

RESOLUTION NO. 94- 43

A RESOLUTION OF NASSAU COUNTY, FLORIDA, AUTHORIZING THE ISSUANCE BY THE COUNTY OF A SOUTH AMELIA ISLAND SHORE STABILIZATION SPECIAL ASSESSMENT BOND, SERIES 1994, NOT EXCEEDING \$7,426,000 PRINCIPAL AMOUNT, TO FINANCE THE COST OF CERTAIN CAPITAL IMPROVEMENTS BENEFITING PROPERTY WITHIN THE SOUTH AMELIA ISLAND SHORE STABILIZATION MUNICIPAL SERVICES BENEFIT UNIT, PLEDGING AS SECURITY FOR PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BOND THE SPECIAL ASSESSMENTS LEVIED ANNUALLY UPON PROPERTIES WHICH SHALL BE SPECIALLY BENEFITTED BY SUCH IMPROVEMENTS, ALL MONEYS ON DEPOSIT IN AND INVESTMENTS HELD FOR THE CREDIT OF CERTAIN FUNDS CREATED HEREUNDER, AND THE EARNINGS ON SUCH INVESTMENTS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDER OF THE BOND; DESIGNATING THE BOND FOR THE EXCEPTION TO THE PROVISIONS CONTAINED IN THE INTERNAL REVENUE CODE OF 1986 WHICH DENY FINANCIAL INSTITUTIONS ANY DEDUCTIONS FOR INTEREST EXPENSE ALLOCABLE TO TAX-EXEMPT OBLIGATIONS; AUTHORIZING A NEGOTIATED SALE OF THE BOND; AWARDING THE BOND TO THE PURCHASER THEREOF; AND PROVIDING AN EFFECTIVE DATE.

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NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF NASSAU COUNTY, FLORIDA, AS FOLLOWS:

**ARTICLE I
GENERAL**

SECTION 1.01 Definitions. When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

"Act" shall mean Chapter 125, Part I, Florida Statutes, as amended, specifically including Sections 125.01 and 125.66, Florida Statutes, as amended, and other applicable provisions of law.

"Approved Costs" shall mean those Costs set forth in the Project Budget attached hereto as Appendix B which can lawfully be funded from Bond proceeds with such modifications as may be lawful and approved in writing by the Bondholder.

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

"Authorized Investments" shall mean all accounts with the State Board of Administration and any investments which shall be authorized from time to time by applicable laws of the State for deposit or purchase by the Issuer for the temporary investment of its funds.

"Authorized Issuer Officer" for the performance on behalf of the Issuer of any act of the Issuer or the execution of any instrument on behalf of the Issuer shall mean any person authorized by resolution or certificate of the Issuer to perform such act or sign such document.

"Bond" shall mean the obligation of the Issuer authorized to be issued pursuant to Section 2.01 hereof.

"Bond Counsel" shall mean any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

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

"Bond Year" shall mean the period commencing September 2 of each year and ending September 1 of the following year.

"Chairman" shall mean the Chairman of the Governing Body or such other person as may be duly authorized by the Issuer to act on his or her behalf.

"Clerk" shall mean the Clerk of the Circuit Court, ex-officio Clerk of the Governing Body, or such other person as may be duly authorized by the Issuer to act on his or her behalf.

"Code" shall mean the United States Internal Revenue Code of 1986, as the same may be amended from time to time, and the regulations thereunder, whether proposed, temporary or final, promulgated by the Department of the Treasury, Internal Revenue Service, and all other promulgations of said service pertaining thereto.

"Cost" when used in connection with the Project, shall mean (1) costs of construction by or for the Issuer or the MSBU of any part of the Project; (2) costs incidental to such construction; (3) the cost of any insurance or indemnity or surety bonds necessitated by the Project; (4) engineering, legal, feasibility and other consultant fees and expenses relating to the Project; (5) costs and expenses incidental to the issuance of the Bond; (6) interest on the Bond accruing during construction of the Project; and (7) any other costs properly attributable to the issuance of the Bond and/or such construction, as determined by generally accepted accounting principles and shall include reimbursement to the Issuer and/or the MSBU of any cost heretofore paid, provided the Issuer shall receive an opinion of Bond Counsel that such reimbursement will not adversely affect the tax-exempt status of the Bond.

"Disbursement Termination Date" shall mean the last business day (a weekday when Purchaser's Jacksonville offices are open for business) of 1994 or such later date as agreed to in writing between the Issuer and the Purchaser, in their discretion.

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

"Governing Body" shall mean the Board of County Commissioners of the Issuer or its successor in function.

"Issuer" shall mean Nassau County, Florida.

"Maximum Annual Debt Service" shall mean the maximum amount of debt service payments, including Sinking Fund and Reserve Fund payments, required in the then current or any succeeding 12-month period on all obligations secured by Pledged Revenues, assuming an interest rate equal to the Fixed Rate (as defined in the Bond), as it may be adjusted from time to time, and further assuming until the Disbursement Termination Date that the principal of the Bond through the Disbursement Termination Date is equal to the face amount of the Bond (or such lesser assumed amount as may be satisfactory to the Holder).

"MSBU" shall mean the South Amelia Island Shore Stabilization Municipal Services Benefit Unit established by the Governing Body in Ordinance No. 94-1 adopted October 11, 1993, amending and restating Ordinance No. 93-14.

"Paying Agent" shall mean the Clerk, as initial paying agent for the Bond, and any other Person which may at any time be substituted as paying agent for the Bond pursuant to resolution of the Governing Body.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

"Pledged Funds" shall mean (a) the Pledged Revenues, (b) the Special Assessment Fund, the Reserve Fund, the Sinking Fund, and all amounts therein, income therefrom and investments thereof, and (c) until applied in accordance with the provisions of this Resolution, the proceeds of the Bond in the Project Fund, and all income therefrom and investments thereof. Pledged Funds shall not include the Rebate Fund or income therefrom or investments thereof.

"Pledged Revenues" shall mean revenues derived or to be derived from the Special Assessments.

"Prepayment Fee" shall have the meaning ascribed to that term in Section 3.01.

