

***2nd COMMITMENT REVISION***

***\$5MM LINE OF CREDIT***

*for the*

***BOARD OF COUNTY COMMISSIONERS***

***NASSAU COUNTY, FLORIDA***

*For the purpose of financing various essential expenditures*

***February 23, 2005***

***SunTrust Bank, North Florida  
76 South Laura Street  
Jacksonville, Florida 32202***

***Mr. Bruce L. Barefoot  
Senior Vice President  
(904) 632-2561 (Office)  
(904) 632-2780 (Fax)  
bruce.barefoot@suntrust.com (Email)***

***Nassau County, Florida***  
***2nd Revision to Line of Credit dated May 19, 2000, as Amended***  
***Commitment Dated February 23, 2005***

***Borrower:*** *Nassau County, Florida (the "County")*

***Bank:*** *SunTrust Bank (the "Bank")*

***Amount:*** *A) A \$5,000,000.00 Revolving Line of Credit (the "RLOC") and*  
*B) The RLOC may be increased by an additional \$5,000,000.00 in increments of \$1,000,000.00 upon 2 business days advance written notice as approved by Resolution of the Nassau County Board of Commissioners, a certified copy of which shall accompany such notice.*

*C) At no time shall the RLOC exceed \$10,000,000.00.*

***Purpose:*** *Provide financing for eligible essential projects as approved by the Nassau County Board of Commissioners.*

***Security:*** *The RLOC shall be secured by a senior lien covenant to budget and appropriate of legally available non-ad valorem revenues of the County.*

***RLOC:*** *A) RLOC Final Expiration: Maturity shall be extended to no later than May 1, 2009.*  
*B) RLOC Amortization/Reduction: The RLOC shall be reduced over the agreed upon extended term based upon a repayment schedule to be determined by County and approved by Bank, such approval at the Bank's sole discretion.*

***RLOC Interest Rate:*** *As applicable:*

*A) Bank Qualified Tax Exempt Variable Rate of 45% of SunTrust Bank's Prime Rate. On February 23, 2005, this rate was 2.48%, p.a. or*

*B) Non Bank Qualified Tax Exempt Variable Rate of 55% of SunTrust Bank's Rate. On February 23, 2005, this rate was 3.03%, p.a.*

*The SunTrust Bank Prime Rate on February 23, 2005 was 5.50%, p.a.*

**Closing Date:** *On or before March 30, 2005*

- Conditions:**
- A) Legal documentation shall be prepared in form and substance satisfactory to the SunTrust Bank and its legal counsel, Irvin M. Weinstein of Rogers Towers, P.A. Total legal fees for the preparation of documents by Mr. Weinstein for the proposed revision to the RLOC shall be \$3,500 plus expenses not to exceed \$500.*
  - B) All matters relating to this RLOC, including all instruments and documents required, are subject to Bank's policies and procedures in effect, applicable governmental regulations and/or statutes, and approval by Bank and Bank's counsel.*
  - C) 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.*
  - D) It is understood that the commitment set forth herein is conditioned upon the accuracy of information provided to the Bank by the Borrower. Any misrepresentation or false statement of material fashion made by the Borrower to induce this loan commitment or any material adverse change in the financial condition of the Borrower will be sufficient cause for the Bank to terminate this commitment.*
  - E) WAIVER OF JURY TRIAL With respect to any lawsuit involving this RLOC or Letter of Credit, the loan documents, or any other aspect of this transaction between the Bank and the Borrower, the exclusive venue for any action shall be the Duval County where the Bank is located and, in any such action, each party expressly waives any right to a jury trial.*
  - F) Financial Covenants - Anti-Dilution and Add Bonds Tests shall be incorporated pursuant to existing agreement.*
  - G) 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.*

H) With respect to the RLOC, the interest rates quoted herein assume 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.

I) 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.

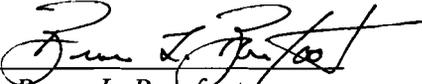
J) Financial Reporting: The County shall submit annual audited financial statements within 180 days of fiscal year end, annual budget within 30 days of adoption, and any other information the Bank may reasonably request.

K) Annual certification by the County's Auditor that the County is in compliance with the above referenced covenants/conditions.

**Acceptance of  
Commitment:**

This Commitment to Nassau County, Florida will expire on March 30, 2005. Please acknowledge acceptance by signing and returning the attached copy to the Bank by March 30, 2005.

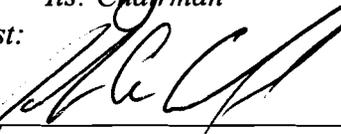
Respectfully submitted this 23rd day of February, 2005  
SunTrust Bank

By:   
Bruce L. Barefoot  
Senior Vice President

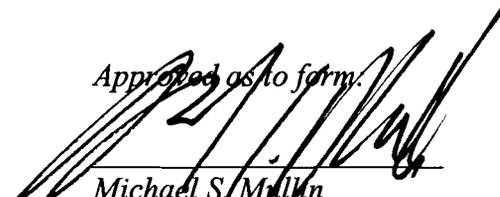
Agreed to and accepted this 28th day of February 2005  
Board of County Commissioners, Nassau County, Florida

By:   
Its: Chairman

Attest:

By:   
John A. Crawford  
Ex-Officio Clerk

Approved as to form.

  
Michael S. Millin  
Nassau County Attorney

SunTrust Bank, North Florida  
Post Office Box 2340  
Jacksonville, FL 32202-2340  
Tel (904) 632-2561  
Fax (904) 632-2780  
Email [bruce.barefoot@suntrust.com](mailto:bruce.barefoot@suntrust.com)

Bruce L. Barefoot  
Senior Vice President

---

# SUNTRUST

*February 23, 2005*

*Mr. John A. Crawford  
Clerk of Courts of Nassau County  
Judicial Annex  
76347 Veterans Way  
Yulee, Fl 32097*

*Dear John:*

*In response to our discussion today, I am pleased to enclose the 2<sup>nd</sup> Revised Commitment dated 2/23/05 for a new \$5,000,000 Revolving Line of Credit. This revision:*

- 1. Reduces the facility to \$5,000,000,*
- 2. Permits an up to \$5,000,000 increase in the facility, but only upon BOCC approval and*
- 3. Extends the commitment maturity to 3/30/05 which the maturity of the existing facility.*

*I hope this accomplishes what everyone wants. Please let me know if any changes are required.*

*Best personal regards,*



*Enclosures*

# ROGERS | TOWERS

ATTORNEYS AT LAW

Irvin M. Weinstein

904 . 346 . 5523  
IWeinstein@rtlaw.com

1301 Riverplace Boulevard • Suite 1500  
Jacksonville, Florida 32207

904 . 398 . 3911 Main  
904 . 396 . 0663 Fax  
www.rtlaw.com

March 22, 2005

Mr. John A. Crawford  
Nassau County Clerk  
76347 Veterans Way  
Yulee, FL 32097

Mr. Michael S. Mullin  
Nassau County Attorney's Office  
P. O. Box 1010  
Fernandina Beach, FL 32035

Mr. Mitchell Owens  
Senior Vice President  
RBC Dain Rauscher  
One Independent Dr., Suite 3204  
Jacksonville, FL 32202

Mr. Bruce L. Barefoot  
Senior Vice President  
SunTrust Bank  
76 South Laura St., 20<sup>th</sup> Floor  
Jacksonville, FL 32202

**Re: Nassau County, Florida Revenue Note, Series 2005**

Gentlemen:

Please find enclosed for your files a loose transcript for the above-referenced matter. The original Note (Item 3) was delivered to Bruce at the closing.

Very truly yours,



Irvin M. Weinstein

IMW/bb  
Enc.

3-30-05  
Copy to  
Ted Selby  
Jon...  
copy for Mike Bush



NASSAU COUNTY, FLORIDA  
REVENUE NOTE, SERIES 2005  
Dated March 21, 2005

CLOSING DOCUMENTS LIST

1. Resolution adopted March 21, 2005.
2. Loan Agreement.
3. Series 2005 Note.
4. Representation Letter of Lender.
5. Officers' Certificate.
6. Opinion of Rogers Towers, P.A.
7. Opinion of Michael S. Mullin, County Attorney.
8. Non Arbitrage Certificate.
9. Notice of Sale.
10. (a) IRS Form 8038G--Information Return.  
(b) Transmittal Letter to IRS.
11. BF Form 2003/2004.

Additional documentation on file with the Clerk of Court.

LOAN AGREEMENT

between

NASSAU COUNTY, FLORIDA

and

SUNTRUST BANK

Dated as of March 1, 2005

## TABLE OF CONTENTS

	<u>Page</u>
SECTION 1. DEFINITIONS.....	1
SECTION 2. INTERPRETATION.....	4
SECTION 3. THE LOAN.....	4
SECTION 4. REFUNDING .....	4
SECTION 5. DESCRIPTION OF NOTE.....	4
SECTION 6. EXECUTION OF NOTE.....	5
SECTION 7. REGISTRATION AND TRANSFER OF NOTE.....	5
SECTION 8. NOTE MUTILATED, DESTROYED, STOLEN OR LOST.....	6
SECTION 9. FORM OF NOTE .....	6
SECTION 10. SECURITY FOR NOTE.....	6
SECTION 11. COVENANTS OF THE COUNTY.....	6
SECTION 12. APPLICATION OF NOTE PROCEEDS.....	9
SECTION 13. CONDITIONS PRECEDENT .....	10
SECTION 14. REPRESENTATIONS AND WARRANTIES.....	10
SECTION 15. TAX COMPLIANCE .....	11
SECTION 16. NOTICES.....	11
SECTION 17. EVENTS OF DEFAULT DEFINED.....	11
SECTION 18. REMEDIES.....	12
SECTION 19. NO RECOURSE.....	13
SECTION 20. PAYMENTS DUE ON SATURDAYS, SUNDAYS AND HOLIDAYS .....	13
SECTION 21. DEFEASANCE.....	13
SECTION 22. WAIVER OF JURY TRIAL.....	13
SECTION 23. AMENDMENTS, CHANGES AND MODIFICATIONS .....	13

**TABLE OF CONTENTS**  
(continued)

	<u>Page</u>
SECTION 24. BINDING EFFECT .....	13
SECTION 25. SEVERABILITY .....	13
SECTION 26. EXECUTION IN COUNTERPARTS .....	13
SECTION 27. APPLICABLE LAW .....	13

This LOAN AGREEMENT made and entered as of March 1, 2005, by and between NASSAU COUNTY, FLORIDA (the "County") and SUNTRUST BANK (the "Lender").

