There are three incorporated municipalities located in the County: St. Augustine, Hastings and St. Augustine Beach. St. Augustine, which was founded in 1565, is the oldest permanent European settlement in the United States and is the county seat. A small portion of the municipality of Marineland (primarily located in Flagler County) on which no improvements are located is also a part of the County.

#### Population

St. Johns County currently ranks 32nd out of Florida's 67 counties in total gross population and ranks 24th statewide in the percentage change in population growth from 1990 to 1997.

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

<u>Year</u>	<u>Population</u>
1970 U.S. Census	31,035
1980 U.S. Census	51,303
1990 U.S. Census	83,829
1991	86,118
1992	88,417
1993	91,197
1994	94,758
1995	97,695
1996	101,729
1997	102,116

---

Source: U.S. Bureau of the Census; Florida Executive State Data Center, Office of the Governor, "Florida Population Estimate by County," September 1997.

#### Commerce and Industry

A combination of historical significance, favorable climate, and available recreational facilities including public beaches, golf courses, tennis courts, and cultural events has made the County a national and international tourist destination attracting more than a million visitors annually.

The County is home to a number of state, national and international business and sports organizations all contributing to a stable economy. Among those headquartered in the County are the PGA Tour, Inc., Association of Tennis Professionals, Flagler College, Florida School for the Deaf and Blind, Florida National Guard, and Florida East Coast Railway. The World Golf Village opened to the public in May 1998. This complex, in the northwestern part of the County, is the home of the World Golf Hall of Fame, World Golf Village Resort Hotel, and the St. Johns County Convention Center.

While tourism ranks highly in the economy, manufacturing and commercial activities, including food processing, airplane modification and repair, book binding, aluminum extrusion and commercial fishing play key roles.

## Agriculture

Agribusiness remains a key sector of the state and the northeast region's economy. Agriculture is a major industry in the County and in 1997 provided the County with on-farm revenue in excess of \$59 million.

St. Johns County is known as the potato and cabbage capital of Florida, and leads the other counties in Florida in value of these products. Agriculture commodities produced in the County and their respective values for 1997 are as follows:

Potatoes	\$28,595,000
Cabbage	2,850,000
Forest Products	19,600,000
Ornamental Horticulture	4,000,000
Miscellaneous Agriculture (Onions, Cotton, Etc.)	2,000,000
Field Crops (Corn, Corn Silage & Hay)	1,500,000
Livestock	<u>620,000</u>
Total	\$59,165,000

Source: Florida Department of Agriculture St. Johns County Extension Service, as of January 1998.

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

## Employment

The following table shows the average monthly employment by category for the first quarter ended March 1997.

<u>Distribution</u>	<u>Number of Employees</u>	<u>Percentage of Total</u>
Manufacturing	3,317	9.70%
Construction	1,626	4.75
Transportation, Communications & Utilities	653	1.91
Wholesale Trade	1,268	3.71
Retail Trade	8,825	25.80
Finance, Insurance and Real Estate	1,242	3.63
Services	10,685	31.23
Government	5,675	16.59
Agriculture (Except Domestic, Self Employed, Unpaid Family Workers and Seasonal Workers)	852	2.49
Mining	17	0.05
Nonclassifiable	<u>47</u>	<u>.14</u>
TOTAL	34,207	100.00%

Source: State of Florida, Department of Labor and Employment Security.

[update]

## Major Employers

The following table shows some of the major employers in St. Johns County and their approximate level of employment as of September 1998.

<u>Establishment</u>	<u>Product</u>	<u>Approximate Employment</u>
St. Johns County School Board	Education	1,743
Northrup Grumman	Aircraft Overhaul and Modification	1,399
Flagler Hospital	Health Care	1,100
St. Johns County	County Government	1,100
Florida School for the Deaf and Blind	Educational Institution	611
V.A.W. of America, Inc.	Aluminum Extrusion	550
Luhrs Corporation	Pleasure Crafts/Sport Fishing Boats	400
Florida Department of Military Affairs	Florida National Guard Headquarters	340
Tree of Life, Inc.	Health Food Distributor	305
Florida East Coast Railway	Intrastate Railroad Freight & Express	190

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

## Tourism and Recreation

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

## Transportation Facilities

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

**Land:** Three major north/south highways, Interstate 95, U.S. 1 and State Route A1A, serve the County. Bus transportation is provided to St. Augustine by Greyhound with 5 northbound and 11 southbound buses each day.

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

Waterways: The Mantanzas Bay provides access to the St. Augustine Inlet, the Intracoastal Waterway and the Atlantic Ocean. The nearest deep water port is in Jacksonville.

**Health Care Facilities**

Medical facilities are provided by Flagler Hospital, which has 230 beds. There are approximately 110 physicians in the area, including specialists in most fields. The County has five nursing homes; two of which are funded by the County and three of which are private establishments. There is also the University of St. Augustine for Health Sciences. Programs offered are physical therapy and occupational therapy.

**Education**

The public school system is operated by the St. Johns County School Board. There are twelve elementary schools, five middle schools, two high schools, one discipline program school (grades 6-12), two elementary parochial schools, a parochial high school, a tri-county Vocational and Technical Center, St. Johns River Community College, and Flagler College, which is a four-year liberal arts institution in which more than 1,300 students are enrolled. The State operates the Florida School for the Deaf and Blind in St. Augustine, with primary school through senior high school levels.

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

**St. Johns County, Florida  
Civilian Labor Force  
(unadjusted)**

<u>Fiscal Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>	<u>State Unemployment Rate</u>
1987/88	38,781	36,761	2,020	5.2%	5.0%
1988/89	39,288	37,030	2,258	5.7	5.6
1989/90	40,011	37,761	2,250	5.6	5.9
1990/91	40,510	37,889	2,621	6.5	7.3
1991/92	39,962	37,048	2,914	7.3	7.1
1992/93	46,078	43,215	2,863	6.2	7.0
1993/94	47,484	44,701	2,783	5.9	6.6
1994/95	47,692	45,552	2,140	4.5	5.8
1995/96	53,302	51,750	1,552	2.9	5.1
1996/97	55,661	54,094	1,567	2.8	4.2

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

St. Johns County, Florida  
Taxable Assessed Property Valuations

<u>Fiscal Year</u>	<u>Non-Exempt Real Property Valuations</u>	<u>Non-Exempt Personal Valuations</u>	<u>Non-Exempt Utilities Railroad</u>	<u>Total Taxable Assessed Property Valuations</u>
1987/88	\$2,462,581,761	\$244,414,748	\$13,395,647	\$2,720,392,156
1988/89	2,913,060,062	271,870,308	11,858,243	3,196,788,613
1989/90	3,200,364,647	299,669,118	12,107,655	3,512,141,420
1990/91	3,399,910,947	307,882,418	11,995,281	3,719,788,646
1991/92	3,504,853,905	300,136,448	8,979,760	3,813,970,113
1992/93	3,746,646,651	301,885,084	9,448,364	4,057,980,099
1993/94	4,000,055,855	317,459,944	12,768,651	4,330,284,450
1994/95	4,336,130,363	338,279,655	12,176,831	4,686,586,849
1995/96	4,597,639,793	353,147,333	11,966,300	4,962,753,426
1996/97	6,019,174,459	380,781,639	15,038,418	6,414,994,516