"Prime Rate" shall mean that index rate of interest per annum announced from time to time by First Union National Bank of Florida ("the Bank") as its "Prime Lending Rate" (which rate shall not necessarily be the best or the lowest rate for any particular type of loan or for loans to any particular class or category of customer). A change in the Prime Rate shall become effective from the beginning of the day on which such change is announced by the Bank.

"Project" shall mean the shore stabilization project described in Ordinance No. 94-1 adopted October 11, 1993, and Resolution No. 94-32, adopted November 22, 1993, by the Governing Body as it may be modified from time to time.

"Project Fund" shall mean the South Amelia Shore Stabilization Project Fund established pursuant to Section 4.03 hereof.

"Purchaser" shall mean First Union National Bank of Florida, the purchaser of the Bond.

"Rebate Fund" shall mean the South Amelia Island Shore Stabilization Rebate Fund established pursuant to Section 4.03 hereof.

"Registrar" shall mean the Clerk, as initial registrar for the Bond, and any other Person which may at any time be substituted as registrar for the Bond pursuant to resolution of the Governing Body.

"Reserve Fund" shall mean the South Amelia Island Shore Stabilization Reserve Fund established pursuant to Section 4.03 hereof.

"Reserve Requirement" shall mean, as of the date of calculation, an amount equal to 20% of the Maximum Annual Debt Service, provided, however, that the portion of the Reserve Fund funded from Bond proceeds, if any, shall not exceed 10% of the total Bond proceeds advanced as of the calculation date.

"Resolution" and "this Resolution" shall mean this instrument, as the same may from time to time be amended, modified or supplemented by any and all resolutions of the Governing Body.

"Sinking Fund" shall mean the South Amelia Island Shore Stabilization Sinking Fund established pursuant to Section 4.03 hereof.

"Special Assessment Fund" shall mean the South Amelia Island Shore Stabilization Special Assessment Fund established pursuant to Section 4.03 hereof.

"Special Assessments" means the special non-ad valorem assessments imposed annually by the Issuer within the territorial limits of the MSBU pursuant to Ordinance No. 94-1 and Resolution No. 94-32 of the Governing Body and any future legislation imposing such assessments, including interest and penalties thereon and proceeds from foreclosure of any assessment liens. In no event shall any ad valorem taxes be included in the definition of "Special Assessment" or otherwise subject to pledge under this Agreement.

"State" shall mean the State of Florida.

The terms "therein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the singular number include the plural number, and vice versa.

SECTION 1.02 Authority for Resolution. This Resolution is adopted pursuant to the provisions of the Act and Ordinance No. 94-1 of the Governing Body.

SECTION 1.03 Resolution to Constitute Contract. In consideration of the purchase and acceptance of the Bond by those who shall hold the same from time to time, the provisions of this Resolution and of Ordinance No. 94-1, Resolution No. 94-1, Resolution No. 94-32 and Ordinance No. 94-___, to the extent they afford rights or security for the Bond, shall be deemed to be and shall constitute a contract between the Issuer and the Holder from time to time of the Bond. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the benefit, protection and security of such Holder.

SECTION 1.04 Findings. It is hereby ascertained, determined and declared as follows:

(A) Pursuant to Ordinance No. 93-14 duly adopted by the Governing Body on May 24, 1993, as amended and restated by Ordinance No. 94-1 duly adopted by the Governing Body on October 11, 1993, the Issuer determined that there exists and will in the foreseeable future exist a need for a beach renourishment program in the south area of Amelia Island within the boundaries of Nassau County, Florida, and that the best means of accomplishing and funding the program is to create a municipal services benefit unit encompassing those areas to be specially benefitted by such program, with the power to impose Special Assessments within such areas; and pursuant to Resolution No. 94-32 duly adopted on November 22, 1993, as amended and supplemented, the Governing Body, among other provisions, adopted a budget for the Project, established procedures for measurement and collection of Special Assessments, adopted the assessment roll for fiscal year 1994 and imposed Special Assessments for fiscal year 1994.

(B) The Issuer deems it necessary, desirable and in the best interests of the Issuer that the Project be undertaken. A portion of the Cost of the Project shall be financed with the proceeds of the Bond. After review of expert opinion and public hearings, the Issuer has found that the estimated benefits to be derived from the Project by the owners of property in the MSBU specially benefitted thereby will exceed the amount of the Bond, including interest thereon, and the amounts of all Special Assessments and that the method of allocation of Special Assessments reflects the relative benefits to be received by property owners in the MSBU.

(C) The Issuer deems it necessary, desirable and in the best interest of the Issuer that the Pledged Funds be pledged to the payment of the principal of and interest on the Bond. No part of the Pledged Funds has been pledged or encumbered in any manner.

(D) The estimated Pledged Revenues to be derived in each year hereafter will be sufficient to pay the principal of and interest on the Bond, as the same become due, and all other payments provided for in this Resolution, and any other Cost of the Project not funded from Bond proceeds.

(E) The principal of and interest on the Bond and all other payments provided for in this Resolution will be paid solely from the sources herein provided in accordance with the terms hereof; and no Holder of the Bond shall have the right to compel the exercise of any ad valorem taxing power to pay the principal of or interest on the Bond or to make any other payments provided for in this Resolution, and the Bond shall not constitute a lien upon the Project or upon any other property of the Issuer or situated within its territorial limits, except the Pledged Funds.

(F) The Governing Body is advised that due to the present volatility of the market for tax-exempt public obligations such as the Bond, it is in the best interest of the Issuer to sell the Bond by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Bond and, accordingly, the Issuer does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Bond be authorized. The Purchaser has offered to purchase the Bond

at the price of par and having such specifications as described in this Resolution and has filed with the Issuer the Purchaser's Disclosure Statement attached hereto as Appendix A in compliance with Section 218.385, Florida Statutes, as amended; and the Governing Body does hereby find and determine that it is in the best financial interest of the Issuer that such offer be accepted by the Issuer and that the Bond be awarded to the Purchaser hereby.