W I T N E S S E T H

WHEREAS, the County has determined that it is necessary, desirable and in the best interests of the County and its inhabitants that the County refinance an existing line of credit by refunding the County's \$3,647,125 outstanding Revenue Note, Series 2000.

WHEREAS, the proceeds of the Note issued hereby will also be used to undertake the Project hereinafter described, which Project will serve essential public services of the County.

WHEREAS, the County has determined that it is without adequate currently available funds to pay Project Costs and it is necessary that funds be made immediately available to the County in order to undertake the Project.

WHEREAS, the County has determined that it is in its best interest to accept the proposal of the Lender as set out herein.

WHEREAS, the Lender has agreed to lend the County the aggregate principal amount of not to exceed \$5,000,000 in return for the Note, such amount being subject to increase as provided herein.

WHEREAS, the County has determined that it is in the best interest of the health, safety, and welfare of the County and the inhabitants thereof that the County covenant to budget and appropriate from the Non-Ad Valorem Revenues amounts sufficient to repay the principal of and interest on the Note when due.

WHEREAS, the Note shall not constitute a general obligation or indebtedness of the County as a "bond" within the meaning of any provision of the Constitution of the State, but shall be and is hereby declared to be a special, limited obligation of the County, the principal of and interest on which is payable solely from the Pledged Funds in the manner provided herein, and the principal of and interest on the Note and all other payments provided for herein will be paid solely from the Pledged Funds, and it will never be necessary or authorized to levy taxes on any real property of or in the County to pay the principal of or interest on the Note or other payments provided for herein. Furthermore, neither the Note nor the interest thereon shall be or constitute a lien upon the Project or upon any other property of or in the County other than the Pledged Funds in the manner provided herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein set forth and other good and valuable consideration, the receipt and sufficient of which are hereby acknowledged, the parties do hereby agree as follows:

SECTION 1. DEFINITIONS. The following terms shall have the following meanings herein, unless the text otherwise expressly requires:

"Act" means Chapter 125, Florida Statutes, and other applicable provisions of law.

“Authorized Investments” means any obligations, deposit certificates, or other evidences of indebtedness legal for investment pursuant to law, to the extent not inconsistent with the terms of the investment policy of the County and applicable law.

“Board” means the Board of County Commissioners of the County.

“Bonds” means the Note and all bonds issued by the County on a parity as to the pledge of Non-Ad Valorem Revenues with the Note.

“Business Day” means any day of the year on which banks in Jacksonville, Florida are not required or authorized by law to remain closed and on which the Lender and the Paying Agent and the New York Stock Exchange, Inc. are open for business.

“County” means the Nassau County, Florida, a political subdivision of the State of Florida.

“Code” means the Internal Revenue Code of 1986, as amended.

“Federal Securities” means 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.

“Fiscal Year” means the period from October 1 to the succeeding September 30.

“Lender” means SunTrust Bank or its successor in interest or its assigns.

“Maturity Date” means the date which the principal and interest on Note, or any portion thereof, shall be payable.

“Maximum Bond Service Requirement” for all Bonds or any series of Bonds or Senior Debt shall mean, as of any particular date of calculation and with respect to any period, the amount of principal of and interest on such Bonds or Senior Debt coming due in the then current or any future period in which such sum is the greatest.

“Non-Ad Valorem Revenues” means all of the revenues of the County derived from sources other than ad valorem taxation and legally available to pay principal of and interest on the Note subject to any prior liens or encumbrances on all or any specified portion thereof, whether now existing or hereafter created.

“Note” means the promissory note of the County to the Lender in substantially the form attached hereto as Exhibit A with such modifications thereto as may be approved by the Chairman, upon the advice of the County Attorney, such approval to be presumed by the Chairman’s execution thereof.

“Paying Agent” means the Clerk of the County.

“Person” or words importing persons, means firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

“Pledged Funds” means the Non-Ad Valorem Revenues budgeted and appropriated by the County for the payment of the Note and any proceeds of any bonds issued by the County for the purpose of redeeming or paying the Note.

“Prime Rate” means the annual interest rate announced by SunTrust Banks, Inc., from time to time, as its prime rate, which interest rate is only a bench mark, is purely discretionary and is not necessarily the best or lowest interest rate charged borrowing customers of SunTrust Banks, Inc. or any subsidiary banks.

“Project” means the projects previously approved by the Board and financed out of the proceeds of the Refunded Note and such additional capital projects which shall be approved from time to time by the Board.

“Project Costs” means all or a portion of the cost of acquisition and construction of the Project; engineering, legal, accounting, and financial expenses; expenses for estimates of costs and of revenues; expenses for plans, specifications and surveys; fees of fiscal agents, financial advisors or consultants; administrative expenses relating solely to the acquisition and construction of the Project; reimbursement to the County for any sums heretofore expended for the foregoing purposes; and such other costs and expenses as may be necessary or incidental to the financing or refinancing of the Project.

“Refunded Note” means the County’s \$3,647,125 outstanding Revenue Note, Series 2000.

“Register” means the books maintained by the Registrar in which are recorded the names, and addresses of the holder of the Note.

“Registrar” means the Person maintaining the Register. The Registrar shall be the Clerk of the County.

“Regulations” means the Income Tax Regulations promulgated by the Internal Revenue Service under Sections 103 and 141 through 150 of the Internal Revenue Code of 1986 in effect from time to time.

“Senior Debt” shall mean any debt of the County secured by a lien on or a pledge of any part of the Non-Ad Valorem Revenues senior to the lien on or pledge thereof in favor of the Note.

“Sinking Fund” means the fund created and established pursuant to Section 10(E) hereof.

“State” means the State of Florida.

“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.

SECTION 2. INTERPRETATION. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

### SECTION 3. THE LOAN.

A. Loan. The Lender hereby makes and County hereby accepts the loan in the principal amount of \$5,000,000 upon the terms and conditions herein. Notwithstanding the foregoing, the principal amount of the loan may be increased in increments of \$1,000,000, or any amount in excess thereof by the sole determination of the Board and by providing the Lender at least two Business Days' notice of such determination of increase; *provided, however*, that in no case shall the amount available to be loaned hereunder exceed \$10,000,000.

B. Disbursement of Proceeds. Proceeds of the loan shall be made available to the County in installments in the amounts of not less than \$10,000 each upon the written request of the Clerk of the County. Written requests received by the Lender by 10:00 a.m. prevailing time in Jacksonville, Florida shall be disbursed by the Lender to the County by the close of business on such day. Written requests received by the Lender later than 10:00 a.m. prevailing time in Jacksonville, Florida shall be disbursed by the Lender to the County by the close of business on the next succeeding Business Day. Each request by the County for disbursement of proceeds shall constitute a reaffirmation by the County of all of its representations and warranties contained herein.

C. Revolving Loan Feature. The loan facility created hereby shall be a revolving loan, such that the County may, after repaying or prepaying any portion of the loan, so long as at least \$1 principal amount thereof remains outstanding, re-borrow in accordance with the provisions of Section 3.B.

SECTION 4. REFUNDING. A portion of the proceeds of the loan shall be applied on the date of the execution and delivery hereof to the redemption of the Refunded Note.

SECTION 5. DESCRIPTION OF NOTE. The loan shall be evidenced by the Note. The Note shall be dated as of the date of initial delivery thereof; shall mature on May 1, 2009; shall be in registered form; and shall bear interest from its date until payment of the principal amount thereof, at the Stated Rate. Interest on the Note shall be payable on each March 1, June 1, September 1, and December 1, commencing June 1, 2005 and at the maturity of the Note, calculated on a 30-day month, 360-day year basis. Principal on the Note shall be repaid in an amount such that total debt service paid for the Note for the year ended on each March 1 (commencing March 1, 2006) shall be \$800,000, with the remaining principal amount due being repaid at maturity. The Note may be prepaid in whole or in part prior to maturity without

penalty upon the County's providing to the Lender at least five Business Days' advance notice thereof.

SECTION 6. EXECUTION OF NOTE. The Note shall be executed in the name of the County by the Chairman, and attested and countersigned by the Clerk, and its official seal or a facsimile thereof shall be affixed thereto or reproduced thereon. The Note may be signed and sealed on behalf of the County by any person who at the actual time of the execution of such Note shall hold such office in the County, although at the date of such Note such person may not have been so authorized. The Note may be executed by the facsimile signatures of the Chairman or Clerk.

SECTION 7. REGISTRATION AND TRANSFER OF NOTE. The Note shall be and shall have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code-Investment Securities Laws of the State of Florida, and the registered owner, in accepting the Note, shall be conclusively deemed to have agreed that such Note shall be and have all of the qualities and incidents of negotiable instruments thereunder.

There shall be a Registrar who shall be responsible for maintaining the Register. The person in whose name ownership of any Note is shown on the Register shall be deemed the owner thereof by the County and the Registrar, and any notice to the contrary shall not be binding upon the County or the Registrar. The County and the Registrar may treat the registered owner as the absolute owner of the Note for all purposes, whether or not such Note shall be overdue, and shall not be bound by any notice to the contrary.

Ownership of Note may be transferred only upon the Register. Upon surrender to the Registrar for transfer or exchange of any Note accompanied by an assignment or written authorization for exchange, whichever is applicable, duly executed by the registered owner or its attorney duly authorized in writing, the Registrar shall deliver in the name of the registered owner or the transferee or transferees, as the case may be, a new fully registered Note of authorized denominations and of the same maturity and interest rate and for the aggregate principal amount as the Note surrendered.

The Note presented for transfer, exchange, redemption or payment (if so required by the County or the Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the County or the Registrar, duly executed by the registered owner or by his duly authorized attorney.

The Registrar or the County may require payment from the registered owner or his transferee, as the case may be, of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto by any governmental body other than the County. Such charges and expenses shall be paid before any such new Note shall be delivered.