Source: St. Johns County Property Appraiser

St. Johns County, Florida  
Ad Valorem Tax Levies and Collections

<u>Tax Roll Year</u>	<u>Property Taxes Levied</u>	<u>Total Tax Collections<sup>1</sup></u>	<u>% of Levy Collected<sup>2</sup></u>	<u>Delinquent Tax Uncollected</u>
1983	\$ 23,677,638	\$ 23,320,383	98.49%	\$357,255
1984	25,229,244	24,805,582	98.32	423,662
1985	31,295,519	31,042,190	99.19	253,329
1986	35,941,927	35,594,355	99.03	347,572
1987	40,160,327	39,785,685	99.07	374,642
1988	46,313,747	45,855,152	99.01	458,595
1989	59,828,202	58,709,509	98.13	1,118,693
1990	66,515,233	65,324,133	98.21	1,191,100
1991	70,079,557	69,486,147	99.15	593,410
1992	72,993,958	72,455,946	99.26	538,012
1993	75,800,471	75,566,764	99.79	157,336
1994	84,136,894	83,741,187	99.53	186,968
1995	91,051,729	90,542,605	99.64	200,288
1996	94,114,247	93,612,311	99.47	267,063
1997	106,030,927	105,850,651	99.83	191,998

<sup>1</sup> Aggregate amount of tax collections as of close-out of fiscal year ended September 30, which includes the aggregate amount of discounts actually taken by taxpayers as allowed by Florida law. A 4% discount is allowed if the taxes are paid in November with the discount declining by 1% each month thereafter. Total tax collections include current taxes paid, tax certificate proceeds, delinquent tax payments upon taxable personal property and any prior period payments on County-held tax certificates.

<sup>2</sup> Represents percentage of current gross collections (total collections plus discounts taken) to property taxes levied.

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

ST. JOHNS COUNTY, FLORIDA  
NET DEBT STATEMENT  
as of October 1, 1998  
(Adjusted to give effect to the issuance of the 1998 Bonds  
and the redemption of the Prior Obligations)<sup>1</sup>

<u>Direct Debt</u>	<u>General Obligation Bonds</u>	<u>Non-Self Supporting Revenue Bonds</u>	<u>Self Supporting Revenue Bonds</u>
Limited Ad Valorem Tax Refunding Bonds, Series 1994	\$ 7,900,000		
Water and Sewer Revenue Bonds, Series 1989			\$ 6,305,000
Water and Sewer Revenue Bonds, Series 1990B-I and Series 1990B-II			15,475,000
Water and Sewer Revenue Bonds, Series 1991A			7,130,398
Water and Sewer Revenue Refunding Bonds, Series 1998			2,225,000
Water and Sewer Revenue and Refunding Bonds, Series 1996			19,795,000
State Revolving Loan Fund Agreement			1,839,379
Sales Tax Revenue Refunding Bonds, Series 1998		10,750,000	
Sales Tax Revenue and Refunding Bonds, Series 1994		9,635,000	
Capital Improvement Revenue Bonds, Series 1998		_ ,000,000*	
Transportation Improvement Revenue Refunding Bonds, Series 1992		8,935,000	
Taxable Convention Center Revenue Bonds, Series 1996		<u>16,990,000</u>	
Total Direct Debt	<u>\$ 7,900,000</u>	<u>\$</u>	<u>\$52,769,777</u>

<sup>1</sup> Assessment debt not included.

\* Preliminary, subject to change.



<u>Underlying Debt</u>	<u>General Obligation Bonds</u>	<u>Non-Self Supporting Revenue Bonds</u>	<u>Self Supporting Revenue Bonds</u>
<b>City of St. Augustine, Florida</b>			
Water and Sewer Revenue Refunding Bonds, Series 1995(A)			\$16,000,000
Water and Sewer Revenue Refunding Bonds, Series 1995(B)			760,000
Water and Sewer Revenue Refunding Bonds, Series 1996			8,230,000
Public Service Tax and Guaranteed Entitlement Revenue Bonds, Series 1992		\$ 6,815,000	
Public Service Tax and Guaranteed Entitlement Revenue Refunding Bonds, Series 1995		2,400,000	
<b>Town of Hastings, Florida</b>			
Water and Sewer Bonds (\$982,700 less \$47,419 in Reserve Fund)			935,281
<b>School District of St. Johns County, Florida</b>			
General Obligation Refunding Bonds, Series 1993	<u>\$39,215,000</u>		
Total Underlying Debt	\$39,215,000	\$ 9,215,000	\$25,925,281
Total Direct and Underlying Debt	\$47,115,000	\$	\$78,695,058

**DEBT RATIOS**  
[update]

Direct and Underlying General Obligation Debt	\$ 47,115,000.00
Per Capita	\$ 461.39
As a Percent of Taxable Assessed Valuation	.73%
As a Percent of Total Assessed Valuation	.66%
Direct and Underlying General Obligation and Non-Self Supporting Revenue Debt	\$ 103,615,000.00
Per Capita	\$ 1,014.68
As a Percent of Taxable Assessed Valuation	1.6%
As a Percent of Total Assessed Valuation	1.5%
1997 St. Johns County Population Estimate	102,116
1997 Taxable Assessed Valuation for St. Johns County	\$6,415,984,516.00
1997 Total Assessed Valuation for St. Johns County	\$7,140,413,318.00

**Police and Fire Protection**

St. Johns County is served by the Sheriff's Office, which has approximately 400 full- and part-time employees including deputies, the detective division, communications, jail and administrative personnel. There are sixteen fire stations operating within the County, served by volunteers. The County operates a special rescue unit manned by trained emergency medical technicians.

**Government**

The Board of County Commissioners of St. Johns County is organized under Article VIII of the Constitution of the State of Florida which empowers the creation of counties as a political subdivision of the state. St. Johns County is a nonchartered county and has the power of self government as provided by general and special law through county ordinances. Under the Constitution of the State of Florida, the offices of Clerk of Court, Property Appraiser, Sheriff, Tax Collector and Supervisor of Elections are specifically authorized and empowered to provide their functional services independently of the Board. The Board of County Commissioners of the County enacted an ordinance which established the office of the County Administrator, who serves as the Chief Administrative Officer of the County and is responsible for the administration of County departments, services and agencies as authorized by the Board of County Commissioners. The County School Board is a separately organized taxing entity not under the jurisdiction of the Board of County Commissioners and has specific legislative authority granted by the Constitution. The Board of County Commissioners is a seven-member body with five members elected from districts and two elected countywide. Effective \_\_\_\_\_, 1998, the Board of County Commissioners will become a five-member body elected countywide. The Board serves as the taxing authority for certain entities authorized by the Constitution of the State of Florida including the constitutional officers and special taxing districts that are authorized under legislation and approved by the Board of County Commissioners. Certain dependent county taxing districts also come under the purview of the Board's taxing limitations. The current general taxing limitation for the Board of County Commissioners is ten mills plus an additional ten mills in municipal service taxing or benefit units in unincorporated areas of the County, as authorized by the Legislature. A mill generates one dollar of tax for every one thousand dollars of taxable value.