(G) The Issuer desires to qualify the Bond for the exception contained in Section 265(b)(3) of the Code to the provisions of Section 265(b) of the Code which deny financial institutions any deduction for interest expense allocable to tax-exempt obligations acquired after August 7, 1986, and to designate the Bond for the purpose of qualifying for such exception. The Governing Body does hereby find and determine that the aggregate face amount of all "qualified tax-exempt obligations" (excluding private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds, as defined in Section 145 of the Code), including the Bond, issued by or on behalf of the Issuer (and all subordinate entities thereof) during the 1994 calendar year is not expected to exceed \$10,000,000 and that as of the date hereof no tax-exempt obligations issued or authorized to be issued by or on behalf of the Issuer (and all subordinate entities thereof), other than the Bond, have been designated by the Issuer for the purpose of qualifying for such exception.

SECTION 1.05 Authorization of Project. The acquisition, construction and installation of the Project in the manner herein provided is hereby authorized.

ARTICLE II AUTHORIZATION, TERMS AND EXECUTION OF BOND

SECTION 2.01 Authorization of Bond. For the purpose of financing all or a part of the Cost of the Project, the Issuer hereby authorizes the issuance of the Bond, to be designated as "Nassau County, Florida, South Amelia Island Shore Stabilization Special Assessment Bond, Series 1994," in the manner herein provided, in a principal amount not to exceed \$7,426,000 less all Costs of the Project to be paid from Special Assessments and not to be funded with Bond proceeds.

SECTION 2.02 Description of Bond. The Bond shall be dated the date of issuance thereof, and shall be payable as to both principal and interest at such place and in such manner, shall contain such redemption provisions, and shall have initially such Paying Agent and such Registrar as is stated in the form of the Bond set out in Section 2.08 hereof.

The Bond shall bear interest at such rate or rates not exceeding the maximum nonusurious contract rate of interest allowed from time to time by applicable law and shall be payable in lawful money of the United States of America on such dates all as stated in the form of the Bond set out in Section 2.08 hereof.

From and after the maturity date of the Bond (deposit of moneys for the payment of the principal and interest on the Bond having been made by the Issuer with the Paying Agent), notwithstanding that the Bond shall not have been surrendered for cancellation, no further interest shall accrue upon the principal or upon the interest which shall have accrued and shall then be due on such date, and the Bond shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holder shall have no rights in respect of the Bond except to receive payment of such principal and unpaid interest accrued to the maturity date.

SECTION 2.03 Application of Bond Proceeds. From each disbursement of proceeds derived from the sale of the Bond, the Issuer shall, simultaneously with such disbursement deposit an amount into the Reserve Fund sufficient to satisfy the Reserve Requirement as of the date of such disbursement. The remaining proceeds shall be deposited in the Project Fund.

SECTION 2.04 Execution of Bond. The Bond shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and the official seal of the Issuer shall be impressed or imprinted thereon, attested and countersigned with the signature of the Clerk. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed has been actually delivered, the Bond may nevertheless be delivered as herein provided and may be issued as if the person who signed or sealed the Bond had not ceased to hold such office.

SECTION 2.05 Disbursements of Bond Proceeds. Subject to the terms and conditions herein, proceeds of the Bond shall be disbursed by the Purchaser to the Issuer reasonably promptly after receipt of a disbursement request in the form attached hereto as Appendix C, with such changes as may be reasonably required by the Purchaser. Disbursements of proceeds will be available from the date of issuance of the Bond through the Disbursement Termination Date.

SECTION 2.06 Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer proof of such Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. Any Bond so surrendered or otherwise substituted shall be cancelled by the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bond issued pursuant to this Section 2.06 shall constitute an original, additional contractual obligation on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent

as any prior Bond issued hereunder and shall be entitled to the same benefits and security as the Bond so lost, stolen or destroyed.

SECTION 2.07 Negotiability and Transfer. The Bond issued under this Resolution shall be and have all the qualities and incidents of a negotiable instrument under the laws of the State, subject to the provisions for registration and transfer contained in this Resolution and in the Bond. So long as the Bond shall remain outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bond.

The Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of the Bond, the Issuer shall issue, in the name of the transferee, a new Bond. The Issuer, any Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name the Bond shall be registered upon the books of the Issuer as the absolute owner of the Bond, whether the Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest on the Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid and neither the Issuer nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

Any Bond surrendered in any such transfer shall be canceled by the Registrar. For every such transfer of the Bond, the Issuer may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such transfer. The Issuer shall not be obligated to make any such transfer of the Bond during the five (5) days next preceding a payment date on the Bond, or, in the case of any proposed redemption of the Bond, during the fifteen (15) days next preceding the redemption date established therefor.

SECTION 2.08 Form of Bond. The Bond shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be evidenced conclusively by the Issuer's delivery of the Bond to the Purchaser):

\$ _____

Registered No. R-1
Date: January __, 1994

**UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF NASSAU
SOUTH AMELIA ISLAND SHORE STABILIZATION
SPECIAL ASSESSMENT BOND
SERIES 1994**

Registered Holder: FIRST UNION NATIONAL BANK OF FLORIDA

Principal Amount: [FACE AMOUNT]

KNOW ALL MEN BY THESE PRESENTS, that the County of Nassau, a political subdivision of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the sources of payment hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, the Principal Amount identified above, or such lesser sum as is advanced hereunder, together with interest on each advance hereunder from the date of such advance until payment in full at the rate, accruing daily, provided herein (calculated on the basis of a 360-day year for the actual days elapsed in an interest period (actual/360 method)). Repayment of principal shall be made in nine (9) equal annual installment payments on September 1 of each year, commencing September 1, 1995. All unpaid principal and accrued interest shall be due and payable without notice on September 1, 2003. Interest on the principal balance outstanding from the date hereof or from the most recent interest payment date to which interest has been paid shall be payable semiannually on March 1 and September 1 of each year, commencing September 1, 1994, until such Principal Amount shall have been paid.

Subject to adjustment as set forth below, interest on this Bond shall be payable initially at the floating rate (the "Floating Rate") of forty-eight percent (48%) of the Prime Rate (as defined in Resolution No. 94-____ of the Board of County Commissioners of Nassau County, Florida (the "Bond Resolution")) through and including December 31, 1994 (or the Disbursement Termination Date, as defined in the Bond Resolution, if later), and thereafter the rate of interest on this Bond shall be four and one-tenth percent (4.1%) per annum (the "Fixed Rate").