The new Note delivered upon any transfer or exchange shall be a valid obligation of the County, evidencing the same debt as the Note surrendered, shall be secured under this Agreement, and shall be entitled to all of the security and benefits hereof to the same extent as the Note surrendered.

Whenever any Note shall be delivered to the Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Note shall be

canceled and destroyed by the Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the County.

SECTION 8. NOTE MUTILATED, DESTROYED, STOLEN OR LOST. In case any Note shall be mutilated, or be destroyed, stolen or lost, upon the registered owner furnishing the Registrar proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the County may prescribe and paying such expenses as the County may incur, the Registrar shall issue and deliver a new Note of like tenor as the Note so mutilated, destroyed, stolen or lost, in lieu of or substitution for the Note, if any, destroyed, stolen or lost, or in exchange and substitution for such mutilated Note, upon surrender of such mutilated Note, if any, to the Registrar and the cancellation thereof; *provided, however*, if the Note shall have matured or be about to mature, instead of issuing a substitute Note, the County may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof. Any Note surrendered under the terms of this Section 8 shall be canceled by the Registrar.

Any such duplicate Note issued pursuant to this section shall constitute an original, additional contractual obligation on the part of the County whether or not, as to the duplicate Note, the lost, stolen or destroyed Note be at any time found by anyone, and such duplicate Note shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the special funds, as hereinafter pledged, to the same extent as the other Note issued hereunder.

SECTION 9. FORM OF NOTE. The Note shall be in substantially the form of Exhibit A hereto with such variations, omissions and insertions as may be necessary, desirable and authorized or permitted by this Agreement.

SECTION 10. SECURITY FOR NOTE; NOTE NOT DEBT OF THE COUNTY. The payment of the principal of and interest on the Note shall be secured forthwith, by a lien upon and a pledge of the Pledged Funds. Until the Note is paid or deemed paid pursuant to the provisions of this Agreement, the County hereby covenants (i) to appropriate in each Fiscal Year from Non-Ad Valorem Revenues sufficient moneys to pay the principal of and interest on the Note coming due in said Fiscal Year, and (ii) from such appropriated funds to pay said principal and interest in such Fiscal Year. The 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 upon any property of or in the County for the payment of the principal of and interest on the Note. The County does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Note.

SECTION 11. COVENANTS OF THE COUNTY. So long as any of the principal of or interest on the Note shall be outstanding and unpaid or until provision for payment of the Note shall have been made pursuant to Section 21 hereof, the County covenants with the Lender as follows:

A. Tax Compliance. The County will take all actions necessary to maintain the exclusion from gross income of interest on the Note to the same extent as such existed on the date of issuance of the Note.

B. Budget and Appropriate. The County covenants that it will, in each year while the Note is outstanding, budget and appropriate sufficient Non-Ad Valorem Revenues to make payments of principal and interest on such Note as they become due.

Such covenant and agreement on the part of the County to budget and appropriate such amounts of Non-Ad Valorem Revenues shall be cumulative to the extent not paid, and shall continue until such Non-Ad Valorem Revenues or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. Notwithstanding the foregoing covenant of the County, the County does not covenant to maintain any services or programs, now provided or maintained by the County, which generate Non-Ad Valorem Revenues.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor, except as provided in F below, does it preclude the County from pledging in the future its Non-Ad Valorem Revenues, nor does it require the County to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Lender a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the County. Such covenant to budget and appropriate Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereinafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate in its general annual budget for the purposes and in the manner stated herein shall have the effect of making available for the payment of the principal of and interest on the Note, in the manner described herein, Non-Ad Valorem Revenues and placing on the County a positive duty to appropriate and budget, by amendment if necessary, amounts sufficient to meet its obligations hereunder. The County represents that the Project serves or will serve essential public purposes.

C. Financial Statements. Not later than 150 days following the end of each Fiscal Year, the County shall provide the Lender the annual audited financial statement of the County audited by the County's certified public accountants together with the report of such accountants containing only such qualifications as are reasonably acceptable to the Lender.

D. Annual Budget and Other Information. The County shall prepare its annual budget in accordance with Florida law, and shall provide the Lender a copy of its final annual budget for each fiscal year within 30 days of adoption thereof by the Board and such other information the Lender may reasonably request.

E. Sinking Fund. The County hereby creates and establishes a special separate fund to be called the "Nassau County, Florida Revenue Note, Series 2005 Sinking Fund" (hereinafter called the "Sinking Fund").

On or before the Business Day prior to each date fixed for the payment of principal or interest on the Note, the County shall deposit from Non-Ad Valorem Revenues to the Sinking Fund the amounts sufficient to pay the interest and principal becoming due on the Note on the next payment date therefor.

The amounts remaining on deposit in the Sinking Fund on the day following the respective interest or principal payment may be withdrawn by the County and applied for other

County purposes. In no event shall any moneys remain on deposit in the Sinking Fund for a period greater than 13 months.

Amounts on deposit in the Sinking Fund may be invested and reinvested by the County in Authorized Investments maturing or redeemable at the option of the County not later than the date such amounts are needed for the payments required hereunder.

Except to the extent otherwise required by any provision hereof or of any tax compliance certificate delivered in connection with the delivery of the Note, all income from the investment of moneys in the fund and accounts established by this Agreement shall, upon receipt thereof, be deposited to the credit of the Sinking Fund and used for the purposes thereof.

The designation of a special fund by this Agreement shall not be construed to require the establishment of any completely independent, self-balancing funds, as such term is commonly used and defined in governmental accounting, but is intended solely to constitute an earmarking of certain moneys and investments for certain purposes and to establish certain priorities for application of such moneys and investments as herein provided. The moneys and investments required to be accounted for in the foregoing fund established herein may be deposited in a single fund or account, provided that adequate accounting records are maintained to reflect the allocation of the moneys and investments on deposit therein into the fund established hereunder and to control the restricted uses of such moneys and investments for the various purposes as herein provided.

The County shall not be required to make any further payments into the Sinking Fund when the aggregate amount of money and Authorized Investments in said funds and accounts is at least equal to the total principal of and interest on the Note then outstanding.

F. Issuance of Other Obligations. Except for the Note, the County will not issue any other obligations payable from the Non-Ad Valorem Revenues nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge against the Non-Ad Valorem Revenues, or any part thereof, except as set out below.

(1) 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 governmental 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.

(2) The County will not issue any Senior Debt unless the County (i) prepares and files with the Clerk of the County and the Lender a certificate of its independent certified public accountants that the average annual Non-Ad Valorem Revenues during the two immediately preceding Fiscal Years of the County is at least equal to 2.0 times the Maximum Bond Service Requirement on the Senior Debt then outstanding and on the Senior Debt with respect to which the certificate is made, and (ii) shall not be in default in performing any of the covenants and obligations assumed hereunder, and all payments herein required to have been made shall have been made to the full extent required.

G. Unreserved Fund Balance. The County shall maintain at the end of each Fiscal Year a minimum unreserved fund balance (cash and investments) at least equal to 25 percent of the prior three Fiscal Years' average governmental fund expenditures (excluding enterprise funds).

SECTION 12. APPLICATION OF NOTE PROCEEDS. The proceeds of the Note shall first be applied by the County to pay the costs of preparation and issuance of the Note and thereafter shall be used by the County to pay the Refunded Notes and the Project Costs. The Lender shall have no responsibility for the use of the proceeds of the Note, and the use of Note proceeds by the County shall in no way affect the rights of the Lender.

SECTION 13. CONDITIONS PRECEDENT. The obligation of the Lender to make the initial disbursement of proceeds is subject to the satisfaction of each of the following conditions precedent on or before the closing date:

A. Action. The Lender shall have received copies of all action taken by the County approving the execution and delivery by the County of this Agreement and the financing documents to which the County is a party, in each case certified as complete and correct as of the closing date.

B. Incumbency of Officers. The Lender shall have received an incumbency certificate of the County in respect of each of the officers who is authorized to sign this Agreement and the financing documents to which it is a party on behalf of the County.

C. Opinion of Counsel to the County. The Lender shall have received a written opinion of counsel to the County covering matters relating to the transactions contemplated by this Agreement and the financing documents, in form and substance satisfactory to the Lender.

D. Opinion of Bond Counsel. The Lender shall have received an opinion from bond counsel in respect of the Note, in form and substance satisfactory to the Lender.

E. No Default, Etc. No Default shall have occurred and be continuing as of the closing date or will result from the execution and delivery of this Agreement or the making of an advance; the representations and warranties made by the County shall be true and correct in all material respects on and as of the closing date, as if made on and as of such date; and the Lender shall have received a certificate from the County to the foregoing effect.

F. Other Documents. The Lender shall have received such other documents, certificates and opinions as the Lender or its counsel shall have reasonably requested.

SECTION 14. REPRESENTATIONS AND WARRANTIES. The County represents and warrants to the Lender that:

A. Organization. The County is a political subdivision of the State of Florida.

B. Authorization of Agreement and Related Documents. The County has the power and has taken all necessary action to authorize the execution, delivery and performance of the County's obligations under this Agreement and each of the financing documents to which it is a party in accordance with their respective terms. This Agreement has been duly executed and delivered by the County and is, and each of the financing documents to which it is a party when executed and delivered will be, legal, valid and binding obligations of the County enforceable against the County in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization or moratorium applicable to the County and general equitable principles regarding the availability of specific performance.

C. Non-Ad Valorem Revenues. The County currently receives the Non-Ad Valorem Revenues, and is legally entitled to covenant to budget and appropriate from such Non-Ad Valorem Revenues sufficient amounts in each Fiscal Year to pay the principal of and interest on the Note, when due, subject to any prior liens or encumbrances on such Non-Ad Valorem Revenues, whether now existing or hereafter created. The Non-Ad Valorem Revenues are estimated to be sufficient to pay the principal of and interest on the Note as the same becomes due and to make all other payments required to be made from such Non-Ad Valorem Revenues by the terms of this Agreement or other instruments to which the County is a party or pursuant to which all or any portion of the Non-Ad Valorem Revenues may be obligated.