**EXHIBIT B**

**Proposed Form of Purchase Contract**

Draft of October 8, 1998

BOND PURCHASE AGREEMENT

October \_\_, 1998

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

Re: \$\_\_,000,000 St. Johns County, Florida, Capital  
Improvement Revenue Bonds, Series 1998

Ladies and Gentlemen:

The Underwriter hereby delivers as Attachment I hereto the disclosure statement required by Chapter 218, Part III, Florida Statutes and proposes to purchase all of the Bonds from the County and to make a public offering of the Bonds subject to the acceptance of this proposal by the County on or before 5:00 o'clock p.m. local time then prevailing in St. Augustine, Florida, on the date hereof and subject to the following provisions:

Section 1. Definitions. The following terms shall have the following meanings in this Agreement unless another meaning is plainly intended:

(a) "Accountants" means Deloitte & Touche LLP, independent certified public accountants;

(b) "Agreement" means this Bond Purchase Agreement between the Underwriter and the County;

(c) "Bond Counsel" means Foley & Lardner;

(d) "Bonds" means the County's \$\_\_,000,000 Capital Improvement Revenue Bonds, Series 1998. The Bonds shall be issued under and secured as provided in the Resolution and shall have the maturities and interest rates and be subject to redemption as set forth on Annex A hereto;

(e) "Closing" refers to the transaction at which the Bonds are delivered by the County to the Underwriter, and paid for

by the Underwriter, pursuant to this Agreement;

(f) "Closing Documents" means the documents described in Section 8 hereof and required to be delivered to the Underwriter at the Closing;

(g) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder and otherwise in effect;

(h) "County" means St. Johns County, Florida, a political subdivision organized and existing under the laws of the State of Florida;

(i) "County's Counsel" means James G. Sisco, Esquire;

(j) "Feasibility Report" means that certain Operational Analysis & Expansion Feasibility Report dated May 13, 1998 prepared by CrisStar Development Group which is attached to the Official Statements as Appendix A;

(k) "Final Official Statement" means the Official Statement of the County, relating to the Bonds, dated the date hereof;

(l) "Official Statements" means the Final Official Statement and the Preliminary Official Statement;

(m) "Preliminary Official Statement" means the Preliminary Official Statement of the County relating to the Bonds dated October \_\_, 1998;

(n) "Resolution" means Resolution No. 98-\_\_ of the County, as supplemented by Resolution No. 98-\_\_, authorizing the issuance of the Bonds;

(o) "Underwriter" means William R. Hough & Co., acting for and on behalf of itself and such other securities dealers, if any, as may from time to time be designated by the Underwriter;

(p) "Underwriter's Counsel" means Rogers, Towers, Bailey, Jones & Gay, P.A.;

Section 2. Purchase Price. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter shall purchase and the County shall sell all, but not less than all, of the Bonds at an aggregate purchase price of \$\_\_\_\_\_ (net of an underwriting discount of \$\_\_\_\_\_ and

an original issue discount for the Bonds of \$ \_\_\_\_\_) plus accrued interest thereon from October [15], 1998 to the date of Closing in the case of current interest bonds.

Section 3. Public Offering. The Underwriter shall make a bona fide public offering of the Bonds at prices not in excess of the initial offering price or prices (or at yields not lower than the yield or yields) set forth in the Final Official Statement, plus accrued interest on the Bonds. The Underwriter represents that, based on prevailing market conditions, they have no reason to believe that any of the Bonds will be initially sold to the public (excluding bond houses, brokers or similar organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices (or yields lower than the yields) shown on the cover of the Final Official Statement, plus accrued interest. The Underwriter shall sell at least 10% of the Bonds of each maturity to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices not greater than the respective prices shown on the cover of the Final Official Statement, or in the case of discount obligations sold on a yield basis, at yields no lower than the yields shown on such cover, plus accrued interest on the Bonds. The Underwriter reserves the right to change such initial public offering prices as the Underwriter deems necessary in connection with the marketing of the Bonds.

Section 4. Good Faith Check. Delivered to the County herewith is a good faith check payable to the order of the County in the amount of \$ \_\_,000 as security for the performance by the Underwriter of its obligation to accept and pay for the Bonds on the Closing Date referred to in Section 7 hereof (the "Closing Date") in accordance with the provisions hereof. The County shall hold such check uncashed until the Closing Date. The proceeds of such check is hereinafter called "Earnest Money." In the event of the Underwriter's compliance with its obligations hereunder, the uncashed good faith check shall be returned to the Underwriter on the Closing Date upon payment to the County as provided in Section 7 hereof, of the aggregate purchase price of the Bonds plus accrued interest. In the event of the County's failure to tender the Bonds on the Closing Date, or if the County shall be unable on the Closing Date to satisfy the conditions to the obligations of the Underwriter contained herein, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, the uncashed good faith check shall be immediately returned to the Underwriter. If the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by the County on the Closing Date as herein provided, the County may cash the good faith check and the Earnest

Money shall be retained by the County as and for full agreed upon liquidated damages to the County, and not as a penalty, for such failure; it being understood and agreed by the parties hereto that the actual amount of damages caused by such failure to accept and pay for the Bonds may be difficult to ascertain.

Section 5. Representations of County. The County represents to the Underwriter that: (a) on the date hereof and on the date of the Closing, unless disclosed in the Final Official Statement, the statements and information contained in the Official Statements are and will be true and complete in all material respects, and the Official Statements do not and will not omit any statement or information which is necessary to make the statements and information therein, in light of the circumstances under which they are made, not misleading; (b) the Official Statements do not and will not omit any information with respect to the County or its business, properties and affairs which might in a material respect adversely or unfavorably affect the transactions contemplated by the Official Statements; (c) when delivered to and paid for by the Underwriter at the Closing in accordance with the provisions of this Agreement, the Bonds will have been duly authorized, executed, issued and delivered by the County and, upon being authenticated by the Registrar, will constitute valid, binding and enforceable obligations of the County of the character referred to in the Official Statements, in conformity with, and entitled to the benefit and security of, the Resolution, except that the enforceability of such obligations are subject to applicable bankruptcy, reorganization, insolvency and other similar laws affecting creditors' rights generally; (d) the County is empowered and has been duly authorized to enter into this Agreement and to adopt the Resolution; (e) the execution and delivery of this Agreement, the Bonds and compliance with the provisions thereof, under the circumstances contemplated herein and therein, will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party, or any existing law, administrative regulation, court order or consent decree to which the County is subject; (f) the County has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon; (g) the County has never been in default at any time after December 31, 1975, as to principal of or interest on any obligation pledging the ad valorem taxes or the revenues of the County which it has issued, and to the best of its knowledge, has never been in default at any time after December 31, 1975, as to principal or interest on any other obligation which it has issued; (h) all approvals, consents and orders, if any, of any governmental body having jurisdiction in any matter which would constitute a

condition precedent to the performance by the County of its obligations under the Resolution and this Agreement have been obtained and are in full force and effect; (i) subsequent to the date of the last audited financial statements contained in the Official Statements, there have been no material adverse changes in the assets, liabilities or condition of the County, financial or otherwise, and neither the business, the properties, nor the affairs of the County have been adversely affected in any substantial way as the result of any fire, explosion, accident, strike, riot, flood, windstorm, earthquake, embargo, war or act of God or of the public enemy; and (j) the Preliminary Official Statement is deemed final within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, as of its date, except for omissions of no more than the following information: the offering price(s), the interest rate(s), selling compensation, aggregate principal amount, amount per maturity, delivery date, ratings and other terms depending on such matters.