This Bond may be redeemed in whole or in part at the option of the Issuer at any time at a price of par plus accrued but unpaid interest to the date of redemption, provided that with respect to any prepayment after December 31,

1994, such prepayment of the principal, in whole or in part, and whether voluntary, mandatory, upon acceleration or otherwise, shall be accompanied by the Prepayment Fee set forth in Section 3.01 of the Bond Resolution. All principal prepayments shall be applied to principal in inverse order of maturity.

The rate of interest on this Bond is subject to adjustment in the event of a Determination of Taxability with respect to this Bond. "Determination of Taxability" shall be deemed to mean the circumstance of interest paid or payable on this Bond becoming includable for federal income tax purposes in the gross income of the Holder as a consequence of any act, omission or event whatsoever and regardless of whether the same was within or beyond the control of the Issuer. A Determination of Taxability will be deemed to have occurred upon (a) the receipt by the Holder of an original or a copy of an Internal Revenue Service Technical Advice Memorandum or Statutory Notice of Deficiency which holds that any interest payable on this Bond is includable in the gross income of the Holder; (b) the issuance of any public or private ruling of the Internal Revenue Service that any interest payable on this Bond is includable in the gross income of the Holder; or (c) receipt by the Holder of an opinion of counsel nationally recognized as having expertise in the area of public finance that any interest on this Bond has become includable in the gross income of the Holder for federal income tax purposes. For all purposes of this definition, a Determination of Taxability will be deemed to occur on the date as of which the interest on this Bond is deemed includable in the gross income of the Holder. A Determination of Taxability shall not occur in the event such interest is taken into account in determining adjusted current earnings for the purpose of the alternative minimum income tax currently imposed on corporations. In the event of such Determination of Taxability, the interest rate of this Bond shall be adjusted, retroactively to the date interest became includable in the Holder's gross income, to a rate calculated to provide the Holder with the same After-Tax Yield (as defined below) as it would have had absent such taxability. The Issuer shall also pay to the Holder any interest on unpaid taxes, penalty or other amounts as a result of such Determination of Taxability. The provisions of this and the succeeding paragraph shall survive payment in full of this Bond.

The rate of interest on this Bond shall additionally be subject to adjustment as follows:

(i) Change in Maximum Federal Income Tax Rate on Corporations. In the event that the federal corporate income tax rate imposed on the highest bracket of corporate income (currently 35%) shall during any period with respect to which interest shall be accruing on this Bond be more or less than 35%, the tax-exempt interest rate otherwise in effect during such period shall be adjusted by multiplying such rate by a fraction, the numerator of which shall be 100% minus the new federal corporate income tax rate percentage, and the denominator

of which shall be 100% minus the federal income tax rate percentage immediately prior to such change; and such product shall be rounded to the nearest one-hundredth of one percent. The Registered Holder shall have the right to adjust the provisions of this subparagraph to take into account the effects of other adjustments provided herein.

(ii) Taxation Changes. If, as the result of Taxation Changes (as hereinafter defined), the After-Tax Yield (as hereinafter defined) on this Bond in the hands of the Holder hereof is increased or decreased, the interest rate shall be increased or decreased, effective on the effective date of such Taxation Change, as may be necessary to make the After-Tax Yield to the Holder immediately after such Taxation Change equal to the After-Tax Yield of this Bond absent such Taxation Change. The term "Taxation Change" shall mean (a) a Determination of Taxability, (b) any change in any federal income tax law, regulation or interpretation which results in a change in the After-Tax Yield to the Holder hereof (other than changes which are taken into account in the preceding subparagraph) or (c) failure by the Issuer to comply with any applicable laws or regulations (including the failure of this Bond for any reason whatsoever to remain a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended), except that Taxation Change shall not include any change in the After-Tax Yield to the extent that such change would not affect the After-Tax Yield without regard to whether interest on this Bond is or may be excluded from gross income for federal income tax purposes under the provisions of Section 103 of the Internal Revenue Code of 1986, as amended, or other provisions of law. Taxation Changes shall include but not be limited to any of the following: (a) any change in federal law, regulation or interpretation which requires the Holder hereof to partially or wholly include interest on this Bond in its taxable income or which imposes any tax, including any tax based on taxable preference items or any flat, minimum or partial tax or surtax imposed directly or indirectly on the Holder on account of its purchase or ownership of or receipt of interest from this Bond (or which changes the extent of inclusion or amount of such tax); or (b) any change in federal law, regulation or interpretation which permits, disallows, decreases or increases or otherwise affects, in whole or in part, tax credits or deductions. If a Taxation Change occurs of which the Holder hereof has actual knowledge, the Holder shall promptly give written notice thereof to the Issuer; provided, however, that the failure of the Holder to give such notice shall not in any way affect any obligations of the Issuer with respect to this Bond or result in any liability of the Holder to the Issuer in connection with such failure.

All calculations and determinations of changes in the After-Tax Yield and resulting changes in the interest rate shall be determined solely by the Holder hereof, but may be verified by the Issuer, and changes in the interest rate on this Bond shall be effective as of the date of the applicable Taxation Change and shall

be payable upon written notice to the Issuer stating the nature of the Taxation Change and the amount of the interest rate adjustment. The term "After-Tax Yield" shall mean: (a) the amount received as interest on this Bond less (i) any federal income taxes payable on such interest and (ii) any federal income tax liability directly or indirectly imposed on the Holder hereof as the result of its purchase or ownership of or receipt of interest from this Bond (including any tax liability resulting from disallowance or limitations on any deductions, credits or other tax benefits), all on an annualized basis, divided by (b) the outstanding principal amount of this Bond. Unless the Holder hereof shall otherwise determine, the determination of the After-Tax Yield shall be based on the assumption that the Holder's taxable income is subject to taxation at the rate applicable to the highest bracket of corporate income. Taxation Change shall not include the effects of the alternative minimum taxes imposed by the Tax Reform Act of 1986. If the Holder hereof is a member of a consolidated group for federal income tax purposes, the determination of the effect on After-Tax Yield shall be made on a consolidated basis, unless the Holder shall deem a different basis to more accurately reflect the impact of such Taxation Change.

If the nature of the Taxation Change is such that a one-time adjustment to the interest rate will not, in the reasonable opinion of the Holder hereof, accurately adjust for the impact of the Taxation Change, the Holder may elect some other method of adjustment to maintain its After-Tax Yield, including an annual adjustment or periodic reimbursements.