D. Financial Statements. The financial statements of the County for the year ended September 30, 2003, copies of which have been furnished to the Lender, have been prepared in accordance with generally accepted accounting principles and present fairly the financial condition of the County as of such date and the results of its operations for the period then ended.

Since such date, there has been no material adverse change in the financial condition, revenues (including, without limitation, Non Ad-Valorem Revenues), properties or operations of the County.

SECTION 15. TAX COMPLIANCE. Neither the Board of County Commissioners, the County, nor any third party over whom the Board of County Commissioners or the County have control, will make any use of the proceeds of the Note or the Pledged Revenues at any time during the term thereof which would cause the Note to be "private activity bonds" within the meaning of Section 103(b)(1) of the Code or "arbitrage bonds" within the meaning of Section 103(b)(2) of the Code. The Board of County Commissioners, on behalf of the County, covenants throughout the term of the Note, to comply with the requirements of the Code and the Regulations, as amended from time to time. The County hereby represents and finds that the Note is hereby "deemed designated" as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code. To the extent the County draws in the aggregate more than \$10,000,000 principal amount on the Note by reason of the revolving loan feature,, the County covenants to obtain an opinion of bond counsel as to the exclusion from gross income of interest earned on the Note.

SECTION 16. NOTICES. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the parties at the following addresses:

County: Nassau County  
96135 Nassau Place  
Yulee, FL 32097  
Attention: County Clerk

Lender: SunTrust Bank  
76 South Laura Street, Suite 20  
Jacksonville, FL 32202  
Attention: Mr. Bruce L. Barefoot  
Senior Vice President

Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Communication to the Lender via telecopier shall be confirmed by delivery of a hard copy thereof to the Lender not later than two Business Days after such communication by telecopier. Notices to the Paying Agent shall be effective only upon the receipt thereof by the Paying Agent.

SECTION 17. EVENTS OF DEFAULT DEFINED. The following shall be "Events of Default" under this Agreement and the terms "Events of Default" shall mean (except where the context clearly indicates otherwise), when whenever such term is used in this Agreement, any one or more of the following events:

A. Failure by the County to timely pay any loan repayment within three days of the date on which such are due and payable;

B. Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement for a period of 30 days

after written notice, except to the extent some other grace period shall be provided in regard to a covenant, specifying such failure and requesting that it be remedied, is given to the County by the Lender, unless the Lender shall agree in writing to an extension of such time prior to its expiration;

C. Any warranty, representation or other statement by the County or by an officer or agent of the County contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement is false or misleading in any material adverse respect;

D. A petition is filed against the County under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and an order for relief is entered or such petition is not dismissed within 60 days of such filing;

E. The County files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;

F. The County admits insolvency or bankruptcy or its inability to pay its debts as they become due or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the County or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 60 days; or

G. Any debt of or assumed by the County (i) is not paid when due nor within any applicable grace period in any agreement or instrument relating to such debt, (ii) becomes due and payable before its normal maturity by reason of a default or event of default, however, described, or (iii) becomes subject to a moratorium.

SECTION 18. REMEDIES. The Lender may sue to protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State of Florida, of the United States of America, or granted and contained in this Agreement, and to enforce and compel the performance of all duties required by this Agreement or by any applicable laws to be performed by the County, the Board or by any officer thereof, and may take all steps to enforce this Agreement to the full extent permitted or authorized by the laws of the State of Florida or the United States of America.

SECTION 19. NO RECOURSE. No recourse shall be had for the payment of the principal of and interest on the Note or for any claim based on the Note or on this Agreement, against any present or former member or officer of the Board or any person executing the Note.

SECTION 20. PAYMENTS DUE ON SATURDAYS, SUNDAYS AND HOLIDAYS. In any case where the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Agreement, shall be other than a Business Day, then such payment or performance shall be made on the succeeding Business Day with the same force and effect as if done on the nominal date provided in this Agreement, provided that interest on

any monetary obligation hereunder shall accrue at the applicable rate to and including the date of such payment.

SECTION 21. DEFEASANCE. If, at any time, the County shall have paid, or shall have made provision for payment of, the principal and interest with respect to the Note and all costs and expenses of the Lender payable under this Agreement, then, and in that event, the pledge of and lien on the Pledged Funds in favor of the Lender shall be no longer in effect and the County shall have no further obligation to comply with the covenants contained in Section 11 hereof, other than the covenant contained in paragraph (A) of Section 10. For purposes of the preceding sentence, deposit of Federal Securities in irrevocable trust with a banking institution or trust company, for the sole benefit of the Note, with respect to which Federal Securities the principal of and interest will be sufficient to make timely payment of the principal and interest on the Note, shall be considered "provision for payment."

SECTION 22. WAIVER OF JURY TRIAL. With respect to any suit or action between the County and the Lender relating to the Note or this Agreement or any other aspect of the transaction between the County and the Lender, the County and the Lender each expressly waives any right to a jury trial, and agrees that the exclusive venue for any such suit or action shall be Duval County, Florida.

SECTION 23. AMENDMENTS, CHANGES AND MODIFICATIONS. This Agreement may be amended by the County, with the prior written consent of the Lender.

SECTION 24. BINDING EFFECT. To the extent provided herein, this Agreement shall be binding upon the County and the Lender and shall inure to the benefit of the County and the Lender and their respective successors and assigns.

SECTION 25. SEVERABILITY. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 26. EXECUTION IN COUNTERPARTS. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 27. APPLICABLE LAW. This Agreement shall be governed by and construed in accordance with the laws of the State.

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

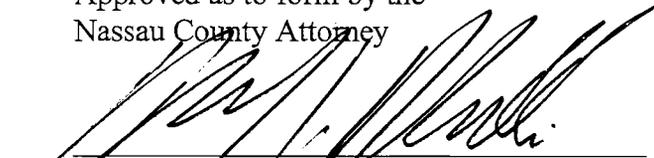
BOARD OF COUNTY COMMISSIONERS  
NASSAU COUNTY, FLORIDA

  
\_\_\_\_\_  
ANSLEY N. CREE  
Its: Chairman

ATTEST:

  
\_\_\_\_\_  
JOHN A. CRAWFORD  
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-1

NASSAU COUNTY, FLORIDA  
REVENUE NOTE, SERIES 2000

RATE OF INTEREST	MATURITY DATE	DATE OF ISSUE
Variable, as set out below	May 1, 2009	March 21, 2005

REGISTERED OWNER: SUNTRUST BANK

PRINCIPAL AMOUNT: \$5,000,000 (subject to adjustment as provided in the Agreement defined below)

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 of the principal amount then outstanding pursuant to the terms of that certain Loan Agreement dated as of March 1, 2005 between the County and the Registered Owner (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." Interest on the Note shall be payable on each March 1, June 1, September 1, and December 1, commencing June 1, 2005 and at the maturity of the Note, calculated on a 30-day month, 360-day year basis. Principal on the Note shall be repaid in an amount such that total debt service paid for the Note for the year ended on each March 1 (commencing March 1, 2006) shall be \$800,000, with the remaining principal amount due being repaid at maturity. 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, as amended 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 March \_\_, 2005 (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 21, 2005.

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

---

ANSLEY N. ACREE  
Its: Chairman

ATTEST:

---

JOHN A. CRAWFORD  
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 common

JT TEN - as joint tenants with right of survivorship

TEN ENT - as tenants by the entireties and not as tenants in common

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)

NO. R-1

NASSAU COUNTY, FLORIDA  
REVENUE NOTE, SERIES 2000

RATE OF INTEREST	MATURITY DATE	DATE OF ISSUE
Variable, as set out below	May 1, 2009	March 21, 2005

REGISTERED OWNER: SUNTRUST BANK

PRINCIPAL AMOUNT: \$5,000,000 (subject to adjustment as provided in the Agreement defined below)

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 of the principal amount then outstanding pursuant to the terms of that certain Loan Agreement dated as of March 1, 2005 between the County and the Registered Owner (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." Interest on the Note shall be payable on each March 1, June 1, September 1, and December 1, commencing June 1, 2005 and at the maturity of the Note, calculated on a 30-day month, 360-day year basis. Principal on the Note shall be repaid in an amount such that total debt service paid for the Note for the year ended on each March 1 (commencing March 1, 2006) shall be \$800,000, with the remaining principal amount due being repaid at maturity. 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, as amended 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 March \_\_, 2005 (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 21, 2005.

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

/s/ Ansley N. Acree

ANSLEY N. ACREE

Its: Chairman

ATTEST:

/s/ John A. Crawford

JOHN A. CRAWFORD

Its: Ex-Officio Clerk

Approved as to form by the  
Nassau County Attorney

/s/ Michael S. Mullin

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 common

JT TEN - as joint tenants with right of survivorship

TEN ENT - as tenants by the entireties and not as tenants in common

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)

**NASSAU COUNTY, FLORIDA  
REVENUE NOTE, SERIES 2005  
NON ARBITRAGE CERTIFICATE**

The undersigned, Chairman of Nassau County, Florida (the "County"), being duly charged, with others, with the responsibility for issuing the County's Revenue Note, Series 2005 (the "Series 2005 Note"), HEREBY CERTIFIES, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and Sections 1.148-0 through 1.148-11 of the Income Tax Regulations (the "Regulations"), as follows:

1. The Series 2005 Note is being issued pursuant to the Constitution and laws of the State of Florida, including particularly Chapter 125, Florida Statutes, as amended, and pursuant to the terms of a resolution adopted by the County on March 21, 2005 (the "Resolution") to provide for the deposit of money to various funds and accounts established pursuant to the Resolution for the following purposes:

- a. to refund on the date of issuance of the Series 2005 Note the County's \$2,897,125 outstanding Revenue Note, Series 2000 (the "Refunded Note");
- b. to finance the acquisition and construction of capital projects of the County approved by the Board; and
- c. to pay the costs of issuing the Series 2005 Note (the "Issuance Expenses").

Unless otherwise specifically defined, all capitalized terms used in this certificate shall have the meanings as set forth in the Resolution.