Section 6. Final Official Statement; Public Offering.

The County shall prepare and deliver to the Underwriter as promptly as practicable, but in any event, not later than within seven (7) business days after the acceptance by the County of this Agreement 200 copies of the Final Official Statement, together with all supplements and amendments thereto, substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter (acceptance to be conclusively presumed by the Underwriter's payment for the Bonds), ten copies of which shall be signed on behalf of the County by the Chairman or the Vice Chairman of its Board of County Commissioners. The County agrees that the Official Statements and copies of the Resolution and comparative financial statements of the County may be used by the Underwriter in the public offering of the Bonds; and that they will cooperate with the Underwriter if the Underwriter decides to qualify the Bonds under the securities acts of any state; provided, however, the County shall not be required to register as a dealer or broker in any such state or to qualify to do business in connection with any such qualification of the Bonds for sale in any state.

Section 7. Closing, Delivery and Payment.

The Bonds shall be printed or lithographed on steel engraved borders as fully registered Bonds in the denomination of \$5,000 each or integral multiples thereof as requested by the Underwriter prior to the Closing, and shall be made available for checking and packaging by representatives of the Underwriter in New York, New York, at a place designated by the Underwriter, not less than 24 hours prior to the Closing.



The Closing shall be held beginning at 9:00 o'clock a.m., November 10, 1998, at the offices of Foley & Lardner, Jacksonville, Florida, or at such later time and other place as is mutually agreeable to the Underwriter and the County. At the Closing, the Underwriter shall accept the delivery of the Bonds from the County and shall make payment therefor as provided herein in immediately available funds upon (i) tender of the definitive Bonds to the Underwriter by the County; and (ii) the delivery by the County to the Underwriter of all of the Closing Documents.

Section 8. Closing Documents. The Closing Documents shall consist of the following, each properly executed, certified or otherwise verified, dated as of the date of Closing, and in such form, as may be satisfactory to Bond Counsel, the Underwriter and Underwriter's Counsel, including, but not limited to, the matters hereinafter set forth:

(a) A certified copy of the Resolution, as amended and supplemented to the date of Closing;

(b) The County's closing certificate confirming (i) the representations made by the County herein; (ii) other than as disclosed in the Final Official Statement, that there is no litigation pending or, to its knowledge, threatened to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds, the Resolution, or in any way contesting the existence or the powers of the County; (iii) other than as disclosed in the Final Official Statement, that there is no litigation pending or, to its knowledge, threatened against or affecting the County or involving any of the businesses, properties or affairs of the County which involves the possibility of any judgment or liability which may result in any material adverse change in the properties, businesses or assets or in the condition, financial or otherwise, of the County; (iv) the application of the proceeds of the sale of the Bonds as described in the Resolution; and (v) other than as disclosed in the Final Official Statement the adoption and present effectiveness of all reasonable resolutions or ordinances of the County requested by Bond Counsel and Underwriter's Counsel, in connection with the transactions contemplated hereby, together with copies of said resolutions and ordinances;

(c) The unqualified approving opinion of Bond Counsel, dated the date of Closing, substantially in the form of Appendix F of the Preliminary Official Statement;

(d) An opinion of Bond Counsel in form satisfactory to

the Underwriter and Underwriter's Counsel regarding the federal income tax treatment of the original issue discount;

(e) A reliance letter of Bond Counsel, dated the date of Closing, addressed to the Underwriter to the effect that the Underwriter may rely on the opinions of Bond Counsel described in paragraphs (c) and (d) above as if such opinions were addressed to it;

(f) A supplemental opinion of Bond Counsel, dated the date of Closing, addressed to the Underwriter and the County to the effect that: (i) the information contained in the Final Official Statement under the headings "SUMMARY STATEMENT--Authority and Security for the 1998 Bonds," "DESCRIPTION OF THE 1998 BONDS," "AUTHORITY AND SECURITY FOR THE 1998 BONDS," "FLOW OF FUNDS," "TAX MATTERS," "MISCELLANEOUS" (pertaining to Section 517.051, Florida Statutes, as amended), "APPENDIX D--Resolution" and "APPENDIX E--Summary of Continuing Disclosure Certificate," insofar as such information purports to be descriptions or summaries of the Resolution, the Bonds, the Financial Guaranty Agreement between the County and MBIA Insurance Corporation, the Continuing Disclosure Certificate and state and federal laws, are accurate statements or summaries of the matters set forth therein and fairly present the information purported to be shown, and nothing has come to its attention which would lead it to believe that such sections of the Final Official Statement contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements, in light of the circumstances in which they were made, not misleading; and (ii) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

(g) An opinion of the County's Counsel (which may assume that the interest on the Bonds is excluded from gross income for federal income tax purposes, that the County's anti-dilution covenants will not be breached by reason of the adoption of the Resolution and the issuance of the Bonds, and that neither the Bonds, this Agreement, the Resolution, or any other matter or documents need to be registered or qualified under the Securities Act of 1933, as amended, the Trust Indenture Act of 1939, as amended, Chapter 517, Florida Statutes, or the securities or blue sky laws of any jurisdiction) to the effect that (i) the County is a political subdivision organized and validly existing under the laws of the State of Florida and has all the necessary power and authority to issue the Bonds and enter into this Agreement; (ii) other than as disclosed in the Final Official Statement, this Agreement, the Escrow Deposit Agreement (as defined in the

Resolution) and the Bonds have been duly authorized, executed and delivered by the County and, with respect to this Agreement, assuming due execution hereof by the Underwriter, and, with respect to the Bonds, assuming proper authentication thereof by the Registrar, constitute legal, valid and binding obligations of the County enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, reorganization, insolvency and other similar laws affecting the enforcement of creditors' rights generally, and no opinion need be expressed as to the availability of any discretionary equitable remedy; (iii) the County has approved the Final Official Statement and the execution and delivery thereof to the purchasers of the Bonds; (iv) the execution and delivery of the Bonds, the Escrow Deposit Agreement and this Agreement, the adoption of the Resolution and the issuance of the Bonds pursuant to the Resolution, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any existing law, regulation, court order or consent decree to which the County is subject; (v) nothing has come to his attention which would lead him to believe that the Final Official Statement (with the exception of financial, statistical and project information) contains an untrue statement of a material fact, or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (vi) other than as disclosed in the Final Official Statement, no litigation or proceeding is pending or to the best of his knowledge is threatened against or affecting the County to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds, the Escrow Deposit Agreement or of this Agreement, or in any way contesting the existence or the powers of the County; (vii) other than as disclosed in the Final Official Statement, no litigation or proceeding is pending or to the best of his knowledge is threatened against or affecting the County or involving any of the business, property or affairs of the County which involves the possibility of any judgment or liability which may result in any material adverse change in the financial condition of the County and (viii) the County has obtained the consents, approvals, authorizations or other orders of all municipal, state or regulatory authorities required for the issuance of the Bonds;