If two or more of the adjustments, as outlined above, become effective simultaneously, the Holder hereof may apply such adjustments in order of its choosing.

The above adjustments will be cumulative. The above adjustments to the interest rate on this Bond will be effective on the effective date of the applicable change in the tax laws or regulations. Interest on this Bond and all other tax rates and interest rates are expressed as annual rates. However, proper partial adjustment will be made if the tax law change is effective after the first day of the Holder's tax year or if interest on this Bond does not accrue for the entire tax year of the Holder. Adjustments which create a circular calculation will be carried out sequentially, adjusting the interest rate on this Bond accordingly in each successive calculation using as the new value the adjustment in the interest rate on this Bond, until the change on the interest rate on this Bond caused by the next successive calculation of the adjustment is de minimis.

Notwithstanding any provision contained herein to the contrary, in no event shall the rate of interest on this Bond (calculated as provided by law) exceed the maximum nonusurious rate of interest allowed from time to time by applicable law.

Notwithstanding anything herein to the contrary, this Bond shall bear interest after the occurrence of any Event of Default (as defined in the Bond Resolution) at two percent (2%) per annum over the rate it would otherwise bear, not to exceed the highest rate permitted by law. Upon the occurrence of an Event of Default, the Holder may declare the remaining principal balance of this Bond to be immediately due and payable and may exercise any other remedies available under the Bond Resolution or otherwise available to the Holder.

The principal and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the office of the Clerk of the Board of County Commissioners of the Issuer, as paying agent, or such other paying agent as the Issuer shall hereafter duly appoint (the "Paying Agent"). Payment of each installment of principal and interest shall be made to the person in whose name this Bond shall be registered on the registration books of the Issuer maintained by the Clerk of the Board of County Commissioners of the Issuer, as registrar, or such other registrar as the Issuer shall hereafter duly appoint (the "Registrar"), on each payment date and shall be paid by a check or draft of the Issuer or the Paying Agent mailed to such Registered Holder at the address appearing on such registration books or at the request of the Registered Holder, by wire transfer.

This Bond is issued to finance the construction of certain shore stabilization improvements (the "Project") for the Issuer or the MSBU (as defined in the Bond Resolution), under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Part I, Florida Statutes, as amended, and other applicable provisions of law, and Ordinance No. 93-14, as amended and restated by Ordinance No. 94-1 and Resolution 94-32, all duly adopted by the Board of County Commissioners of the Issuer (collectively, the "Special Assessment Legislation"), and is entitled to all the rights and benefits of the Special Assessment Legislation and the Bond Resolution.

This Bond is issued in connection with the Special Assessment Legislation and the Bond Resolution, and pursuant to the Special Assessment Legislation and the Bond Resolution, this Bond shall be conclusively deemed to have been issued for such purposes, and the Project shall be conclusively deemed to have been planned, located and carried out in accordance with the provisions of the Special Assessment Legislation.

The principal of and interest on this Bond are payable solely from and secured by a lien upon and a pledge of the Pledged Revenues and Pledged Funds (as such terms are defined in the Bond Resolution) and, until applied in accordance with the provisions of the Bond Resolution, the proceeds of this Bond

and all moneys, including investments thereof, in certain funds established under the Bond Resolution, all in the manner and to the extent described in the Bond Resolution (collectively, the "Pledged Funds"). It is expressly agreed by the Registered Holder of this Bond that the full faith and credit of neither the Issuer, the MSBU, the State of Florida, nor any political subdivision thereof is pledged to the payment of the principal of or interest on this Bond and that the Registered Holder shall never have the right to require or compel the exercise of any ad valorem taxing power of the Issuer, the MSBU, the State of Florida, or any political subdivision thereof, to the payment of such principal and interest nor does any such entity have a legal or moral obligation to make such payments except from Pledged Funds in accordance with the terms of the Bond Resolution. This Bond and the obligation evidenced hereby shall not constitute a lien upon the Project or any other property of the Issuer or situated within its territorial limits, except the Pledged Funds, and shall be payable solely from the Pledged Funds in accordance with the terms of the Bond Resolution.

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

This Bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida, but may be transferred only in accordance with the terms of the Bond Resolution upon the books of the Issuer kept for that purpose at the office of the Registrar by the Registered Holder in person or by such Holder's attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or such Holder's attorney duly authorized in writing, and thereupon a new Bond shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, prescribed in the Resolution. The Issuer, the Registrar and the Paying Agent may treat the Registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

This Bond is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in connection with the issuance of this Bond, exist, have happened and have been performed,

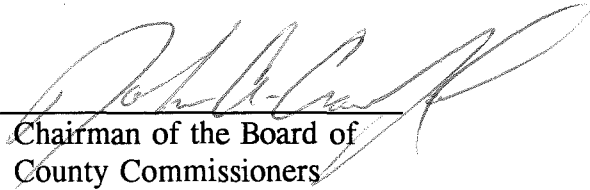
in regular and due form and time as required by the Constitution and laws of the State of Florida applicable thereto, and that the issuance of this Bond does not violate any constitutional or statutory limitations or provisions.

IN WITNESS WHEREOF, Nassau County, Florida, has issued this Bond and has caused the same to be executed by the Chairman, and attested and countersigned by the Clerk, of the Board of County Commissioners and its official seal to be impressed hereon, all as of the _____ day of January, 1994.

