

***COMMITMENT TO SERVE AS
LINE OF CREDIT PROVIDER***

for the

***BOARD OF COUNTY COMMISSIONERS,
NASSAU COUNTY, FLORIDA***

For the purpose of financing various essential expenditures

March 5, 2003

***SunTrust Bank, North Florida
200 West Forsyth Street
Jacksonville, Florida 32202***

***Mr. Bruce L. Barefoot
Senior Vice President
(904) 632-2561 (Office)
(904) 632-2874 (Fax)
bruce.barefoot@suntrust.com (Email)***

**Nassau County
Line of Credit Commitment
Terms and Conditions
March 5, 2003**

**Borrower/
Issuer:**

Nassau County, Florida

Bank:

SunTrust Bank, North Florida

**Facility Amount/
Reduction:**

A line of credit for up to \$20,000,000.00 (the "Facility"). Further, the Facility shall reduce to \$10,000,000.00 upon the earlier of one year from closing or the permanent takeout bond financing associated with the proposed purchase of the Amelia Island Water and Sewer operation of Florida Water Services Corp.

Maturity:

Up to two years from closing.

Purpose:

To provide interim financing (bond anticipation note) for eligible projects approved by the Nassau County Board of Commissioners.

Security:

Covenant to budget and appropriate of legally available non-ad valorem revenues.

Rate/Fees:

As applicable:

1) Bank qualified tax exempt floating rate of 45% of Bank's Prime Rate. As of 3/5/03, this rate was 1.91%p.a.

or a

2) Non bank qualified tax exempt floating rate of 55% of Bank's Prime Rate. As of 3/5/03, this rate was 2.34%p.a

The Prime Rate on 3/5/03 was 4.25% p.a.

Closing Date:

On or before March 31, 2003.

Acceptance: *This Commitment to Nassau County will expire on March 31, 2003. Please acknowledge acceptance by signing and returning the attached copy of this Commitment to the Bank on or before the expiration date.*

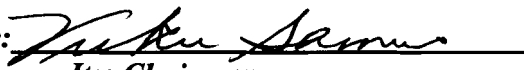
- Conditions:**
- A) Legal documentation will be prepared in form and substance satisfactory to the Borrower/Issuer and Bank and shall incorporate the terms and conditions consistent with the existing \$7,000,000 Line of Credit to the Borrower/Issuer u/a/d 7/23/01. Such documentation will be prepared by Irvin M. Weinstein, Borrower/Issuer's Bond Counsel. No additional legal fees will be incurred for the preparation of the documentation.*
 - B) A written opinion from Bond Counsel, in form and substance acceptable to the Bank, that all documents are valid, binding and enforceable in accordance with their terms, that the execution and delivery of said documents has been duly authorized, and addresses such other matters as the Bank and Bond Counsel deem appropriate, including but not limited to the certification by the Board of County Commissioners that the projects to be financed hereunder are for "essential purposes" and of vital importance to the Borrower.*
 - C) The tax exempt interest rate quoted herein takes into consideration a corporate tax rate of 35%. In the event of a change in the maximum corporate tax rate, the Bank shall have the right to adjust the interest rate in order to maintain the same after tax yield.*
 - D) With respect to the Line of Credit, the interest rates quoted herein assumes the obligation is either a "bank qualified or non bank qualified tax exempt obligation" as defined in Section 265(b)(3) of the Internal Revenue Service Code of 1986, as amended. If such borrowings hereunder are not tax exempt obligations, then the rate shall be adjusted to provide the Bank with the same after tax yield.*
 - E) The Bank shall have the right to adjust the tax exempt interest rate in order to maintain the same after tax yield if any amendments to existing law are enacted which would adversely affect the Bank's after tax yield including any "determination of taxability" as will be defined in the loan documentation.*
 - F) The Borrower/Issuer may secure additional debt pursuant to the terms and conditions of the Nassau County, Florida Public Improvement Revenue Bonds, Series 2001.*

G) Borrower/Issuer shall submit annual audited financial statements within 150 days of fiscal year end, annual budgets within 30 days of adoption and any other information the Bank may reasonably request.