For federal income tax purposes the Series 2005 Note is being treated as issued in the principal amount of \$10,000,000 because the County has the unilateral right to increase the par amount thereof to be drawn thereunder to such amount. The Note evidences a "revolving" credit; the proceeds of the Note may be advanced, repaid and advanced again so long as the outstanding amount does not exceed \$10,000,000. The expectations of the County set forth in this certificate relate to the first \$10,000,000 of advances under the Note; the County will consult with bond counsel and execute a supplement to this tax certificate when and if the advances hereunder exceed \$10,000,000 (without regard to any repayments).

2. On the basis of the facts, estimates and circumstances in existence on the date hereof, I reasonably expect the following with respect to the Series 2005 Note and the use of the proceeds thereof:

a. Sale Proceeds of the Series 2005 Note in the amount of \$10,000,000 (representing \$10,000,00 principal amount of the Series 2005 Note), are expected to be needed and fully expended as follows:

- (i) None of said proceeds will be used to pay Issuance Expenses (such Expenses will be paid from other available funds of the County);

- (ii) \$2,902,045.21 of said proceeds will be used to redeem on the date hereof the County's Revenue Note, Series 2000 (\$2,897,125 par amount outstanding plus \$4,920.21 accrued interest).
- (iii) The balance of said proceeds will be deposited by the County when drawn in an account to be used to pay costs of the Project.

b. The proceed of the Series 2005 Note will be advanced from time to time upon request of the County. On the date of issuance, \$2,902,045.21 will be advanced.

c. The Refunded Note was issued to finance or refinance the cost of acquisition and construction of various capital improvements (the "Prior Project"). All of the proceeds of the Refunded Note have been spent except as described herein. The total proceeds to be received from the sale of the Series 2005 Note, together with anticipated investment earnings thereon, do not exceed the total of the amounts necessary for the purposes described above.

d. The County does not expect to sell or otherwise dispose of any property comprising a part of the Project or the Prior Project prior to the final maturity date of the Series 2005 Note, except such minor parts or portions thereof as may be disposed of due to normal wear, obsolescence, or depreciation in the ordinary course of business. The County reasonably expects that it will own and operate the Project throughout the term of the Series 2005 Note.

e. None of the costs of the Project to be financed with Series 2005 Note proceeds or investment earnings thereon were paid or incurred prior to more than 60 days prior to the date hereof.

3. At least 85% of the spendable proceeds of the Series 2005 Note will be expended within one year of the date that such Series 2005 Note were issued. In addition, not more than 50% of the proceeds of the Series 2005 Note will be invested in obligations having a substantially guaranteed yield for a period of four years or more.

4. There are no funds or accounts established pursuant to the Resolution or otherwise, other than the Sinking Fund, which are reasonably expected to be used to pay debt service on the Series 2005 Note, or which are pledged as collateral for the Series 2005 Note (or subject to a negative pledge) and for which there is a reasonable assurance on the part of the bondholders that amounts therein will be available to pay debt service on the Series 2005 Note if the County encounters financial difficulties.

5. The Sinking Fund will be used primarily to achieve a proper matching of the revenues used to pay the debt service on the Series 2005 Note within each bond year and amounts deposited thereto will be depleted at least once a year except for any carryover amount which will not in the aggregate exceed the greater of (A) the earnings on such fund for the immediately preceding bond year, or (B) one-twelfth of the debt service on the Series 2005 Note for the immediately preceding bond year.

6. The following represents the expectations of the County with respect to the investment of funds on deposit in the aforementioned funds and accounts:

a. Proceeds derived from the sale of the Series 2005 Note to be applied to pay Issuance Expenses may be invested at an unrestricted yield for a period not to exceed thirteen months from the date hereof.

b. Investment earnings on obligations acquired with amounts described in subparagraph a. above may be invested at an unrestricted yield for a period of one year from the date of receipt.

c. Amounts described in subparagraphs a. and b. that may not be invested at an unrestricted yield pursuant to such subparagraphs, may be invested at an unrestricted yield to the extent such amounts do not exceed \$100,000 (the "Minor Portion").

d. The proceeds of the Series 2005 Note to be used to pay costs of the Project will be spent within 3 years. Within 6 months the County will incur substantial binding obligations to third parties to expend at least five percent of such amount on the Project and completion of the Project and allocation of the Series 2005 Note proceeds to expenditures will proceed with due diligence. Prior to the third anniversary of the delivery of the Series 2005 Note, such amounts may be invested at an unrestricted yield.

e. All amounts deposited in the Sinking Fund (including accrued interest, if any) may be invested at an unrestricted yield for a period of 13 months from the date of deposit of such amounts to such Fund. Investment earnings on such amounts may be invested at an unrestricted yield for a period of 13 months from the date of receipt of the amount earned.

f. Amounts described in subparagraph e. that may not be invested in an unrestricted yield pursuant to such subparagraph may be invested at an unrestricted yield to the extent such amount does not exceed the Minor Portion reduced by the amounts described in subparagraph c. that are invested at a yield in excess of the yield on the Series 2005 Note.

7. Amounts described in this Paragraph 7 that may not be invested at an unrestricted yield shall be invested at a yield not in excess of the yield on the Series 2005 Note or be invested in tax-exempt obligations under Section 103(a) of the code the interest on which is not an item of preference within the meaning of Section 57(a)(5) of the Code. All investments shall be purchased at prevailing market prices and shall be limited to securities for which there is an established market. If the proposed investments include certificates of deposit or investment agreements, the Corporation and the Trustee shall comply with the provisions contained in Treasury Regulation Section 1.148-5(d)(6). For purposes of this paragraph, "tax-exempt obligations" means (1) obligations the interest on which is excludable from gross income for federal income tax purposes under Code Section 103(a), (2) stock of a tax-exempt mutual fund as defined in Treasury Regulations Section 1.150-1(b), and (3) United States Treasury-State and Local Government Series, Demand Deposit Securities.

8. For purposes of this Certificate, "yield" means that yield which when used in computing the present worth of all payments of principal and interest to be paid on an obligation produces an amount equal to the purchase price of such obligation. For purposes of computing yield, the purchase price of the Series 2005 Note is the issue price which was determined as described in Paragraph 9 hereof. Any investments acquired with amounts that may not be

invested at an unrestricted yield pursuant to Paragraph 7 above shall be purchased at prevailing market prices and shall be limited to securities for which there is an established market, shall be United States Treasury Obligations - State and Local Government Series or shall be tax-exempt obligations under 103(a) of the Code the interest on which is not an item of tax preference within the meaning of Section 57(a)(5) of the Code.

9. The issue price of the Series 2005 Note is the amount advanced thereunder from time to time.

10. The yield on the Series 2005 Note is a variable yield.

11. No portion of the proceeds of the Series 2005 Note will be used as a substitute for other moneys of the County which were otherwise to be used to pay the costs of the Project and which have been or will be used to acquire, directly or indirectly, obligations producing a yield in excess of the yield on the Series 2005 Note.

12. There are no other obligations of the County that (i) are being sold at a substantially the same time as the Series 2005 Note (within 15 days); (ii) are being sold pursuant to a common plan of financing together with the Series 2005 Note, and (iii) will be paid out of substantially the same source of funds (or will have substantially the same claim to be paid out of substantially the same source of funds) as the Series 2005 Note.

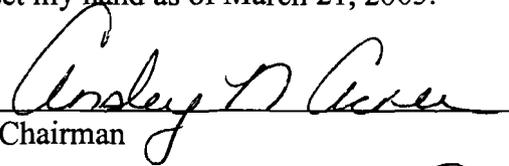
13. The County has covenanted in the Resolution that so long as the Series 2005 Note remain outstanding, the moneys on deposit in any fund or account maintained in connection with the Series 2005 Note, will not be used in any manner that would cause the Series 2005 Note to be "arbitrage bonds" within the meaning of Section 148 of the Code or bonds not described under Section 103(a) of the Code and the applicable regulations promulgated from time to time thereunder. Accordingly, the County shall comply with the guidelines and instructions in the Arbitrage Letter of Instructions from Bond Counsel, dated the date hereof, by which the County shall, among other things, pay or cause to be paid to the United States an amount equal to the sum of (i) the excess of the aggregate amount earned from the investment of "Gross Proceeds" of the Series 2005 Note from the date of issue over the amount that would have been earned if such amounts had been invested at a yield equal to the yield of the bonds, plus (ii) the income or earnings attributable to the excess amount described in (i). See Exhibit B attached hereto.

14. To the best of my knowledge, information and belief, the above expectations are reasonable.

15. The County designated the 2005 Note as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The County, together with all its subordinate entities or entities that issue obligations on its behalf, or on behalf of which it issues obligations, during the current calendar year, (a) has not issued and will not issue tax-exempt debt designated as qualified tax-exempt obligations in an aggregate amount exceeding \$10,000,000 (excluding private activity bonds that are not qualified 501(c)(3) bonds and certain current refunding debt to the extent permitted by Section 265(b)(3)). No entity has been or will be formed or availed of by the County in order to avoid the limitations described in this paragraph.

16. The Note is not and will not be a part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code (i) enabling the Note to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage and (ii) over-burdening the tax-exempt bond market.

IN WITNESS WHEREOF, I have hereunto set my hand as of March 21, 2005.

By:   
Chairman

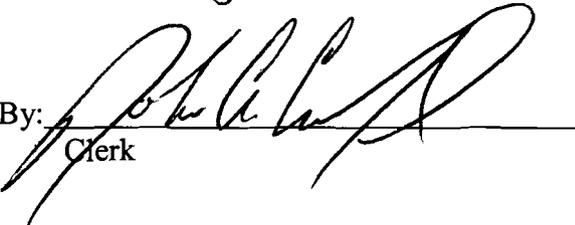
By:   
Clerk

EXHIBIT A

March 21, 2005

Chairman and  
Board of County Commissioners  
Nassau County, Florida

RE: \$10,000,000 Revenue Note, Series 2005

Ladies and Gentlemen:

The undersigned as the purchaser in connection with the purchase of the above-referenced obligations (the "Series 2005 Note"), hereby represents that the Series 2005 Note has been purchased at the price of par and that the proceeds of the Series 2005 Note will be advanced to the Nassau County, Florida, from time to time as requested by the County, without discount or premium.

SunTrust Bank has not reoffered or sold any portion of the Series 2005 Note.