NASSAU COUNTY, FLORIDA

(SEAL)

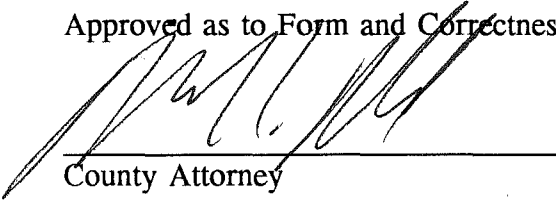
By


Chairman of the Board of
County Commissioners

ATTESTED AND COUNTERSIGNED:


Clerk of the Board of County
Commissioners

Approved as to Form and Correctness:


County Attorney

**ARTICLE III
REDEMPTION OF BOND**

SECTION 3.01 Privilege of Redemption. The Bond may be redeemed prior to maturity on or before the Disbursement Termination Date, at the price of par, with interest to the date of redemption on the principal redeemed. The Bond may be redeemed in whole or in part on any date after the Disbursement Termination Date, at the price of par, with interest to the date of redemption on the principal redeemed, only upon payment to the Holder of a prepayment fee (the "Prepayment Fee") calculated as follows:

$$\text{Prepayment Fee} = (A-B) \times C \times D$$

where,

- A = The taxable equivalent fixed rate of interest per annum on the Series 1993 Bonds.
- B = The yield of the U.S. Treasury bill or note with the maturity date closest to the final maturity date of the Bond, as shown in the "YLD" column of the Treasury notes, bonds and bills section of the *Wall Street Journal* or equivalent published source. The taxable equivalent rate is determined by dividing the fixed rate by (1 - the federal income tax rate imposed on the highest bracket of corporate income (currently 35%)).
- C = Scheduled average outstandings under the amortization schedule from the date of prepayment to the final maturity date of the Bond.
- D = Number of days from the date of prepayment to the final maturity date divided by a year-base of 360 days.

In the event that (A-B) is zero or a negative number, there will be no Prepayment Fee. Any principal redeemed shall be applied in inverse order of maturity of installments.

SECTION 3.02 Notice of Redemption. Unless waived by the Bondholder, notice of any redemption made pursuant to this section shall be given by the Registrar on behalf of the Issuer by mailing a copy of a redemption notice by first class mail, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the Bondholder at the address of the Bondholder shown on the registration books maintained by the Registrar

or at such other address as shall be furnished in writing by Bondholder to the Registrar. Any redemption election shall be irrevocable unless otherwise agreed by the Bondholder.

Prior to any redemption date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the principal amount of and accrued interest on the Bond or portion thereof to be redeemed on that date, together with any required Prepayment Fee.

SECTION 3.03 Payment of Redeemed Bond. Notice of redemption having been given substantially as aforesaid, the Bond or portion thereof to be redeemed shall, on the redemption date, become due and payable, and from and after such date (unless the Issuer shall default in the payment) the Bond or such portion thereof shall cease to bear interest.

ARTICLE IV SECURITY

SECTION 4.01 Bond not to be Indebtedness of Issuer. The Bond shall not be or constitute a general obligation or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be a special obligation of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds in accordance with the terms of this Resolution. No Holder shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay the Bond or shall be entitled to payment of the Bond from any moneys of the Issuer except the Pledged Funds, in the manner provided herein.

SECTION 4.02 Security for Bond. The payment of the principal of and interest on the Bond shall be secured forthwith by a pledge of and lien upon the Pledged Funds. The Pledged Funds shall be subject to the lien of this pledge immediately upon the issuance and delivery of the Bond, without any physical delivery by the Issuer of the Pledged Funds or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind against the Issuer, in tort, contract or otherwise. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Bond in the manner provided in this Resolution.

SECTION 4.03 Funds. The Issuer covenants and agrees to establish with an Authorized Depository the following separate funds: the Special Assessment Fund, the Sinking Fund, the Reserve Fund, the Project Fund and the Rebate Fund. Each such fund shall constitute a trust fund and withdrawals therefrom shall only be made for the purposes and in the manner set forth herein.

SECTION 4.04 Flow of Funds.

(A) All proceeds of the Bond, except that portion, if any, necessary to satisfy the Reserve Requirement, shall be deposited in the Project Fund and, unless an Event of Default shall occur and be continuing, shall be withdrawn on the date of deposit to pay the Approved

Costs of the Project. The Issuer agrees to disburse to third parties on the date of receipt all Bond proceeds received by the Issuer. Bond proceeds shall not be used to pay or reimburse the Issuer or MSBU for any Costs of the Project incurred prior to issuance of the Bond without a written approving opinion of Bond Counsel.

(B) All Pledged Revenues, including Pledged Revenues heretofore received by the Issuer, shall be paid into and disbursed from the following funds as set forth below:

(1) The Issuer shall deposit all Pledged Revenues into the Rebate Fund until all amounts required to be rebated to the United States Treasury are on deposit. Money in the Rebate Fund shall be withdrawn exclusively to pay to the United States Treasury amounts required by applicable laws and regulations.

(2) Next, the Issuer shall deposit all Pledged Revenues received in the Special Assessment Fund until the balance in the Special Assessment Fund is equal to the estimated cost of levying and collecting special assessments for the following 12-month period. Money on deposit in this fund may be withdrawn by the Issuer as needed to pay such costs as incurred.

(3) Next, the Issuer shall deposit all Pledged Revenues in the Sinking Fund until such fund is sufficient to satisfy the principal and interest payments on the Bond coming due during the succeeding 12 months. Money on deposit in this Fund may be withdrawn as and when needed solely for the purpose of paying such principal and interest.

(4) Next, the Issuer shall deposit Pledged Revenues in the Reserve Fund until the balance in such fund satisfies the Reserve Requirement. Money on deposit in this fund may be withdrawn to pay principal or interest on the Bonds to the extent funds in the Sinking Fund are insufficient for such purpose. If at any time the balance in the Reserve Fund falls below the Reserve Requirement, the Issuer shall increase Special Assessments as necessary to provide Pledged Revenues sufficient to fully fund the Reserve Fund by January 1 of the succeeding year. Any excess in the Reserve Fund shall be transferred to the Sinking Fund.

(5) Any excess Pledged Revenues shall be deposited in the Project Fund and may be withdrawn for any lawful Cost of the Project or, if the Project has been completed, may be used for any other lawful purpose.

SECTION 4.05 Investments. The Special Assessment Fund, Reserve Fund, Rebate Fund, Project Fund and Sinking Fund shall be continuously secured in the manner in which the deposit of public funds are authorized to be secured by the laws of the State. There is hereby created a lien upon such funds, other than the Rebate Fund, and all moneys therein in favor of the Bondholder until the moneys deposited therein shall have been applied in accordance with this Resolution. Moneys on deposit to the credit of the Special Assessment Fund, Project Fund, Reserve Fund, Sinking Fund and Rebate Fund may be invested in Authorized Investments which shall mature not later than the date on which such moneys shall be needed to pay the amounts

for which withdrawal is authorized. The securities so purchased as an investment of the moneys of either fund shall be deemed at all times to be a part of such fund, and any loss resulting from such investment shall be charged to such fund and any interest accruing on such investment or any other profit realized therefrom shall be deposited in such fund.