**Respectfully submitted this 5th day of March, 2003
SunTrust Bank, North Florida**

By: 
Bruce L. Barefoot
Senior Vice President

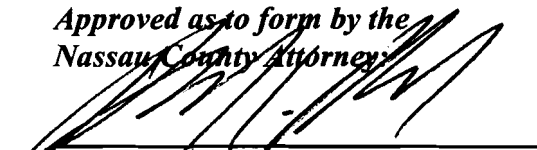
**Agreed to and accepted this 10th day of March, 2003
Board of County Commissioners
Nassau County, Florida**

By: 
Its: Chairman
Vickie Samus
Its: Chairman

Attest:


J.M. "Chip" Oxley, Jr.
Its: Ex-Officio Clerk

**Approved as to form by the
Nassau County Attorney:**


Michael S. Mullin

SECOND AMENDMENT TO LOAN AGREEMENT

This Second Amendment to Loan Agreement (this "Amendment") is dated March __, 2003 by and between Nassau County, Florida (the "County") and SunTrust Bank (the "Lender").

WITNESSETH

WHEREAS, the parties hereto executed and delivered that certain Loan Agreement dated May 22, 2000 (the "Original Agreement"), that certain First Amendment to Loan Agreement dated July 23, 2001 (the "First Amended Agreement"), and that certain Second Amendment to Loan Agreement dated July 23, 2001 (the "Second Amended Agreement"), collectively, the "Amended Agreements"; and WHEREAS, the parties hereto entered into the Original Agreement, collectively, the "Original Agreement", together with this Amendment, is collectively referred to herein as the "Agreement";

Correct version of 2nd amendment

WHEREAS, the parties hereto entered into the Amended Agreements as provided herein.

Ben Irv weinstein

WHEREAS, the terms and conditions of the Amended Agreements are used as defined in the Original Agreement.

WHEREAS, the parties hereto desire to increase the amount available to be loaned under the Loan Agreement from \$7,000,000 to \$20,000,000.

WHEREAS, the parties hereto desire to adjust the Stated Rate as provided herein.

WHEREAS, the parties hereto desire to extend the maturity of the loan made under the Amended Agreement.

NOW, THEREFORE, in consideration of the premises and a mutual agreement of the parties hereto and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby do agree as follows:

1. The definition of "Project" in the Agreement is hereby amended to provide as follows:

"Project" shall mean the acquisition of the water and sewer system located on Amelia Island from Florida Water Services Corporation (or any purchaser or acquirer thereof); the acquisition and construction of a new jail; the acquisition and construction of a new courthouse; the renovation of the existing courthouse; the construction of the North End Marine Park; the construction of certain road improvements, improvements to the Emergency Operations Center, infrastructure to within five feet of the site of the Health Department, capital projects for the Sheriff's Department; and all other capital projects which may be approved from time to time by the Board.

2. The definition of "Stated Rate" in the Agreement is hereby amended to provide as follows:

"Stated Rate" shall mean (A) if the Note is a qualified tax-exempt obligation within the meaning of Section 265(b)(3)(B) of the Code, 45% of the Prime Rate and (B) if the Note is not a qualified tax-exempt obligation with the meaning of Section 265(b)(3)(B) of the Code, 55% of the Prime Rate, in either case, subject to adjustment as follows: (i) in the event of a change from the current 35% rate in the maximum federal income tax rate applicable to corporations, the interest on the Note shall be automatically adjusted, up or down, in order to maintain the same after-tax yield to the Lender; or (ii) the interest rate shall be adjusted (retroactively, if necessary) to provide the Lender with the same after-tax yield on the Note if (x) any amendments to existing law, other than a change in the corporate tax rate, are adopted which adversely affect the after-tax yield, or (y) there occurs a final determination by the Internal Revenue Service or a court that interest on the Note is not excluded from gross income for federal tax income tax purposes.

3. The loan provided in Section 3.A of the Original Agreement as amended by the First Amendment is hereby further amended to increase the principal amount thereof from \$7,000,000 to \$20,000,000.

4. The description of the Note contained in Section 4 of the Original Agreement as amended by the First Amendment is hereby amended such that (a) the maturity of the Note shall be changed from July 22, 2003 to March __, 2005 and interest thereon shall be payable each March 1, June 1, September 1 and December 1, commencing June 1, 2003 and at maturity of the Note; and (b) the principal due under the Note shall be paid such that no more than \$10,000,000 principal amount is outstanding upon the earlier of (i) March __, 2004 or (ii) the issuance by the County of long term debt to finance the acquisition of the water and sewer system located on Amelia Island from Florida Water Services Corporation (or any purchaser or acquirer thereof).