SUNTRUST BANK

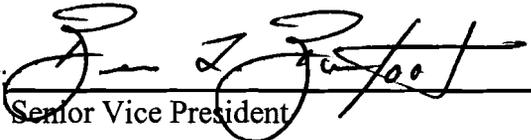
By:   
Senior Vice President

EXHIBIT B

March 21, 2005

Chairman and  
Board of County Commissioners Nassau County, Florida

RE: \$10,000,000 Revenue Note, Series 2005

Ladies and Gentlemen:

This letter instructs you as to certain requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the \$10,000,000 Revenue Note, Series 2005 (the "Bonds"). Capitalized terms used in this letter, not otherwise defined herein, shall have the same meanings as set forth in the County's Non Arbitrage Certificate (the "Non Arbitrage Certificate") executed on the date hereof.

This letter is intended to provide you with general guidelines regarding compliance with Section 148(f) of the Code. Because the requirements of the Code are subject to amplification and clarification, you should seek supplements to this letter from time to time to reflect any additional or different requirements of the Code. In particular, you should be aware that regulations implementing the rebate requirements of Section 148(f) (the "Regulations") have been issued by the United States Treasury Department. These regulations will, by necessity, be subject to continuing interpretation and clarification through future rulings or other announcements of the United States Treasury Department. You should seek further advice of Bond Counsel as to the effect of any such future interpretations before the computation and payment of any arbitrage rebate.

For the purposes of this Letter, (i) any instructions relating to a fund or account shall be deemed to apply only to the portion of such fund or account allocable to the Bonds and (ii) any reference to "the date hereof" shall be deemed to mean May 22, 2005.

Section 1. Tax Covenants. Pursuant to the Resolution, the County has made certain covenants designed to assure that interest with respect to the Bonds is and shall remain excluded from gross income for federal income tax purposes. The County has agreed, and by this Letter does hereby covenant, that it will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds or take or omit to take any actions that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the code and that would cause interest on the Bonds to be included in gross income for federal income tax purposes under the provisions of the Code. You have further agreed by this letter to comply with all other requirements as shall be determine by Bond Counsel (as hereinafter defined) to be necessary or appropriate to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes. To that end, the County will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds. In particular, the County agrees to cause the proceeds of the Bonds and certain other amounts described in Paragraph 7 of the Non Arbitrage Certificate to be invested in a manner that is consistent with the expectations set forth in such Certificate. In the event that at any time the County is of the opinion that for purposes of this

Section 1 it is necessary to restrict or to limit the yield on the investment of any moneys held by the County, the County shall take such action as may be necessary.

Section 2. Definitions. Unless the context otherwise requires, in addition to the use of the terms defined in the Non Arbitrage Certificate, the following capitalized terms have the following meanings:

“Bond Counsel” shall mean Rogers Towers, P.A., or other nationally recognized bond counsel.

“Bond Year” shall mean the one year period that ends at the close of business on the day in the calendar year that is selected by the County. The first and last bond year may be short periods.

“Bond Yield” shall mean that discount rate that, when used in computing the present value on the Delivery Date of all unconditionally payable payments of principal, interest, retirement price, paid and to be paid on the Bonds, produces an amount equal to the present value on the Delivery Date, using the same discount rate, of the aggregate Issue Price of the Bonds. Yield is computed under the Economic Accrual Method using any consistently applied compounding interval of not more than one year. Short first and last compounding intervals may be used. Other reasonable, standard financial conventions, such as the 30 days per month/360 days per year convention, may be used in computing yield but must be consistently applied.

“Code” shall mean the Internal Revenue Code of 1986, as amend, and the applicable Treasury Regulations promulgated thereunder.

“Computation Date” shall mean any date selected by the County as a computation date pursuant to Section 1.148-3(e) of the Regulations, and the Final Computation Date.

“Computation Credit Amount” means an amount, as of each Computation Credit Date, equal to \$1,000.

“Computation Credit Date” means the last day of each Bond Year during which there are amounts allocated to Gross Proceeds of the Bonds that are subject to the rebate requirement of Section 148(f) of the Code, and the Final Computation Date.

“Delivery Date” shall mean March 21, 2005.

“Economic Accrual Method” shall mean the method of computing yield that is based on the - compounding of interest at the end of each compounding period (also known as the constant interest method or the actuarial method).

“Final Computation Date” shall mean the ate that the last bond that is part of the Bonds is discharged.

“Gross Proceeds” shall mean with respect to the Bonds, any proceeds of the Bonds and any funds (other than the proceeds of the Bonds) that are a part of a reserve or replacement fund for the issue, which amounts include amounts which are (A) actually or constructively received

by the County from the Sale of the bonds; (B) treated as transferred proceeds (as defined in Section 1.1489(b) of the Regulations; (C) treated as Replacement Proceeds under Section 1.148-1(c) of the Regulations; (D) invested in a reasonably required reserve or replacement fund (as defined in Section 1.148-2(f) of the Regulations); (E) pledged by the County as security for payment of debt service on the Bonds; (F) received with respect to obligations acquired with proceeds of the Bonds; (G) used to pay debt service on the Bonds; and (H) otherwise received as a result of investing any proceeds of the Bonds. The determination of whether an amount is included within this definition shall be made without regard to whether the amount is credited to any fund or account established under the Resolution or (except in the case of an amount described in (E) above) whether the amount is subject to the pledge of such instrument.

“Guaranteed Investment Contract” means any Nonpurpose Investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, and also includes any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

“Installment Payment Date” shall mean a Computation Date that is not later than five years after the Delivery Date and subsequent Computation Dates which occur no later than five years after the immediately preceding Installment Payment Date.

“Investment Property” shall mean any security or obligation, any annuity contract or other investment-type property within the meaning of Section 148(b)(2) of the Code. The term Investment Property shall not include any obligation the interest on which is excluded from gross income (Other than a Specified Private Activity Bond) within the meaning of Section 57(a)(5)(C) of the Code) and shall not include an obligation that is a one-day certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series Program described in 31 CFR, part 344.

“Issue Price” shall mean, with respect to each bond comprising the Bonds, the issue price determined in the manner described in Paragraph 9 of the Non Arbitrage Certificate.

“Issue Yield” shall mean the Bond Yield unless the Bonds are described in Section 1.148- 4(b)(3) or (4) of the Regulations, in which case, the Issue Yield shall be the Bond Yield as recomputed in accordance with such provisions of the Regulations.

“Nonpurpose Investment” shall mean any Investment Property in which Gross Proceeds are invested, other than any Purpose Investment as defined in Section 148-1(b) of the Regulations. For purposes of this Letter, Investment Property acquired with revenues deposited in the Bond Service fund to be used to pay debt service on the Bonds within 13 months of the date of deposit therein shall be disregarded.

“Nonpurpose Payment” shall, with respect to a Nonpurpose Investment allocated to the Bonds, include the following: (1) the amount actually or constructively paid to acquire the Nonpurpose Investment; (2) the Value of an investment not acquired with Gross Proceeds on the date such investment is allocated to the Bonds, and (3) any payment of Rebutable Arbitrage to the United States Government not later than the date such amount was required to be paid. In

addition, the Computation Credit Amount shall be treated as a Nonpurpose Payment with respect to the Bonds on each Computation Credit Date.

“Nonpurpose Receipt” shall mean any receipt or payment with respect to a Nonpurpose Investment allocated to the Bonds. For this purpose, the term “receipt” means any amount actually or constructively received with respect to the investment. In the event a Nonpurpose Investment ceases to be allocated to the Bonds other than by reason of a sale or retirement, such Nonpurpose Investment shall be treated as if sold on the date of such cessation for its Value. In addition, the Value of each Nonpurpose Investment at the close of business on each Computation Date shall be taken into account as a Nonpurpose Receipt as of such date, and each refund of Rebatable Arbitrage pursuant to Section 1.148-3(i) of the regulations shall be treated as a Nonpurpose Receipt.

“Rebatable Arbitrage” shall mean as of any Computation Date the excess of the future value of all Nonpurpose Receipts with respect to the Bonds over the future value of all Nonpurpose Payments with respect to the Bonds. The future value of a Nonpurpose Payment or a Nonpurpose Receipt as of any Computation Date is determined using the Economic Accrual Method and equals the value of that payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rebate equal to the Issue Yield, using the same compounding interval and financial conventions used in computing that yield.

“Retirement Price” shall mean, with respect to a bond, the amount paid in connection with the retirement or redemption of the bond.

“Value means value as determined under Section 1.148-5(d) of the Regulations for the investments.

### Section 3. Rebate Requirement.

(a) Pursuant to this Letter there shall be established a fund separate from any other fund established and maintained under the Resolution designated the Rebate Fund (the “Rebate Fund”). The Issuer shall administer or cause to be administered the Rebate Fund and invest any amounts held therein in Nonpurpose Investments. Moneys shall not be transferred from the Rebate Fund except as provided in this Section 3.

(b) Unless one or more of the Spending Exceptions to Rebate described in Appendix I to this Letter are applicable to all or a portion of the Gross Proceeds of the Bonds, the Issuer specifically covenants that it will pay or cause to be paid to the United States Government the following amounts:

(i) No later than 60 days after each Installment Payment Date, an amount which, when added to the future value of all previous rebate payments made with respect to the Bonds, equals at least 90 percent of the Rebatable Arbitrage calculated as of each such Installment Payment date; and

(ii) No later than 60 days after the Final Computation Date, an amount which, when added to the future value of all previous rebate payments made with

respect to the Bonds, equals 100 percent of the Rebatable Arbitrage as of the Final Computation Date.

(c) Any payment of Rebatable Arbitrage made within the 60-day period described in Section 3(b)(1) and (2) above may be treated as paid on the Installment Payment Date or Final Computation Date to which it relates.

(d) On or before 55 days following each Installment Payment Date and the Final Computation Date, the Issuer shall determine the amount of Rebatable Arbitrage to be paid to the United States Government as required by Section 3(b) of this Letter. Upon making this determination, the Issuer shall take the following actions:

(i) If the amount of Rebatable Arbitrage is calculated to be positive, deposit the required amount of Rebatable Arbitrage to the Rebate Fund;

(ii) If the amount of Rebatable Arbitrage is calculated to be negative and money is being held in the Rebate Fund, transfer from the Rebate Fund the amount on deposit in such fund; and

On or before 60 days following the Installment Payment Date or Final Computation Date, pay the amount described in Section 3(b) of this Letter to the United States Government at the Internal Revenue Service Center, Ogden, Utah 84201-0027. Payment shall be accomplished by Form 8038T. A rebate payment is paid when it is filed with the Internal Revenue Service at the above location.

