

DUFRESNE & ASSOCIATES, CPA, PA
CERTIFIED PUBLIC ACCOUNTANTS
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357 STILES AVENUE
ORANGE PARK, FLORIDA 32073
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October 24, 2006

~~Mr. Ted Selby~~ Mr. Gene Knaga
Nassau County
Post Office Box 456
Fernandina Beach, Florida 32035

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the services we will provide. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom services are to be performed to confirm the following understanding.

We will perform mathematical computations to calculate the arbitrage rebate liability for the following issues which the records we have indicate are in need of ongoing computations (collectively, the "Bonds"):

- Water and Sewer System Revenue Bonds, Series 2003;
- Optional Gas Tax Revenue Bonds, Series 2000;
- Public Improvement Revenue Bonds, Series 2001;
- Special Assessment Bond, Series 2001A;
- Special Assessment Bond, Series 2004; and
- Capital Improvement Revenue Bonds, Series 2005

We will also prepare any Internal Revenue Service forms that are required to be filed in connection with the arbitrage rebate liability for the Bonds.

The mathematical computations will be performed using information that you or the Bond trustee will furnish to us. We will make no audit or other verification of the data you submit, although we may need to ask you for clarification of some of the information.

It is your responsibility and that of the Bond trustee to provide all the information required for the preparation of the complete and accurate calculation of the arbitrage rebate liability. You represent that the information you are supplying to us is accurate and complete to the best of your knowledge. You should retain all the documents and other data that form the basis of the calculation of the arbitrage rebate liability. These may be necessary to prove the accuracy and completeness of the any returns required to be filed with a taxing authority.

Our work in connection with the preparation of the calculation of the arbitrage rebate liability does not include any procedures designed to discover defalcation or other irregularities, should any exist.

We will use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. We plan to perform reasonable research to support positions taken in your returns. Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible.

The law provides for a penalty to be imposed on any underpayment that results from negligence or disregard of rules or regulations. Negligence "includes any failure to make a reasonable attempt to comply..." with the code. Disregard "includes any careless, reckless or intentional disregard". The law also provides various other penalties that may be imposed when taxpayers understate their tax liability. If the tax authorities assess penalties, you agree to be responsible for their payment and not to look to us for reimbursement.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we recommend that you hire a competent professional to represent you. We will be available, upon request, to represent you and will render additional invoices for the time and expenses incurred.

Our fee for these services will as follows:

Annual calculation of the arbitrage rebate liability	
Water and Sewer System Revenue Bonds, Series 2003	\$950
Optional Gas Tax Revenue Bonds, Series 2000	\$950
Public Improvement Revenue Bonds, Series 2001	\$950
Special Assessment Bond, Series 2001A	\$950
Special Assessment Bond, Series 2004	\$950
Capital Improvement Revenue Bonds, Series 2005	\$950

We will not be preparing any returns for you that are not covered by this Agreement. Please indicate your acceptance of this Agreement by dating and signing below. If you do not accept the above conditions we will be unable to provide any services. If you have any questions regarding anything in this letter, you may contact me using the information shown above.

APPROPRIATION

Appropriations necessary for the funding of this agreement shall be adopted annually by Nassau County (the "County") during the regular budget process.

Non-appropriation by the County will cause this Agreement to terminate.

DISPUTES

Any dispute arising under this Contract shall be addressed by the representatives of the County and the Dufresne & Associates, CPA, PA, (the "Vendor") as set forth herein. Disputes shall be set forth in writing to the Department Director with a copy to the County Administrator and provided by overnight mail, UPS, FedEx, or certified mail, with a response provided in the same manner prior to any meetings of representatives. The initial meeting shall be with the Department Director or their designee and a representative of the Vendor. If the dispute is not settled at that level, the County Attorney shall be notified in writing by the Department Director or his/her designee, and the County Attorney and the County Administrator and the Department Director or their designee(s) shall meet with the Vendor's representative(s). Said meeting shall occur within sixty (60) days of the notification by the Department Director. If there is no satisfactory resolution, the claims disputes, or other matters in question between the parties to this Agreement arising out of or relating to this Agreement or breach thereof, if not disposed of by agreement as set forth herein, shall be submitted to mediation in accordance with mediation rules as established by the Florida Supreme Court. Mediators shall be chosen by the County and the cost of mediation shall be borne by the Vendor. If either party initiates a Court proceeding, and the Court orders, or the parties agree to, mediation, the cost of mediation shall be borne by the Vendor. The Vendor shall not stop work during the pendency of mediation or dispute resolution. No litigation shall be initiated unless and until the procedures set forth herein are followed.

We want to express our appreciation for this opportunity to continue to work with you.

Sincerely,

Dufresne & Associates, CPA, PA

Dufresne & Associates, CPA, PA

ACCEPTED BY:

NASSAU COUNTY, FLORIDA

Thomas D. Branan, Jr.

Printed Name: Thomas D. Branan, Jr.

Title: Chairman

Date: November 8, 2006

cc: Mitchell Owens, RBC Dain Rauscher

ATTEST:

John A. Crawford
John A. Crawford
Ex-Officio Clerk

Approved as to form by the
Nassau County Attorney:

Michael S. Mullin
Michael S. Mullin