5. Section 10.F.(1) of the Amended Agreement is hereby amended to provide as follows:

No additional indebtedness payable from or secured by Non-Ad Valorem Revenues (other than Debt secured by Non-Ad Valorem Revenues derived from enterprise funds maintained by the County) shall be issued by the County unless (A) Non-Ad Valorem Revenues (excluding Non-Ad Valorem Revenues derived from enterprise funds maintained by the County) for the two prior Fiscal Years equal or exceed two times the combined maximum annual debt service on the County's Public Improvement Revenue Bonds, Series 2001 (the "Series 2001 Bonds") and all other Debt (including the proposed Debt) secured by and/or payable solely

from such Non-Ad Valorem Revenues, (other than Debt secured by a pledge by Non-Ad Valorem Revenues derived from enterprise funds maintained by the County) and (B) the actual receipts of Non-Ad Valorem Revenues (excluding Non-Ad Valorem Revenues derived from enterprise funds maintained by the County) for the prior Fiscal Year, less the amount required to pay for Non-Ad Valorem Essential Services of the County for the prior Fiscal Year and any debt service on Debt secured by a pledge of any Non-Ad Valorem Revenues (other than Debt secured by a pledge of Non-Ad Valorem Revenues derived from enterprise funds maintained by the County), equal to at least 110% of such maximum annual debt service on the Series 2001 Bonds and all other Debt payable solely (but not secured by a pledge of) such Non-Ad Valorem Revenues. For the purposes of such covenants, maximum annual debt service means the lesser of the actual maximum annual debt service on all Debt or 15% of the original par amount of such Debt. "Debt" is defined as on any date (without duplication) all of the following to the extent that they are general obligations of the County or are payable in whole or in part from non enterprise Non-Ad Valorem Revenues (i) all obligations of the County for borrowed money evidenced by bonds, debentures, notes or other similar instruments; (ii) all obligations of the County to pay the deferred purchase price of property or services, except trade accounts payable under normal trade terms and which arise in the ordinary course of business; (iii) all obligations of the County as lessee under capitalized leases; and (iv) all indebtedness of other Persons to the extent guaranteed by, or secured by Non-Ad Valorem Revenues of the County. For purposes of such covenants, "Non-Ad Valorem Essential Services" is defined as, for any applicable Fiscal Year, (x)(a) total governmental fund type revenues, as shown on the County's audited financial statements, less (b) total ad valorem revenues received in such Fiscal Year, divided by (c) total government fund type revenues, as shown on the County's audited financial statements, times (y) Essential Services. For purposes of this covenant, "Essential Services" are those services identified by the County in its annual audit as general government and public safety expenditures from governmental fund types.

6. The form of the Note is hereby amended as described in Exhibit A hereto.
7. Except as amended hereby, the Amended Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment as of the date first above written.

**BOARD OF COUNTY
COMMISSIONERS NASSAU COUNTY,
FLORIDA**

VICKIE SAMUS
Its: Chairman

ATTEST:

J. M. "CHIP" OXLEY, JR.
Its: Ex-Officio Clerk

Approved as to form by the
Nassau County Attorney

MICHAEL S. MULLIN

SUNTRUST BANK

By _____
BRUCE L. BAREFOOT
Senior Vice President

EXHIBIT A
FORM OF NOTE

NO. R-3

NASSAU COUNTY, FLORIDA
REVENUE NOTE, SERIES 2000

RATE OF INTEREST	MATURITY DATE	DATE OF ISSUE
Variable, as set out below	March __, 2005	March __, 2003