(e) The Issuer shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the money related to the Bonds, including money derived from, pledged to, or to be used to make payments on the Bonds. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Issuer is to be allocated and shall set forth, in the case of each investment security, (a) its purchase price; (b) nominal rate of interest; (c) the amount of accrued interest purchased (included in the purchase price); (d) the par or face amount; (e) maturity date; (f) the amount of original issue discount or premium (if any); (g) the type of Investment Property; (h) the frequency of periodic payments; (i) the period of compounding; (j) the yield to maturity; (k) date of disposition; (l) amount realized on disposition (including accrued interest); and (m) market price data sufficient to establish the fair market value of any Nonpurpose Investment as of any Computation Date, and as of the date such Nonpurpose Investment becomes allocable to, or ceases to be allocable to, Gross Proceeds of the Bonds.

#### Section 4. Prohibited Investments and Dispositions.

(a) No Investment Property shall be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment Property. No Investment Property shall be sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment Property.

(b) For purposes of subsection 4(a), the fair market value of any Investment Property for which there is an established market shall be determined as provided in subsection 4(c). Except as otherwise provided in subsections 4(e) and (f), any market especially established to provide Investment Property to an issuer of governmental obligations shall not be treated as an established market.

(c) The fair market value of any Investment Property for which there is an established market is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's-length transaction. Fair market value is generally determined on the date on which a contract to purchase or sell the Investment Property becomes binding (i.e., the trade date rather than the settlement date). If a United States Treasury obligation is acquired directly from or disposed of directly to the United States Treasury, such acquisition or disposition shall be treated as establishing a market for the obligation and as establishing the fair market value of the obligation.

(d) Except to the extent provided in subsections (e) and (f), any Investment Property for which there is not an established market shall be rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(e) In the case of a certificate of deposit that has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, the purchase price of such a certificate of deposit is treated as its fair market value on its purchase date if the yield on the certificate of deposit is not less than (1) the yield on reasonably comparable direct obligations of the United States; and (2) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(f) The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if:

(i) The Issuer makes a bona fide solicitation for the Guaranteed Investment Contract with specified material terms and receives at least three qualifying from different reasonably competitive providers of Guaranteed Investment Contracts that have no material financial interest in the Bonds;

(ii) The Issuer purchases the highest-yielding Guaranteed Investment Contract for which a qualifying bid is made (determined net of broker's fees);

(iii) The determination of the terms of the Guaranteed Investment Contract takes into account as a significant factor the Issuer's reasonably expected drawdown schedule for the funds to be invested, exclusive of float funds and reasonably required reserve and replacement funds;

(iv) The collateral security requirements for the Guaranteed Investment Contract are reasonable, based on all the facts and circumstances;

(v) The obligor of the Guaranteed Investment Contract certifies those administrative costs that it is paying (or expects to pay) to third parties in connection with the contract; and

(vi) The yield on the Guaranteed Investment Contract is not less than the yield currently available from the obligor on reasonably comparable investment contracts offered to other persons, if any, from a source of funds other than Gross Proceeds of tax-exempt bonds.

Section 5. Accounting for Gross Proceeds. In order to perform the calculations required by the Code and the Regulations, it is necessary to track the investment and expenditure of all Gross Proceeds. To that end, the Issuer must adopt a reasonable and consistently applied method of accounting for all Gross Proceeds.

Section 6. Administrative Costs of Investments.

(a) Except as otherwise provided in this Section, an allocation of Gross Proceeds of the Bonds to a payment or receipt on a Nonpurpose Investment is not adjusted to take into account any costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire the Nonpurpose Investment (administrative costs). Thus, administrative costs generally do not increase the payments for, or reduce the receipts from, Nonpurpose Investment.

(b) In determining payments and receipts on Nonpurpose Investments, Qualified Administrative Costs are taken into account by increasing payments for, or reducing the receipts from, the Nonpurpose Investments. Qualified Administrative Costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody, and similar costs. General overhead costs and similar indirect costs of the Issuer such as employee salaries and office expenses and costs associated with computing Rebatale Arbitrage are not Qualified Administrative Costs.

(c) Qualified Administrative Costs include all reasonable administrative costs, without regard to the limitation on indirect costs stated in subsection (b) above, incurred by:

(i) A publicly offered regulated investment company (as defined in Section 67(c)(2)(B) of the Code; and

(ii) A commingled fund in which the Issuer and any related parties do not own more than 10 percent of the beneficial interest in the fund.

(d) For a Guaranteed Investment Contract, a broker's commission paid on behalf of either the Issuer or the provider is not a Qualified Administrative Cost to the extent that the commission exceeds 0.05 percent of the amount reasonably expected to be invested per year.

Section 7. Records; Bond Counsel Opinion.

(a) The Issuer shall retain all records with respect to the calculations and instructions required by this Letter for at least six years after the date on which the last of the

principal of and interest on the Bonds has been paid, whether upon maturity, redemption or acceleration thereof.

(b) Notwithstanding any provisions of this Letter, if the Issuer shall be provided an opinion of Bond Counsel that any specified action required under this Letter is no longer required or that some further or different action is required to maintain or assure the exclusion from federal gross income of interest with respect to the Bonds, the Issuer may conclusively rely on such opinion in complying with the requirements of this Letter.

Section 8. Survival of Defeasance. Notwithstanding anything in this Letter to the contrary, the obligation of the Issuer to remit the Rebate Requirement to the United States Department of the Treasury and to comply with all other requirements contained in this Letter must survive the defeasance or payment of the Bonds.

Very truly yours,

ROGERS TOWERS, P.A.

Received and acknowledged:

NASSAU COUNTY, FLORIDA

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

Clerk

Dated: March 21, 2005

## APPENDIX I

### Spending Exceptions to Rebate

(a) Generally. All, or certain discrete portions, of an issue are treated as meeting the Rebate Requirement of Section 148(f) of the Code if one or more of the spending exceptions set forth in this Appendix are satisfied. Use of the spending exceptions is not mandatory, except that where an issuer elects to apply the 1-1/2 percent penalty (as described below) the issuer must apply that penalty to the Construction Issue. An issuer may apply the Rebate Requirement to an issue that otherwise satisfies a spending exception. Special definitions relating to the spending exceptions are contained in section (h) of this Appendix.

Where several obligations that otherwise constitute a single issue are used to finance two or more separate governmental purposes, the issue constitutes a “multipurpose issue” and the bonds, as well as their respective proceeds, allocated to each separate purpose may be treated as separate issues for purposes of the spending exceptions. In allocating an issue among its several separate governmental purposes, “common costs” are generally not treated as separate governmental purposes and must be allocated ratably among the discrete separate purposes unless some other allocation method more accurately reflects the extent to which any particular separate discrete purpose enjoys the economic benefit (or bears the economic burden) of the certain common costs (e.g., a newly funded reserve for a parity issue that is partially new money and partially a refunding for savings on prior bonds).

Separate purposes include refunding a separate prior issue, financing a separate Purpose Investment (e.g., a separate loan), financing a Construction Issue, and any clearly discrete governmental purpose reasonably expected to be financed by the issue. In addition, as a general rule, all integrated or functionally related capital projects qualifying for the same initial temporary period (e.g., 3 years) are treated as having a single governmental purpose. Finally, separate purposes may be combined and treated as a single purpose if the proceeds are eligible for the same initial temporary period (e.g., advance refundings of several separate prior issues could be combined, or several nonintegrated and functionally unrelated capital projects such as airport runway improvements and a water distribution Project).

The spending exceptions described in this Appendix are applied separately to each separate issue component of a multi-purpose issue unless otherwise specifically noted.

(b) Six-Month Exception. An issue is treated as meeting the Rebate Requirement under this exception if (i) the gross proceeds of the issue are allocated to expenditures for the governmental purposes of the issue within the six-month period beginning on the issue date (the “six-month spending period”) and (ii) the Rebate Requirement is met for amounts not required to be spent within the six-month spending period (excluding earnings on a bona fide debt service fund). For purposes of the six-month exception, “gross proceeds” mean Gross Proceeds other than amounts (i) in a bona fide debt service fund, (ii) in a reasonably required reserve or replacement fund, (iii) that, as of the issue date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the six-month spending period (iv) that represent Sale Proceeds or Investment Proceeds derived from payments under any Purpose Investment of the issue and (v) that represent repayments of grants (as defined in Treasury Regulation Section 1.148-6(d)(4)) financed by the issue. In the case of an issue no bond

of which is a private activity bond (other than a qualified 501(c)(3) bond) or a tax or revenue anticipation bond, the six-month spending period is extended for an additional six months for the portion of the proceeds of the issue which are not expended within six-month spending period if such portion does not exceed the lesser of 5 percent of the Proceeds of the issue or \$100,000.

(c) 18-Month Exception. An issue is treated as meeting the Rebate Requirement under this exception if all of the following requirements are satisfied:

(i) the gross proceeds are allocated to expenditures for a governmental purpose of the issue in accordance with the following schedule (the “18-month expenditure schedule”) measured from the issue date: (A) at least 15 percent within six months, (B) at least 60 percent within 12 months and (C) 100 percent within 18 months;

(ii) the Rebate Requirement is met for all amounts not required to be spent in accordance with the 18-month expenditure schedule (other than earnings on a bona fide debt service fund); and

(iii) all of the gross proceeds of the issue qualify for the initial temporary period under Treasury Regulation Section 1.148-2(e)(2).