(h) The Accountants' consent to the use of their report in the Official Statements and to the references to their firm therein;

(i) The written consent of CrisStar Development Group for the use of its Feasibility Report in the Official Statements and to the references to the firm therein, and its certificate, dated the date of the Closing, as to the accuracy of the Feasibility Report and to the effect that the information contained in the Official Statements under the heading "THE FACILITIES AND THE INITIAL PROJECT" are accurate statements and fairly present the information purported to be shown, and nothing has come to its attention which would lead it to believe that such section of the Official Statements contained an untrue statement of material fact or omit to state such material fact required to be stated therein or necessary to make such statements, in light of the circumstances in which they were made, not misleading;

(j) Appropriate arbitrage certifications and agreements by the County in form and substance satisfactory to Bond Counsel and Underwriter's Counsel;

(k) A financial guaranty insurance policy issued by MBIA Insurance Corporation insuring the payment of the principal of and interest on the Bonds when due;

(l) A Reserve Fund Insurance Policy (as defined in the Resolution) issued by MBIA Insurance Corporation with respect to the Reserve Fund Requirement (as defined in the Resolution) allocable to the Bonds;

(m) Appropriate evidence that the Bonds have been assigned ratings of Aaa by Moody's Investors Service and AAA by Standard & Poor's Ratings Services [which rating agencies will be used?];

(n) A certificate of the County evidencing compliance with the requirements of Section 5.12 of Resolution No. 95-117, as amended by Resolution No. 96-104 of the County, [and the SunTrust agreement?] after giving effect to the issuance of the Bonds;

(o) A certificate of the Registrar and Paying Agent relating to the incumbency of its officers and its power to serve as Registrar and Paying Agent in form and substance acceptable to Bond Counsel and Underwriter's Counsel;

(p) A certificate of the escrow holder under the Escrow Deposit Agreement relating to the incumbency of its officers and its power to serve as escrow agent, in form and substance acceptable to Bond Counsel and Underwriter's Counsel;

(q) The opinion of Underwriter's Counsel, dated the date

of Closing, in form and substance reasonably acceptable to the Underwriter;

(r) An executed continuing disclosure certificate of the County in form and substance acceptable to the Underwriter; and

(s) Such additional legal opinions, certificates, instruments and other documents and such multiple copies of the above listed documents as the Underwriter, Underwriter's Counsel or Bond Counsel may reasonably request to evidence compliance by the County with legal requirements; the truth and accuracy, as of the date of Closing, of the respective representations contained herein and in the Final Official Statement; and the due performance or satisfaction by them of all agreements to be performed by them and all conditions to be satisfied by them at or prior to the Closing.

Section 9. Termination by Underwriter. This Agreement may be terminated in writing prior to the Closing by the Underwriter if any of the following shall occur: (i) this Agreement shall not have been accepted by the County within the time herein provided; (ii) the signed Final Official Statement shall not have been provided within the time required by this Agreement; (iii) the Bonds and all of the Closing Documents shall not have been delivered to the Underwriter as of 2:00 p.m. (unless such time shall have been extended by mutual agreement of the parties hereto) on the date of Closing; (iv) (a) legislation shall have been enacted by the Congress, or introduced in the Congress, or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or (b) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (c) an order, ruling, regulation or communication (including a press release) shall have been issued by the Treasury Department of the United States, the Internal Revenue Service or the Securities and Exchange Commission, or (d) any action shall be taken or statement made by or on behalf of the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, which indicates or implies that interest on obligations such as the Bonds may not be excludable from gross income for federal income tax purposes or that legislation will be introduced in the next scheduled session of the United States Congress, in each case referred to in clauses (a), (b), (c) and (d), with the purpose or effect, directly or indirectly, of (x) imposing federal income taxation upon interest

to be received by any holders of the Bonds or (y) requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933 or the Resolution to be qualified as an indenture under the Trust Indenture Act of 1939; (v) there shall exist any event or circumstance which, in the reasonable opinion of the Underwriter, either makes untrue or incorrect in a material respect any statement or information contained in the Final Official Statement, or any event or circumstance is not reflected in the Final Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in a material respect; (vi) there shall have occurred any outbreak of hostilities or other national or international calamity or crisis, the effect of such outbreak, calamity or crisis on the financial markets of the United States of America being such as in the reasonable opinion of the Underwriter, would make it impracticable for the Underwriter to sell the Bonds; (vii) there shall be in force a general suspension of trading on the New York Stock Exchange, or any other major United States stock exchange, or minimum or maximum prices for trading shall have been fixed and be in force; (viii) in the reasonable judgment of the Underwriter the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be adversely affected because: (a) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any United States governmental authority or by any United States national securities exchange, or (b) the New York Stock Exchange or other United States national securities exchange, or any United States governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; (ix) a general banking moratorium shall have been declared by either federal, New York or Florida authorities having jurisdiction, and shall be in force; or (x) there shall have occurred any material adverse change in the affairs of the County.

Section 10. Termination by County. This Agreement may be terminated in writing by the County in the event that the Underwriter shall fail to accept delivery of the Bonds on the Closing Date upon tender thereof to the Underwriter by the County, and delivery to the Underwriter of all of the Closing Documents. Such termination shall not affect the County's rights to the Earnest Money.

Section 11. Changes Affecting the Final Official Statement After the Closing. After the Closing, and so long as the Underwriter or any participating dealer shall be offering Bonds

which constitute the whole or a part of their unsold participations, but in no event later than 90 days after the Closing, the County will not adopt any amendment of or supplement to the Final Official Statement except with the written consent of the Underwriter, which consent shall not be unreasonably withheld; and during such period of time, if any event relating to or affecting the County shall occur the result of which shall make it necessary, in the reasonable opinion of the (i) County or (ii) Underwriter or Underwriter's Counsel, to amend or supplement the Final Official Statement in order to make it not misleading in the light of the circumstances existing at that time, the County shall forthwith prepare and furnish to the Underwriter, at the County's expense, a reasonable number of copies of an amendment of or supplement to the Final Official Statement in form and substance satisfactory to the Underwriter, so that it then will not contain an untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances existing at that time, not misleading.

Section 12. Expenses. The Underwriter shall pay its own out-of-pocket expenses, the fees and expenses of Underwriter's Counsel, and the fees and expenses in connection with the preparation of the Legal Investment Survey and Blue Sky Memoranda and the registration of the Bonds for "Blue Sky" purposes.

The County shall pay all of the other costs and expenses in connection with the financing contemplated by this Agreement, including, but not limited to: (i) the fees and expenses of Bond Counsel and the expenses of the County, if any; (ii) fees and expenses incurred for the preparation of the Feasibility Report, and the fees and expenses of any other experts or consultants retained by the County; (iii) the cost of preparation and printing of the Bonds; (iv) the cost of printing and duplication for the Official Statements and any amendments or supplements thereto; (v) bond rating agency fees; and (vi) premium and fees for the municipal bond insurance policy.