REGISTERED OWNER: SUNTRUST BANK

PRINCIPAL AMOUNT: \$20,000,000

KNOW ALL MEN BY THESE PRESENTS, that Nassau County, Florida (the "County"), for value received, hereby promises to pay to the Registered Owner on the Maturity Date specified above, the Principal amount shown above (or such lesser amount which has been advanced (as recorded on the advance grid attached hereto) pursuant to the terms of that certain Loan Agreement dated May 19, 2000 as amended by the First Amendment to Loan Agreement dated July 18, 2001 and by the Second Amendment to Loan Agreement dated the Date of Issue hereof, all between the County and the Registered Owner (collectively, the "Agreement"), plus interest thereof from the Date of Issue set forth above to the date of payment thereof, at the Stated Rate until payment of the Principal amount above stated, such interest to be calculated on a 360-day year consisting of twelve 30-day months. This Note shall bear interest at a fluctuating rate of interest equal to (A) 45% of the Prime Rate if this Note is a qualified tax-exempt obligation within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended or (B) 55% of the Prime Rate if this Note is not a qualified tax-exempt obligation within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. The Rate of Interest on this Note is subject to adjustment as set forth in the Agreement under the definition of "Stated Rate." This Note may be prepaid in whole or in part prior to maturity. Prepayments shall be applied, first, to interest accrued as of the date of such prepayment, and second to reduction of the principal of each Advance hereunder in the order in which such Advances were made. Capitalized terms used herein and not defined are used as defined in the Agreement.

This Note is issued under the authority of Chapter 125, Florida Statutes, the Charter of the County, and other applicable provisions of law, and pursuant and subject to the terms and conditions of Resolution duly adopted by the Board of County Commissioners of the County on May 15, 2000, as supplemented by resolutions duly adopted by the Board of County

Commissioners of the County on June 11, 2001, on July 23, 2001 and on March __, 2003 (all four of such resolutions, collectively, the "Resolution"), to which reference should be made to ascertain those terms and conditions.

Subject to the limitations and restriction set forth in the Agreement, the County has covenanted in the Agreement to budget and appropriate in each Fiscal Year while this Note is outstanding sufficient amounts, from legally available Non-Ad Valorem Revenues, to pay the principal of and interest on this Note during such Fiscal Year, as more particularly provided in the Agreement.

This Note shall not constitute a general obligation or indebtedness of the County, and the Lender shall never have the right to require or compel the levy of taxes on any property of or in the County for the payment of the principal of and interest on this Note. This Note shall not constitute a lien upon the Project, or upon any property of or in the County, but shall be payable solely from the Pledged Funds in the manner provided in the Agreement. Reference is made to the Agreement for the provisions relating to the security for payment of this Note and the duties and obligations of the County hereunder.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of Florida to happen, exist and be performed precedent to and in the issuance of this Note, have happened, exist and have been performed in regular and due form and time as so required.

IN WITNESS WHEREOF, the Board of County Commissioners of Nassau County, Florida, has caused this Note to be executed by the Chairman, and attested by the Clerk, either manually or with their facsimile signatures, and its seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, and this Note to be dated March __, 2003.

**BOARD OF COUNTY
COMMISSIONERS NASSAU COUNTY,
FLORIDA**

VICKIE SAMUS
Its: Chairman

ATTEST:

J. M. "CHIP" OXLEY, JR.
Its: Ex-Officio Clerk

Approved as to form by the
Nassau County Attorney

MICHAEL S. MULLIN

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

TEN COM - as tenants in JT TEN - as joint tenants

common with right of survivorship

and not as tenants in

TEN ENT - as tenants by the common

entireties

UNIF GIF MIN ACT - _____ UNIF TRANS MIN ACT - _____

(Cust.)

(Cust.)

Custodian for _____ Custodian for _____

(Minor)

(Minor)

under Uniform Gifts to Minorunder Uniform Transfers to

Minors Act of _____ Minors Act of _____

(State)

(State)

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

ASSIGNMENT

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

PLEASE INSERT NAME, ADDRESS AND SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE the within note and does hereby irrevocably constitute and appoint

_____ as his agent to transfer the note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTICE: Signature must be guaranteed by NOTICE: The signature to this assignment must

an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

correspond with the name of the Registered Owner as it appears upon the face of the within note in every particular, without alternation or

enlargement or change whatever.

(Authorized Officer)