For purposes of the 18-month exception, “gross proceeds” mean Gross Proceeds other than amounts (i) in a bona find debt service fund, (ii) in a reasonably required reserve or replacement fund, (iii) that, as of the issue date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the 18-month expenditure schedule, (iv) that represent Sale Proceeds or Investment Proceeds derived from payments under any Purpose Investment of the issue and (v) that represent repayments of grants (as defined in Treasury Regulation Section 1.148-6(d)(4)) financed by the issue. In addition, for purposes of determining compliance with the first two spending periods, the investment proceeds included in gross proceeds are based on the issuer’s reasonable expectations as of the issue date rather than the actual Investment Proceeds; for the third, final period, actual Investment Proceeds earned to date are used in place of the reasonably expected earnings. An issue does not fail to satisfy the spending requirement for the third spending period above as a result of a Reasonable Retainage if the Reasonable Retainage is allocated to expenditures within 30 months of the issue date. The 18-month exception does not apply to an issue any portion of which is treated as meeting the Rebate Requirement as a result of satisfying the two-year exception.

(d) Two-Year Exception. A Construction Issue is treated as meeting the Rebate Requirement for Available Construction Proceeds under this exception if those proceeds are allocated to expenditures for governmental purposes of the issue in accordance with the following schedule (the “two-year expenditure schedule”), measured from the issue date:

(i) at least 10 percent within six months;

(ii) at least 45 percent within one year;

(iii) at least 75 percent within 18 months; and

- (iv) 100 percent within two years.

An issue does not fail to satisfy the spending requirement for the fourth spending period above as a result of unspent amounts for Reasonable Retainage if those amounts are allocated to expenditures within three years of the issue date.

(e) **Expenditures for Governmental Purposes of the Issue.** For purposes of the spending exceptions, expenditures for the governmental purposes of an issue include payments for interest, but not principal, on the issue and for principal or interest on another issue of obligations. The preceding sentence does not apply for purposes of the 18-month and two-year exceptions if those payments cause the issue to be a refunding issue.

(f) **DeMinimis Rule.** Any failure to satisfy the final spending requirement of the 18-month exception or the two-year exception is disregarded if the issuer exercises due diligence to complete the project financed and the amount of the failure does not exceed the lesser of three percent of the issue price of the issue or \$250,000.

(g) **Elections Applicable to the Two-Year Exception.** An issuer may make one or more of the following elections with respect to the two-year spending exception:

(1) **Earnings on Reasonably Required Reserve or Replacement Fund.** An issuer may elect on or before the issue date to exclude from Available Construction Proceeds the earnings on any reasonably required reserve or replacement fund. If the election is made, the Rebate Requirement applies to the excluded amounts from the issue date.

(2) **Actual Facts.** For the provisions relating to the two-year exception that apply based on the issuer's reasonable expectations, an issuer may elect on or before the issue date to apply all of those provisions based on actual facts. This election does not apply for purposes of determining whether an issue is a Construction Issue and if the 1-1/2 percent penalty election is made.

(3) **Separate Issue.** For purposes of the two-year exception, if any proceeds of any issue are to be used for Construction Expenditures, the issuer may elect on or before the issue date to treat the portion of the issue that is not a refunding issue as two, and only two, separate issues, if (i) one of the separate issues is a Construction Issue, (ii) the issuer reasonably expects, as of the issue date, that such Construction Issue will finance all of the Construction Expenditures to be financed by the issue, and (iii) the issuer makes an election to apportion the issue in which it identifies the amount of the issue price of the issue allocable to the Construction Issue.

(4) **Penalty in Lieu of Rebate.** An issuer of a Construction Issue may irrevocably elect on or before the issue date to pay a penalty (the "1-1/2 percent penalty") to the United States in lieu of the obligation to pay the rebate amount on Available Construction Proceeds upon failure to satisfy the spending requirements of the two-year expenditure schedule. The 1-1/2 percent penalty is calculated separately for each spending period, including each semiannual period after the end of the fourth spending period, and is equal to 1.5 percent times the underexpended proceeds as of the end of the spending period. For each

spending period, underexpended proceeds equal the amount of Available Construction Proceeds required to be spent by the end of the spending period, less the amount actually allocated to expenditures for the governmental purposes of the issue by that date. The 1-1/2 percent penalty must be paid to the United States no later than 90 days after the end of the spending period to which it relates. The 1-1/2 percent penalty continues to apply at the end of each spending period and each semiannual period thereafter until the earliest of the following: (i) the termination of the penalty under Treasury Regulation Section 1.148-7(1), (ii) the expenditure of all of the Available Construction Proceeds, or (iii) the last stated final maturity date of bonds that are part of the issue and any bonds that refund those bonds. If an issue meets the exception for Reasonable Retainage except that all retainage is not spent within three years of the issue date, the issuer must pay the 1-1/2 percent penalty to the United States for any Reasonable Retainage that was not so spent as of the close of the three-year period and each later spending period.

(h) Special Definitions Relating to Spending Expenditures.

(1) Available Construction Proceeds shall mean, with respect to an issue, the amount equal to the sum of the issue price of the issue, earnings on such issue price, earnings on amounts in any reasonably required reserve or replacement fund not funded from the issue and earnings on all of the foregoing earnings, less the amount of such issue price in any reasonably required reserve or replacement fund and less the issuance costs financed by the issue. For purposes of this definition, earnings include earnings on any tax-exempt bond. For the first three spending periods of the two-year expenditure schedule described in Treasury Regulation Section 1.148-7(e), Available Construction Proceeds include the amount of future earnings that the issuer reasonably expected as of the issue date. For the fourth spending period described in Treasury Regulation Section 1.148-7(e), Available Construction Proceeds include the actual earnings received. Earnings on any reasonably required reserve or replacement fund are Available Construction Proceeds only to the extent that those earnings accrue before the earlier of (i) the date construction is substantially completed, or (ii) the date that is two years after the issue date. For this purpose, construction may be treated as substantially completed when the issuer abandons construction or when at least 90 percent of the total costs of the construction that the issuer reasonably expects as of such date will be financed with proceeds of the issue have been allocated to expenditures. If only a portion of the construction is abandoned, the date of substantial completion is the date the non-abandoned portion of the construction is substantially completed.

(2) Construction Expenditures shall mean capital expenditures (as defined in Treasury Regulation Section 1.150-1) that are allocable to the cost of Real Property or Constructed Personal Property. Construction Expenditures do not include expenditures for acquisitions of interest in land or other existing Real Property.

(3) Construction Issue shall mean any issue that is not a refunding issue if (i) the issuer reasonably expects, as of the issue date, that at least 75 percent of the Available Construction Proceeds of the issue will be allocated to Construction Expenditures for property owned by a governmental unit or a 501(c)(3) organization, and (ii) any private activity bonds that are part of the issue are qualified 501(c)(3) bonds or private activity bonds issued to financed property to be owned by a governmental unit or a 501(c)(3) organization.

(4) Constructed Personal Property shall mean Tangible Personal Property or Specially Developed Computer Software if (i) a substantial portion of the property is completed more than six months after the earlier of the date construction or rehabilitation commenced and the date the issuer entered into an acquisition contract; (ii) based on the reasonable expectations of the issuer, if any, or representations of the person constructing the property, with the exercise of due diligence, completion of construction or rehabilitation (and delivery to the issuer) could not have occurred within that six-month period; and (iii) if the issuer itself builds or rehabilitates the property, not more than 75 percent of the capitalizable cost is attributable to property acquired by the issuer.

(5) Real Property shall mean land and improvements to land, such as buildings or other inherently permanent structures, including interests in real property. For example, Real Property includes wiring in a building, plumbing Projects, central heating or air-conditioning Projects, pipes or ducts, elevators, escalators installed in a building, paved parking areas, roads, wharves and docks, bridges, and sewage lines.

(6) Reasonable Retainage shall mean an amount, not to exceed five percent of (i) Available Construction Proceeds as of the end of the two-year expenditure schedule (in the case of the two-year exception to the Rebate Requirement), or (ii) Net Sale Proceeds as of the end of the 18-month expenditure schedule (in the case of the 18-month exception to the Rebate Requirement), that is retained for reasonable business purposes relating to the property financed with the issue. For example, a Reasonable Retainage may include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or in which the issuer reasonably determines that a dispute exists regarding completion or payment.

(7) Specially Developed Computer Software shall mean any programs or routines used to cause a computer to perform a desired task or set of tasks, and the documentation required to describe and maintain those programs, provided that the software is specially developed and is functionally related and subordinate to Real Property and other Constructed Personal Property.

(8) Tangible Personal Property shall mean any tangible personal other than Real Property, including interests in tangible personal property. For example, Tangible Personal Property includes machinery that is not a structural component of a building, subway cars, fire trucks, automobiles, office equipment, testing equipment, and furnishings.

(i) Special Rules Relating to Refundings.

(1) Transferred Proceeds. In the event that a prior issue that might otherwise qualify for one of the spending exceptions is refunded, then for purposes of applying the spending exceptions to the prior issue, proceeds of the prior issue that become transferred proceeds of the refunding issue continue to be treated as unspent proceeds of the prior issue; if such unspent proceeds satisfy the requirements of one of the spending exceptions then they are not subject to rebate either as proceeds of the prior issue or of the refunding issue. Generally, the only spending exception applicable to refunding issues is the six-month exception. In applying the six-month exception to a refunding of a prior issue, only transferred proceeds of

the refunding issue from a taxable prior issue and other amounts excluded from the definition of gross proceeds of the prior issue under the special definition of gross proceeds contained in section (b) above are treated as gross proceeds of the refunding issue and so are subject to the six-month exception applicable to the refunding issue.

(2) Series of Refundings. In the event that an issuer undertakes a series of refundings for a principal purpose of exploiting the difference between taxable and tax-exempt interest rates, the six-month spending exception is measured for all issues in the series commencing on the date the first bond of the series is issued.

(j) Elections Applicable to Pool Bonds. An issuer of a pooled financing issue can elect to apply the spending exceptions separately to each loan from the date such loan is made or, if earlier, on the date on year after the date the pool bonds are issued. In the event this election is made, no spending exceptions are available and the normal Rebate Requirement applies to Gross Proceeds prior to the date on which the applicable spending periods begin. In the event this election is made, the issuer may also elect to make all elections applicable to the two-year spending exception, described in section (g) above, separately for each loan; any such elections that must ordinarily be made prior to the issue date must then be made by the issuer before the earlier of the date the loan is made or one year after the issue date.