Section 13. Notices. Any notice or other communication to be given to the County under this Agreement may be given by delivering the same in writing to the address set forth above; and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to the Underwriter addressed to William R. Hough & Co., One Independent Drive, Suite 2602, Jacksonville, Florida 32202.

Section 14. Parties and Interests; County's Undertakings; Survival of Representations. This Agreement is made solely for the benefit of the County and the Underwriter, including

Board of County Commissioners  
of St. Johns County, Florida  
October \_\_, 1998  
Page 13

the successors and assigns of the Underwriter, and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof except as provided in Section 12 hereof. All representations and agreements by the County in this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Underwriter, and shall survive the delivery of and payment for the Bonds.

Section 15. Truth-In-Bonding. The County is proposing to issue \$\_\_,000,000 of debt for the purpose of (i) financing the cost of acquiring, constructing and installing additions and improvements to the public golf course facility of the County, (ii) funding a portion of the Reserve Fund deposit, and (iii) paying the cost of issuance with respect to such debt. This debt is expected to be repaid over a period of \_\_ years at a forecasted interest rates of \_\_% to \_\_%. Total interest paid over the life of the debt will be \$\_\_\_\_\_.

The source of repayment or security for this proposal is Net Revenues of the Facilities (as both terms are defined in the Resolution). Therefore, issuing this debt will result in such Net Revenues as are required to pay debt service on the Bonds not being available to finance the other services or expenditures of the County each year.

WILLIAM R. HOUGH & CO.

By: \_\_\_\_\_  
Senior Vice President

Accepted by the Board of County Commissioners of St. Johns County, Florida on October \_\_, 1998

(SEAL)

By: \_\_\_\_\_  
County Administrator



ATTACHMENT 1

**WILLIAM R. HOUGH & CO.**  
**One Independent Drive, Suite 2602**  
**Jacksonville, Florida 32202**

October \_\_, 1998

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

Re: \$\_\_,000,000 St. Johns County, Florida Capital Improvement  
Revenue Bonds, Series 1998

Ladies and Gentlemen:

Pursuant to Florida Statutes, Section 218.385(6), the following information is provided in connection with the sale of the captioned obligations (the "Bonds").

1. The nature and estimated amount of expenses which the managing underwriter expects to incur with respect to the Bonds is as follows:

Clearance.....\$\_\_\_\_ per \$1,000  
Underwriter's Counsel.....\$\_\_\_\_ per \$1,000  
MSRB, PSA, CUSIP.....\$\_\_\_\_ per \$1,000  
Day Loan.....\$\_\_\_\_ per \$1,000  
Communications.....\$\_\_\_\_ per \$1,000  
Travel/Out-of-Pocket.....\$\_\_\_\_ per \$1,000

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

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

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

5. No fee, bonus or other compensation is to be paid by the managing underwriter in connection with the Bonds to any person not regularly employed or retained by it, other than underwriter's counsel as described above.

6. The managing underwriter is William R. Hough & Co., One Independent Drive, Suite 2602, Jacksonville, Florida 32202.

Very truly yours,

WILLIAM R. HOUGH & CO.

By: \_\_\_\_\_

Senior Vice President

ANNEX A

**MATURITIES, AMOUNTS AND INTEREST RATES**

<u>Maturity</u> <u>July 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>July 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
1999			2005		
2000			2006		
2001			2007		
2002			2008		
2003			2009		
2004			2010		

(Plus Accrued Interest)

REDEMPTION PROVISIONS

The Bonds maturing \_\_\_\_\_ 1, 20\_\_ shall not be subject to redemption prior to maturity. The Bonds maturing on \_\_\_\_\_ 1, 20\_\_ or thereafter, may be redeemed prior to maturity at the option of the County, as a whole on \_\_\_\_\_ 1, 20\_\_, or on any date thereafter, or in part, from such maturity or maturities as the County shall designate and by lot within a maturity, on \_\_\_\_\_ 1, 20\_\_, or on any interest payment date thereafter, at the following redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) plus accrued interest to the redemption date during the following periods:

<u>Redemption Periods</u> <u>(both dates inclusive)</u>	<u>Redemption</u> <u>Prices</u>
_____, ____ through _____, ____	%
_____, ____ and thereafter	

EXHIBIT C

Escrow Deposit Agreement

ESCROW DEPOSIT AGREEMENT

In consideration of the facts hereinafter recited and of the mutual covenants and agreements herein contained, St. Johns County, a political subdivision created and existing under the laws of the State of Florida (the "Issuer"), and The Bank of New York, a New York banking corporation, New York, New York, as Escrow Holder (the "Escrow Holder"), do hereby agree as follows:

Section 1. Definitions. Terms used herein shall have the respective meanings assigned in and by the Resolution hereinafter defined, and the following terms which are not defined in the Resolution shall have the following meanings, unless the text clearly otherwise requires:

"Aggregate Debt Service" shall mean all of the interest due upon redemption on December 14, 1998, on all of the Prior Obligations and the amount required to pay the principal of all of the Prior Obligations upon redemption on December 14, 1998. Aggregate Debt Service as of the date of the delivery of this Agreement is set forth in Exhibit A attached hereto.

"Agreement" shall mean this Escrow Deposit Agreement.

"Escrow Account" shall mean the Escrow Account created pursuant to the provisions of Section 3 of this Agreement.

"Escrow Requirement" shall mean, as of any particular date, the sum of an amount in cash in the Escrow Account and the principal amount of the Federal Securities held by the Escrow Holder pursuant to Section 4 hereof which, together with the interest which shall thereafter become payable on the Federal Securities, will be sufficient to pay the Aggregate Debt Service.

"Federal Securities" shall mean direct obligations of the United States of America, none of which permit redemption prior to maturity at the option of the obligor, which obligations are set forth in Exhibit B attached hereto, and such other obligations as may be purchased in accordance with Section 8 hereof.

"Prior Obligations" shall mean the Issuer's outstanding Capital Improvement Revenue Bonds, Series 1987A.

"Resolution" shall mean Resolution Number 98-\_\_ adopted by the Issuer on October \_\_, 1998, as amended and supplemented from time to time, authorizing the redemption of the Prior Obligations and the execution and delivery of this Agreement.

Section 2. Recitals.

(a) The Issuer adopted the Resolution for the purpose of, among other things, authorizing the redemption of the Prior Obligations.

(b) The Resolution authorized the Issuer to enter into this Agreement for the purposes expressed therein and herein, and all acts and things have been done and performed to make this Agreement valid and binding for the security of the Prior Obligations.

(c) The Escrow Holder has the powers and authority of a trust company under the laws of the State of New York and, accordingly, the power to execute the trust hereby created.