RESOLUTION NO. 2003-51

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF NASSAU COUNTY, FLORIDA AUTHORIZING THE AMENDMENT OF THE REVENUE NOTE, SERIES 2000 OF THE COUNTY WITH AN EXTENDED TERM, AN INCREASED PRINCIPAL AMOUNT AND AN ADJUSTED INTEREST RATE AND THE EXECUTION AND DELIVERY OF THE SECOND AMENDMENT TO LOAN AGREEMENT REFLECTING AN INCREASE IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000 BETWEEN THE COUNTY AND SUNTRUST BANK FOR THE FINANCING THE ACQUISITION OF THE WATER AND SEWER SYSTEM LOCATED ON AMELIA ISLAND FROM FLORIDA WATER SERVICES CORPORATION (OR ANY PURCHASER OR ACQUIRER THEREOF), THE ACQUISITION AND CONSTRUCTION OF A NEW JAIL, A NEW COURTHOUSE, RENOVATION TO THE EXISTING COURTHOUSE, CERTAIN ROAD IMPROVEMENTS, IMPROVEMENTS TO THE EMERGENCY OPERATIONS CENTER, INFRASTRUCTURE TO WITHIN FIVE FEET OF THE SITE OF THE HEALTH DEPARTMENT, CAPITAL PROJECTS FOR THE SHERIFF'S DEPARTMENT AND ALL OTHER CAPITAL PROJECTS WHICH MAY BE APPROVED FROM TIME TO TIME BY THE BOARD; ACCEPTING THE PROPOSAL OF SUNTRUST BANK; APPROVING THE FORM OF AMENDED NOTE EVIDENCING SUCH FINANCING; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

BE IT ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS OF THE NASSAU COUNTY, FLORIDA, that:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is enacted pursuant to the provisions of Chapter 125, Florida Statutes; and other applicable provisions of law.

SECTION 2. FINDINGS. It is hereby ascertained, determined and declared that:

A. Nassau County, Florida (the "County") was provided with a commitment from SunTrust Bank (the "Bank") dated March 5, 2003 to increase the amount, adjust the interest rate and extend the term on the loan made by the Bank (the "Loan") which was approved by Resolution No. 2000-94 adopted on May 15, 2000 as supplemented and amended by Resolution No. 2001-94 adopted on June 11, 2001 and by Resolution No. 2001-110 adopted on July 23,

2001 for the acquisition and construction of a new jail; the construction of a new courthouse; the renovation of the existing courthouse; the construction of the North End Marine Park; the construction of certain road improvements, improvements to the emergency operations center, infrastructure to within five feet of the site of the Health Department, capital projects for the sheriff's department; as now approved hereby, the acquisition of the water and sewer system located on Amelia Island from Florida Water Services Corporation (or any purchaser or acquirer thereof); and all other capital projects which may be approved from time to time by the Board of County Commissioners (collectively, the "Project"). The commitment of the Bank is attached hereto as Exhibit A (the "Commitment"). The acceptance of the Commitment is hereby determined to be in the best financial interest of the County.

B. It is necessary and desirable to provide for the execution and delivery of a Second Amendment to Loan Agreement and the issuance of an amended Note of the County to implement the Loan. Amounts due under the Loan Agreement as so amended and the amended Note shall be payable from non-ad valorem revenues of the County and any bond issued by the County to pay or redeem such amended Note and to be secured by the County's covenant to budget and appropriate from legally available non-ad valorem revenues each year monies sufficient to pay the principal and interest on such obligation.

SECTION 3. AUTHORIZING AMENDED NOTE AND EXPANSION OF THE PROJECT. The issuance by the County of not exceeding \$20,000,000 principal amount amended Revenue Note, Series 2000 (the "Note") of the County, for the purposes above described is hereby authorized. The Project (as defined in the Second Amendment to Loan Agreement) is hereby approved.

SECTION 4. ACCEPTANCE OF COMMITMENT. The Chairman or Vice Chairman of the Board of County Commissioners and the Clerk of the County are hereby authorized to execute the Commitment and letter agreement with SunTrust Bank.

SECTION 5. APPROVAL OF FORM OF LOAN AGREEMENT AND NOTE. The form of the Second Amendment to Loan Agreement and the amended Note attached thereto both attached to this Resolution as Exhibit B is hereby approved and the Chairman or Vice Chairman of the Board of County Commissioners and the Clerk of the Board of County Commissioners are hereby authorized to execute and deliver such instruments in such form with such changes deemed by them to be appropriate, such determination to be conclusively evidenced by their execution thereof, and to take such other actions as shall be necessary to implement the Loan.


SECTION 6. REPEAL OF INCONSISTENT PROVISIONS. All resolutions or parts thereof in conflict with this Resolution are hereby repealed to the extent of such conflict.

SECTION 7. SEVERABILITY. In the event that any portion or section of this Resolution is determined to be invalid, illegal or unconstitutional by a court of competent jurisdiction, such decision shall in no manner affect the remaining portions or sections of this Resolution shall remain in full force and effect.