The moneys required to be accounted for in any of the funds created hereunder may be deposited in a single bank account, and the moneys allocated to such funds may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the purposes of such funds as herein provided.

The designation and establishment of any funds in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing fund as such term is commonly defined and used in governmental accounting but rather is intended to solely constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

ARTICLE V COVENANTS

SECTION 5.01 General. In addition to all of the other covenants of the Issuer contained in this Resolution, the Issuer hereby covenants with each and every successive Holder of the Bond so long as the Bond shall remain outstanding each and every one of the covenants contained in this Article V.

SECTION 5.02 Books and Records. The Issuer shall keep or cause to be kept books, records and accounts of the Pledged Funds and Cost of the Project and the Holder or the duly authorized representatives thereof shall have the right at all reasonable times to inspect all books, records and accounts of the Issuer relating thereto.

SECTION 5.03 Issuance of Additional Obligations. The Issuer covenants and agrees that while the Bond shall be outstanding it will not issue any other obligations payable from or secured by the Pledged Funds or any part thereof, unless the lien on and pledge of all or part of the Pledged Funds in favor of such obligations shall be junior and subordinate in all respects to the lien thereon and pledge thereof in favor of the Bond pursuant to subordination provisions approved in writing by the Holder.

SECTION 5.04 Federal Income Tax Covenants.

(A) The Issuer covenants with the Holder that it shall not use the proceeds of the Bond in any manner which would cause the interest on the Bond to be or become includable in the gross income of the Holder thereof for federal income tax purposes.

(B) The Issuer covenants with the Holder that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of the Bond (or amounts deemed to be proceeds under the Code) in any manner which would cause the Bond to be an arbitrage bond within the meaning of Section 148 of the Code, and neither the Issuer nor any other Person shall do any act or fail to do any act which would cause the interest on the Bond to become includable in the gross income of the Holder thereof for federal income tax purposes.

(C) The Issuer hereby covenants with the Holder that it will comply with all provisions of the Code necessary to maintain the exclusion of interest on the Bond from the gross income of the Holder thereof for federal income tax purposes, including, in particular, the payment of any amount required to be rebated to the United States Treasury pursuant to the Code.

SECTION 5.05 Modification of Legislation. Issuer covenants not to modify Ordinance 94-1 or Resolution 94-32 in any way materially disadvantageous to the Holder or to take any action which would diminish Pledged Revenues or the Issuer's ability to enforce payment thereof, without the written consent of the Holder.

SECTION 5.06 Debt Service Coverage. The net Pledged Revenues available for debt service derived from Special Assessments for each 12-month period during the term of the Bond shall equal or exceed 100% of Maximum Annual Debt Service for such period. The Issuer covenants to adjust rates of Special Assessments to provide such coverage and to maintain the Reserve Fund as required herein.

SECTION 5.07 Enforcement of Special Assessments. During the term of the Bond, the Issuer shall strictly enforce all of its rights to collect Special Assessments, including foreclosing Special Assessment liens as expeditiously as possible. If for any reason whatsoever, the Special Assessments, as authorized by existing ordinances and/or resolutions, are determined to be partly or wholly invalid or unenforceable, the Issuer covenants to immediately enact ordinances and/or resolutions imposing, as to property within the MSBU, Special Assessments fully sufficient to satisfy the Issuer's obligations hereunder and under the Bond. In the event that collection of Special Assessments are, or are projected to be, insufficient to fully pay principal and interest on the Bonds and any required payments into the Reserve Fund coming due prior to the collection of the next succeeding regular annual levy of Special Assessments, the Issuer shall promptly assess and impose a supplemental assessment sufficient to eliminate such deficiency. Commencing with Special Assessments levied for Fiscal Year 1995, the Issuer shall impose reasonable penalties and/or interest on delinquent Special Assessments.

SECTION 5.08 MSBU. The MSBU shall not be modified or terminated until the Bond is repaid in full.

SECTION 5.09 Further Assurances. Issuer covenants to execute any and all documents and take any and all actions necessary for the Holder to fully enjoy its rights granted herein and in the Bond.

SECTION 5.10 Late Charge. The Issuer shall pay to the Holder a late charge of five percent (5%) of any payment of principal or interest not made within ten (10) days after its due date.

ARTICLE VI DEFAULTS AND REMEDIES

SECTION 6.01 Conditions to Disbursement. The Purchaser shall not be required to disburse funds to the Issuer and, at the written election of the Holder, the Issuer shall not withdraw further funds from the Project Fund, if:

(A) There shall exist an Event of Default or any circumstance which, with the giving of notice or passage of time, or both, would become an Event of Default.

(B) There shall occur an adverse change in the feasibility or Cost of the Project or in the ability of the Issuer to repay the Bond, including the filing of any action which, if determined adversely, would result in an Event of Default.

SECTION 6.02 Events of Default. The following events shall each constitute an "Event of Default" hereunder:

(A) Default shall be made in the payment of the principal of or interest on the Bond when due or any other monetary payment shall not be made when due.

(B) There shall occur the dissolution or liquidation of the Issuer or MSBU, or the filing by the Issuer or MSBU of a voluntary petition in bankruptcy, or the commission by the Issuer or MSBU of any act of bankruptcy, or adjudication of the Issuer or MSBU as a bankrupt, or assignment by the Issuer or MSBU for the benefit of its creditors, or appointment of a receiver for the Issuer or MSBU, or the entry by the Issuer or MSBU into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer or MSBU in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

(C) The Issuer or MSBU shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bond or in this Resolution or under Ordinance No. 94-1 or Resolution No. 94-32 on the part of the Issuer or MSBU to be performed, or there shall occur any breach of a representation or warranty of the Issuer given herein or in any instrument or certificate relating hereto.

(D) This Resolution, the Bond, Ordinance No. 94-1 or Resolution No. 94-32, as they may be amended, or any other ordinances, resolutions, laws or regulations providing

rights or security for the benefit of the Holder shall be determined to be invalid or unenforceable in any material respect.