Section 3. Deposit of Funds. There is hereby created and established with the Escrow Holder a special account to be known as the "Escrow Account." Simultaneously with the execution and delivery of this Agreement, the Issuer has deposited with the Escrow Holder, for deposit by the Escrow Holder to the Escrow Account, \$\_\_\_\_\_ heretofore held by the Issuer for the payment of the principal of and interest on the Prior Obligations and \$\_\_\_\_\_ derived from other available funds of the Issuer, totalling \$\_\_\_\_\_. After such funds are invested to the extent required to purchase the Federal Securities, the uninvested portion of such funds and the principal amount of such Federal Securities and the interest to become due thereon will equal or exceed the Escrow Requirement as of the date of the delivery of this Agreement. Such Federal Securities shall mature and such interest shall be payable on or before the funds represented thereby shall be required for timely payment of the principal of, premium, if any, and interest on the Prior Obligations as the same shall become due and payable in accordance with their terms on December 14, 1998, the redemption date thereof, as specified in Exhibit A attached hereto.

The Escrow Holder shall hold the Escrow Account as a separate trust account wholly segregated from all other funds held by the Escrow Holder in any capacity and shall make disbursements from the Escrow Account only in accordance with the provisions of this Agreement. The Federal Securities described in Exhibit B attached hereto shall not be sold or otherwise disposed of or reinvested except as provided in Sections 4 and 8 hereof. The owners of the Prior Obligations are hereby granted a first and prior lien on the principal of and interest on such Federal Securities until the same shall be used and applied in accordance with the provisions of this Agreement.

Section 4. Use and Investment of Funds. The Escrow Holder acknowledges receipt of the cash described in Section 3 of this Agreement and agrees:

(a) to hold the same in irrevocable escrow for application in the manner provided herein;

(b) to apply such cash and the proceeds of such Federal Securities in the manner provided in this Agreement, and only in such manner;

(c) to invest immediately \$ \_\_\_\_\_ thereof by purchasing the Federal Securities described in Exhibit B attached hereto.

(d) to retain \_\_\_\_\_ thereof in cash in the Escrow Account for application as shown in Exhibit A attached hereto; and

(e) to deposit in the Escrow Account, as received, the principal of all of such Federal Securities described in Exhibit B attached hereto and any other Federal Securities acquired hereunder which shall mature during the term of this Agreement, all interest which shall be derived during the term of this Agreement from such Federal Securities and any other Federal Securities acquired hereunder, and the proceeds of any sale, transfer, redemption or other disposition of such Federal Securities and any other Federal Securities acquired hereunder.

All moneys held by the Escrow Holder pursuant to any provision of this Agreement, on deposit in the Escrow Account or otherwise, shall at all times be continually secured in the manner provided by Florida law for the securing of municipal funds.

Section 5. Payment of the Prior Obligations and Expenses. The owners of the Prior Obligations shall have a first and prior lien on the principal of and interest on the Federal Securities and all moneys held by the Escrow Holder in the Escrow Account, until all such moneys shall be used and applied by the Escrow Holder as provided in paragraph (a) below.

(a) Prior Obligations. On December 14, 1998, the redemption date established for the Prior Obligations, the Escrow Holder shall pay to the paying agent for the Prior Obligations, from the moneys on deposit in the Escrow Account, a sum sufficient to pay the Aggregate Debt Service due on such date, as shown in Exhibit A attached hereto. After making such payments from the Escrow Account, the Escrow Holder shall pay to the Issuer any moneys remaining in said account in excess of the Escrow Requirement, for the Issuer to use for capital projects relating to the Facilities.

(b) Fees and Expenses.

(i) In consideration of the services rendered by the Escrow Holder under this Agreement, the Issuer upon the execution hereof has paid to the Escrow Holder a fee of \$ \_\_\_\_\_ for all services and ordinary expenses to be incurred as Escrow Holder in connection with such services. The term "ordinary expenses" means expenses of holding, investing and disbursing the Escrow Account as provided herein.

(ii) The Issuer shall also reimburse the Escrow Holder for any extraordinary expenses incurred by it in connection herewith. The term "extraordinary expenses" includes (a) expenses arising out of the assertion of any third party to any interest in the Escrow Account or any challenge to the validity hereof, including

reasonable attorneys' fees, (b) expenses relating to any substitution under Section 8 hereof, and (c) expenses (other than ordinary expenses) not occasioned by the Escrow Holder's misconduct or negligence.

- (iii) The fees, expenses and moneys payable by the Issuer under Sections 9 and 10 hereof and this section shall not be paid from the Escrow Account, but shall be paid by the Issuer as an Operating Expense of the Facilities. The Escrow Holder shall have no lien for the payment of its fees or expenses or otherwise for its benefit on the Escrow Account and hereby waives any rights of set off against the Escrow Account which it may lawfully have or acquire.

Section 6. Notice of Redemption. The Issuer has called all Prior Obligations for redemption on December 14, 1998, at a redemption price of 100% (expressed as a percentage of the principal amount of the Prior Obligations to be redeemed), plus accrued interest to the redemption date. The Issuer acknowledges that it has given irrevocable instructions to the registrar and paying agent for the Prior Obligations to give notice of such call for redemption in the manner provided in the resolution of the Issuer pursuant to which the Prior Obligations were issued.

Section 7. No Redemption or Acceleration of Maturity. The Issuer will not accelerate the maturity of any Prior Obligations or exercise any option to redeem any Prior Obligations before December 14, 1998.

Section 8. Reinvestment. Except as provided in Section 4 of this Agreement and in this Section, the Escrow Holder shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions for any Federal Securities held hereunder.

At the written request of the Issuer and upon compliance with the conditions stated in this Section, the Escrow Holder shall sell, transfer, or otherwise dispose of or request the redemption of any of the Federal Securities acquired hereunder and shall purchase either Prior Obligations or other Federal Securities to be substituted for such Federal Securities disposed of or redeemed.

The Issuer will not request the Escrow Holder to exercise any of the powers described in the preceding sentence in any manner which will cause the Prior Obligations to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations proposed or promulgated thereunder.



The Escrow Holder may, at the written direction of the Issuer, substitute other noncallable Federal Securities ("Substitute Federal Securities") in lieu of the Federal Securities then on deposit in the Escrow Account provided that, prior to any such substitution, the Escrow Holder and the Issuer shall have received:

(a) New debt service and cash flow schedules showing (i) the dates and amounts of all principal and interest payments thereafter to become due on the Prior Obligations, (ii) the cash and Federal Securities to be on deposit in the Escrow Account upon making such substitution, (iii) the dates and amounts of maturing principal and interest to be received by the Escrow Holder from such Federal Securities, and (iv) that the cash on hand in the Escrow Account plus cash to be derived from the maturing principal and interest of such Federal Securities shall be sufficient to pay when due all remaining debt service payments on the Prior Obligations (the most recent debt service and cash flow schedules shall be considered to be the applicable "Debt Service and Cash Flow Schedules"); and

(b) An opinion of nationally recognized bond counsel to the effect that such substitution is permissible hereunder, that (based on said new Debt Service and Cash Flow Schedules) such substitution will not adversely affect the defeasance of the Prior Obligations or the exclusion from gross income for federal income tax purposes of the interest payable on the Prior Obligations.