SECTION 8. EFFECTIVE DATE. This Resolution shall take effect immediately upon its final passage and adoption.

PASSED AND ADOPTED this 10th day of March, 2003.

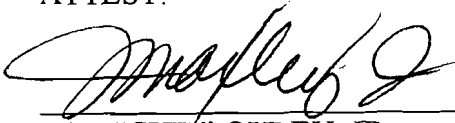
BOARD OF COUNTY COMMISSIONERS
NASSAU COUNTY, FLORIDA



VICKIE SAMUS

Its: Chairman

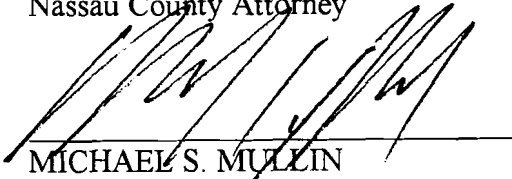
ATTEST:



J. M. "CHIP" OXLEY, JR.

Its: Ex-Officio Clerk

Approved as to form by the
Nassau County Attorney


MICHAEL S. MULLIN

SECOND AMENDMENT TO LOAN AGREEMENT

This Second Amendment to Loan Agreement (this "Amendment") is dated March __, 2003 by and between **Nassau County, Florida** (the "County") and **SunTrust Bank** (the "Lender").

WITNESSETH

WHEREAS, the parties hereto executed and delivered that certain Loan Agreement dated May 22, 2000 (the "Original Agreement") and that certain First Amendment to Loan Agreement dated July 23, 2001 (the "First Amendment," together with the Original Agreement, collectively, the "Amended Agreement"). The Amended Agreement, together with this Amendment, is collectively referred to herein as the "Loan Agreement."

WHEREAS, the parties hereto desire to expand the Project as provided herein.

WHEREAS, capitalized terms used herein and not defined are used as defined in the Original Agreement.

WHEREAS, the parties hereto desire to increase the amount available to be loaned under the Loan Agreement from \$7,000,000 to \$20,000,000.

WHEREAS, the parties hereto desire to adjust the Stated Rate as provided herein.

WHEREAS, the parties hereto desire to extend the maturity of the loan made under the Amended Agreement.

NOW, THEREFORE, in consideration of the premises and a mutual agreement of the parties hereto and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby do agree as follows:

1. The definition of "Project" in the Agreement is hereby amended to provide as follows:

"Project" shall mean the acquisition of the water and sewer system located on Amelia Island from Florida Water Services Corporation (or any purchaser or acquirer thereof); the acquisition and construction of a new jail; the acquisition and construction of a new courthouse; the renovation of the existing courthouse; the construction of the North End Marine Park; the construction of certain road improvements, improvements to the Emergency Operations Center, infrastructure to within five feet of the site of the Health Department, capital projects for the Sheriff's Department; and all other capital projects which may be approved from time to time by the Board.

2. The definition of "Stated Rate" in the Agreement is hereby amended to provide as follows:

"Stated Rate" shall mean (A) if the Note is a qualified tax-exempt obligation within the meaning of Section 265(b)(3)(B) of the Code, 45% of the Prime Rate and (B) if the Note is not a qualified tax-exempt obligation with the meaning of Section 265(b)(3)(B) of the Code, 55% of the Prime Rate, in either case, subject to adjustment as follows: (i) in the event of a change from the current 35% rate in the maximum federal income tax rate applicable to corporations, the interest on the Note shall be automatically adjusted, up or down, in order to maintain the same after-tax yield to the Lender; or (ii) the interest rate shall be adjusted (retroactively, if necessary) to provide the Lender with the same after-tax yield on the Note if (x) any amendments to existing law, other than a change in the corporate tax rate, are adopted which adversely affect the after-tax yield, or (y) there occurs a final determination by the Internal Revenue Service or a court that interest on the Note is not excluded from gross income for federal tax income tax purposes.

3. The loan provided in Section 3.A of the Original Agreement as amended by the First Amendment is hereby further amended to increase the principal amount thereof from \$7,000,000 to \$20,000,000.

4. The description of the Note contained in Section 4 of the Original Agreement as amended by the First Amendment is hereby amended such that the maturity of the Note shall be changed from July 22, 2003 to March __, 2005.

5. Section 10.F.(1) of the Amended Agreement is hereby amended to provide as follows:

No additional indebtedness payable from or secured by Non-Ad Valorem Revenues (other than Debt secured by Non-Ad Valorem Revenues derived from enterprise funds maintained by the County) shall be issued by the County unless (A) Non-Ad Valorem Revenues (excluding Non-Ad Valorem Revenues derived from enterprise funds maintained by the County) for the two prior Fiscal Years equal or exceed two times the combined maximum annual debt service on the County's Public Improvement Revenue Bonds, Series 2001 (the "Series 2001 Bonds") and all other Debt (including the proposed Debt) secured by and/or payable solely from such Non-Ad Valorem Revenues, (other than Debt secured by a pledge by Non-Ad Valorem Revenues derived from enterprise funds maintained by the County) and (B) the actual receipts of Non-Ad Valorem Revenues (excluding Non-Ad Valorem Revenues derived from enterprise funds maintained by the County)

for the prior Fiscal Year, less the amount required to pay for Non-Ad Valorem Essential Services of the County for the prior Fiscal Year and any debt service on Debt secured by a pledge of any Non-Ad Valorem Revenues (other than Debt secured by a pledge of Non-Ad Valorem Revenues derived from enterprise funds maintained by the County), equal to at least 110% of such maximum annual debt service on the Series 2001 Bonds and all other Debt payable solely (but not secured by a pledge of) such Non-Ad Valorem Revenues. For the purposes of such covenants, maximum annual debt service means the lesser of the actual maximum annual debt service on all Debt or 15% of the original par amount of such Debt. "Debt" is defined as on any date (without duplication) all of the following to the extent that they are general obligations of the County or are payable in whole or in part from non enterprise Non-Ad Valorem Revenues (i) all obligations of the County for borrowed money evidenced by bonds, debentures, notes or other similar instruments; (ii) all obligations of the County to pay the deferred purchase price of property or services, except trade accounts payable under normal trade terms and which arise in the ordinary course of business; (iii) all obligations of the County as lessee under capitalized leases; and (iv) all indebtedness of other Persons to the extent guaranteed by, or secured by Non-Ad Valorem Revenues of the County. For purposes of such covenants, "Non-Ad Valorem Essential Services" is defined as, for any applicable Fiscal Year, (x)(a) total governmental fund type revenues, as shown on the County's audited financial statements, less (b) total ad valorem revenues received in such Fiscal Year, divided by (c) total government fund type revenues, as shown on the County's audited financial statements, times (y) Essential Services. For purposes of this covenant, "Essential Services" are those services identified by the County in its annual audit as general government and public safety expenditures from governmental fund types.

6. The form of the Note is hereby amended as described in Exhibit A hereto.
7. Except as amended hereby, the Amended Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment as of the date first above written.

**BOARD OF COUNTY
COMMISSIONERS NASSAU COUNTY,
FLORIDA**

VICKIE SAMUS
Its: Chairman

ATTEST:

J. M. "CHIP" OXLEY, JR.
Its: Ex-Officio Clerk

Approved as to form by the
Nassau County Attorney

MICHAEL S. MULLIN

SUNTRUST BANK

By _____
BRUCE L. BAREFOOT
Senior Vice President

EXHIBIT A
FORM OF NOTE

NO. R-3

NASSAU COUNTY, FLORIDA
REVENUE NOTE, SERIES 2000

RATE OF INTEREST	MATURITY DATE	DATE OF ISSUE
Variable, as set out below	March __, 2005	March __, 2003

REGISTERED OWNER: SUNTRUST BANK

PRINCIPAL AMOUNT: \$20,000,000

KNOW ALL MEN BY THESE PRESENTS, that Nassau County, Florida (the "County"), for value received, hereby promises to pay to the Registered Owner on the Maturity Date specified above, the Principal amount shown above (or such lesser amount which has been advanced (as recorded on the advance grid attached hereto) pursuant to the terms of that certain Loan Agreement dated the Date of Issue hereof as amended by the First Amendment to Loan Agreement dated July 18, 2001 and by the Second Amendment to Loan Agreement dated March __, 2003, all between the County and the Registered Owner (collectively, the "Agreement"), plus interest thereof from the Date of Issue set forth above to the date of payment thereof, at the Stated Rate until payment of the Principal amount above stated, such interest to be calculated on a 360-day year consisting of twelve 30-day months. This Note shall bear interest at a fluctuating rate of interest equal to (A) 45% of the Prime Rate if this Note is a qualified tax-exempt obligation within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended or (B) 51% of the Prime Rate if this Note is not a qualified tax-exempt obligation within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. The Rate of Interest on this Note is subject to adjustment as set forth in the Agreement under the definition of "Stated Rate." This Note may be prepaid in whole or in part prior to maturity. Prepayments shall be applied, first, to interest accrued as of the date of such prepayment, and second to reduction of the principal of each Advance hereunder in the order in which such Advances were made. Capitalized terms used herein and not defined are used as defined in the Agreement.