Section 9. Indemnity. Whether or not any action or transaction authorized or contemplated hereby shall be undertaken or consummated, the Issuer hereby agrees to the extent allowed by Florida law to indemnify, protect, save and keep harmless the Escrow Holder and its respective successors, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and attorneys' disbursements and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Escrow Holder at any time, whether or not the same may be indemnified against by the Issuer or any other Person under any other agreement or instrument, by reason of or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance by the Escrow Holder of the funds herein described, the purchase, retention or disposition of the Federal Securities or the proceeds thereof, or any payment, transfer or other application of funds or securities by the Escrow Holder in accordance with the provisions of this Agreement; provided, however, that the Issuer shall not be required to indemnify the Escrow Holder for any expense, loss, costs, disbursements, damages or liability resulting from its own negligence or misconduct. The indemnities contained in this Section shall survive the termination of this Agreement.

Nothing in this Section contained shall give rise to any liability on the part of the Issuer in favor of any Person other than the Escrow Holder.

Section 10. Responsibilities of Escrow Holder. The Escrow Holder and its respective successors, agents and servants shall not be held to any personal liability whatsoever,

in tort, contract or otherwise, by reason of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance and disposition of the various moneys and funds described herein, the purchase, retention or disposition of the Federal Securities or the proceeds thereof, or any payment, transfer or other application of funds or securities by the Escrow Holder in accordance with the provisions of this Agreement or any non-negligent act, omission or error of the Escrow Holder made in good faith in the conduct of its duties. The Escrow Holder shall, however, be liable to the Issuer and to holders of the Prior Obligations to the extent of their respective damages for negligent or willful acts, omissions or errors of the Escrow Holder which violate or fail to comply with the terms of this Agreement. The duties and obligations of the Escrow Holder shall be determined by the express provisions of this Agreement. The Escrow Holder may consult with counsel, who may or may not be counsel to the Issuer, and be entitled to receive from the Issuer reimbursement of the reasonable fees and expenses of such counsel, and in reliance upon the opinion of such counsel have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Holder shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Issuer.

Section 11. Resignation of Escrow Holder. The Escrow Holder may resign and thereby become discharged from the duties and obligations hereby created, by notice in writing given to the Issuer and published once in a newspaper of general circulation published in the territorial limits of the Issuer, and in a daily newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York, not less than sixty (60) days before such resignation shall take effect. Such resignation shall take effect immediately upon the appointment of a new Escrow Holder hereunder, if such new Escrow Holder shall be appointed before the time limited by such notice and shall then accept the duties and obligations of the Escrow Holder hereunder.

Section 12. Removal of Escrow Holder.

(a) The Escrow Holder may be removed at any time by an instrument or concurrent instruments in writing, executed by the owners of not less than fifty-one per centum (51%) in aggregate principal amount of the Prior Obligations then outstanding, such instrument or instruments to be filed with the Issuer, and notice published once in a newspaper of general circulation published in the territorial limits of the Issuer, and in a daily financial journal published in the Borough of Manhattan, City and State of New York, not less than sixty (60) days before such removal is to take effect as stated in said instrument or instruments. A photographic copy of any instrument filed with the Issuer under the provisions of this paragraph shall be delivered by the Issuer to the Escrow Holder.

(b) The Escrow Holder may also be removed at any time by any court of competent jurisdiction upon the application of the Issuer or the owners of not less than five per centum (5%) in aggregate principal amount of the Prior Obligations then outstanding for any

breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Agreement with respect to the duties or obligations of the Escrow Holder.

Section 13. Successor Escrow Holder.

(a) If at any time hereafter the Escrow Holder shall resign, be removed, be dissolved or otherwise become incapable of acting, or shall be taken over by any governmental official, agency, department or board, the position of Escrow Holder shall thereupon become vacant. If the position of Escrow Holder shall become vacant for any of the foregoing reasons or for any other reason, the Issuer shall appoint a successor Escrow Holder to fill such vacancy. The Issuer shall publish notice of any such appointment in a newspaper of general circulation published in the territorial limits of the Issuer and in a daily financial journal published in the Borough of Manhattan, City and State of New York.

(b) At any time after such vacancy shall have occurred, the owners of not less than fifty-one per centum (51%) in aggregate principal amount of Prior Obligations then outstanding, by an instrument or concurrent instruments in writing, executed by such owners and filed with the Governing Body of the Issuer, may appoint a successor Escrow Holder, which shall supersede any successor Escrow Holder theretofore appointed by the Issuer. Photographic copies of each such instrument shall be promptly delivered by the Issuer to the predecessor Escrow Holder and to the Escrow Holder so appointed by such owners.

(c) If no appointment of a successor Escrow Holder shall be made pursuant to the foregoing provisions of this Section, the owner of any Prior Obligations then outstanding, or the retiring Escrow Holder may apply to any court of competent jurisdiction to appoint a successor Escrow Holder. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Escrow Holder.

(d) Every successor Escrow Holder appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor Escrow Holder, without any further act, shall become full vested with all of the duties and obligations of its predecessor under this Agreement.

Section 14. Predecessor Escrow Holder. Every predecessor Escrow Holder shall deliver to its successor and also to the Issuer an accounting of all moneys and securities held by it under this Agreement, and shall deliver to its successor all such moneys and securities held by it as Escrow Holder hereunder.

Section 15. Amendments. This Agreement is made for the benefit of the Issuer and the holders from time to time of the Prior Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and the Issuer; provided, however, that the Issuer and the Escrow Agent may, without the consent of,

or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant, or confer upon, the Escrow Agent for the benefit of the holders of the Prior Obligations, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section 15, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Prior Obligations, or that any instrument executed hereunder complies with the conditions and provisions of this Section 15.

Section 16. Notices. All notices, approvals, consents, requests and other communications hereunder shall be in writing and shall be deemed to have been given when mailed or delivered by registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to the Issuer:                   St. Johns County, Florida  
  4020 Lewis Speedway  
  St. Augustine, Florida 32095

Attention: Chairman of the Board of County Commissioners

If to the Escrow Holder:       The Bank of New York  
  c/o The Bank of New York Trust  
  Company of Florida, N.A.  
  10161 Centurion Parkway  
  Jacksonville, FL 32256

Attention: Corporate Trust Department

The Issuer and the Escrow Holder may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same may be directed.

Section 17. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Prior Obligations and the interest thereon shall have been

paid and discharged in accordance with the proceedings authorizing the Prior Obligations and all excess moneys have been paid to the Issuer.

Section 18. Severability. If any of the covenants, agreements or provisions of this Agreement on the part of the Issuer or the Escrow Holder to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant, agreement or provision shall be null and void, shall be deemed separable from the remaining covenants, agreements and provisions of this Agreement and shall in no way affect the validity of the remaining covenants, agreements or provisions of this Agreement.

Section 19. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as the original and shall constitute and be but one and the same instrument.

Section 20. Governing Law. This Agreement shall be construed under the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized signatories and their seals to be hereunto affixed and attested, all as of the \_\_\_\_\_ day of November, 1998.

ST. JOHNS COUNTY, FLORIDA

(SEAL)

By \_\_\_\_\_  
Chairman of its Board County  
Commissioners

ATTEST:

\_\_\_\_\_  
Clerk of its Board of  
County Commissioners

THE BANK OF NEW YORK,  
as Escrow Holder

(SEAL)

By \_\_\_\_\_  
Authorized Signatory

ATTEST:

\_\_\_\_\_  
Authorized Signatory