This Note is issued under the authority of Chapter 125, Florida Statutes, the Charter of the County, and other applicable provisions of law, and pursuant and subject to the terms and conditions of Resolution duly adopted by the Board of County Commissioners of the County on May 15, 2000, as supplemented by resolutions duly adopted by the Board of County

Commissioners of the County on June 11, 2001, on July 23, 2001 and on March __, 2003 (all four of such resolutions, collectively, the "Resolution"), to which reference should be made to ascertain those terms and conditions.

Subject to the limitations and restriction set forth in the Agreement, the County has covenanted in the Agreement to budget and appropriate in each Fiscal Year while this Note is outstanding sufficient amounts, from legally available Non-Ad Valorem Revenues, to pay the principal of and interest on this Note during such Fiscal Year, as more particularly provided in the Agreement.

This Note shall not constitute a general obligation or indebtedness of the County, and the Lender shall never have the right to require or compel the levy of taxes on any property of or in the County for the payment of the principal of and interest on this Note. This Note shall not constitute a lien upon the Project, or upon any property of or in the County, but shall be payable solely from the Pledged Funds in the manner provided in the Agreement. Reference is made to the Agreement for the provisions relating to the security for payment of this Note and the duties and obligations of the County hereunder.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of Florida to happen, exist and be performed precedent to and in the issuance of this Note, have happened, exist and have been performed in regular and due form and time as so required.

IN WITNESS WHEREOF, the Board of County Commissioners of Nassau County, Florida, has caused this Note to be executed by the Chairman, and attested by the Clerk, either manually or with their facsimile signatures, and its seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, and this Note to be dated March __, 2003.

**BOARD OF COUNTY
COMMISSIONERS NASSAU COUNTY,
FLORIDA**

VICKIE SAMUS
Its: Chairman

ATTEST:

J. M. "CHIP" OXLEY, JR.
Its: Ex-Officio Clerk

Approved as to form by the
Nassau County Attorney

MICHAEL S. MULLIN

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

TEN COM - as tenants in JT TEN - as joint tenants

common with right of survivorship

and not as tenants in

TEN ENT - as tenants by the common

entireties

UNIF GIF MIN ACT - _____ UNIF TRANS MIN ACT - _____

(Cust.)

(Cust.)

Custodian for _____ Custodian for _____

(Minor)

(Minor)

under Uniform Gifts to Minor under Uniform Transfers to

Minors Act of _____ Minors Act of _____

(State)

(State)

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

ASSIGNMENT

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

PLEASE INSERT NAME, ADDRESS AND SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE the within note and does hereby irrevocably constitute and appoint

_____ as his agent to transfer the note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within note in every particular, without alternation or enlargement or change whatever.

(Authorized Officer)

SunTrust Bank, North Florida
Post Office Box 2340
Jacksonville, FL 32202-2340
Tel (904) 632-2561
Fax (904) 632-2874
Email bruce.barefoot@suntrust.com

Bruce L. Barefoot
Senior Vice President

SUNTRUST

March 5, 2003

*Mr. J. M. Oxley, Jr.
Clerk of Courts of Nassau County
191 Nassau Place
Yulee, FL 32097*

Dear Chip:

SunTrust Bank, North Florida is pleased to present the enclosed Commitment to increase our existing \$7,000,000 Line of Credit to \$20,000,000 in order to finance the essential projects of Nassau County, Florida, including the proposed purchase of Florida Water Services' Amelia Island Water and Sewer operation. All terms and conditions will remain the same with only the addition of a Non Bank Qualified Tax Exempt floating pricing option at 55% of SunTrust Prime (3/5/03 rate = 2.34% p.a.).

Thanks again for this opportunity to support Nassau County.

Best personal regards,



Enclosures