Notwithstanding the foregoing, the Holder agrees not to exercise its remedies hereunder (other than withholding of undisbursed proceeds of the Bond and funds in the Project Fund) with respect to a default under this subsection for a period of 45 days after notice of such default to the Issuer unless such delay in exercising remedies would, in the good faith judgment of the Holder, prejudice the Holder's rights hereunder or under the Bond.

SECTION 6.03 Remedies. Upon the occurrence and continuance of an Event of Default, the Holder may accelerate the payment of principal of the Bond and may, either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution, Ordinance No. 94-1 or Resolution No. 94-32, or by any applicable statutes, regulations, ordinances or resolutions to be performed by the Issuer or the MSBU or by any officer thereof, including, without limitation, the obligation of the Issuer to impose sufficient Special Assessments within the MSBU to meet its obligations hereunder and under the Bond.

SECTION 6.04 Remedies Cumulative. No remedy herein conferred upon or reserved to the Bondholder is intended to be exclusive of any other remedy or remedies,, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The Holder shall be entitled to reimbursement by the Issuer, solely from Pledged Funds, all reasonable attorneys' fees, costs and expenses incurred by such Holder or its trustee or receiver in connection with the enforcement of this Resolution and the Bond.

SECTION 6.05 Waiver of Default. No delay or omission of the Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by Section 6.03 of this Resolution to the Bondholder may be exercised from time to time, and as often as may be deemed expedient.

ARTICLE VII MISCELLANEOUS

SECTION 7.01 Designations of Bond as Qualified Tax-Exempt Obligation. For purpose of qualifying the Bond for the exception contained in Section 265(b)(3) of the Code to the provisions of Section 265(b) of the Code which deny financial institutions any deduction for interest expense allocable to tax-exempt obligations acquired after August 7, 1986, the Issuer hereby designates the Bond as a "qualified tax-exempt obligation" for such exception.

SECTION 7.02 Sale of Bond. The Bond is hereby sold and awarded to the Purchaser at the price of par and maturing, bearing interest at the rates and having such other terms as are stated in the form of the Bond set out in Section 2.08 hereof.

SECTION 7.03 General Authority. The members of the Governing Body and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bond and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the Purchaser to effectuate the sale of the Bond to the Purchaser.

SECTION 7.04 No Personal Liability. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Bond, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Bond, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Governing Body, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Bond, or any certificate or other instrument to be executed in connection with the issuance of the Bond, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

SECTION 7.05 No Third Party Beneficiaries. Except such other Persons as may be expressly described herein or in the Bond, nothing in this Resolution, or in the Bond, expressed or implied, is intended or shall be construed to confer upon any Person other than the Issuer and the Holder any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Bond, all provision hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Person who shall from time to time be the Holder.

SECTION 7.06 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions of this Resolution shall be finally determined to be contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bond issued hereunder.

SECTION 7.07 Repeal of Inconsistent Resolutions. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict. It is the specific intent of this Resolution that any provision in any other resolution or action of the Issuer limiting the rights of the Issuer to impose, collect or enforce Special Assessments are hereby modified to the extent necessary to permit the Issuer to comply with the requirements imposed

by this Resolution. The Issuer covenants to take such additional actions, including the enactment of ordinances, as may be necessary to afford the Issuer authority to impose, collect and enforce Special Assessments sufficient to meet the Issuer's obligations hereunder and under the Bond.


SECTION 7.08 Table of Contents and Headings not Part Hereof. The Table of Contents preceding the body of this Resolution and the headings preceding the several articles and sections hereof shall be solely for convenience of reference and shall not constitute a part of this Resolution or affect its meaning, construction or effect.

SECTION 7.09 Effective Date. This Resolution shall take effect immediately upon its adoption.

SECTION 7.10 Waiver. The Bondholder may, in its discretion, waive or modify covenants and requirements set forth herein or in the Bond for its benefit or protection, provided that such waiver or modification does not adversely affect the rights or increase the obligations of the Issuer or the tax-exempt status of the Bond. Any such waiver or modification shall be in writing signed by the Bondholder.

PASSED, APPROVED AND ADOPTED this 24th day of January, 1994.

(OFFICIAL SEAL)



Chairman, Board of County Commissioners

ATTEST:

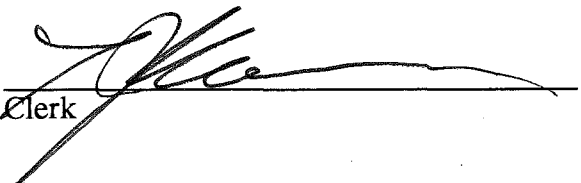


Clerk of the Board of County Commissioners

I, T. J. "Jerry" Greeson, Clerk of the Board of County Commissioners of Nassau County, Florida, hereby certify that the foregoing is a true and correct copy of Resolution No. 94-43 of said County passed and adopted on January 24, 1994.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City this 24th day of January, 1994.

(OFFICIAL SEAL)



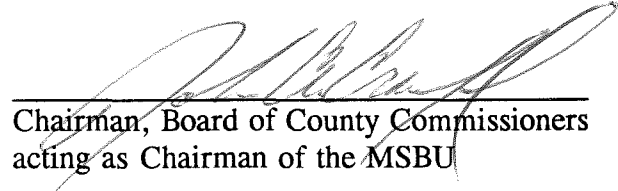
Clerk

JOINDER


The undersigned South Amelia Island Shore Stabilization Municipal Services Benefit Unit ("MSBU") hereby joins in the preceding Resolution and agrees to comply with the terms thereof to the extent such terms apply to the MSBU directly or to the extent that rights or obligations of the Issuer are assigned to or assumed by the MSBU. All Pledged Funds or Bond proceeds provided to the MSBU shall be held as trust funds for the benefit of the Holder and shall be disbursed only for the purposes set forth in the Resolution.

PASSED, APPROVED AND ADOPTED this 24th day of January, 1994.

(OFFICIAL SEAL)


Chairman, Board of County Commissioners
acting as Chairman of the MSBU

ATTEST:


Clerk of the Board of County Commissioners
acting as Clerk of the MSBU

JAXC23 | JMWJMW07285 | 1/24/94 5:34pm
JMW:dpb | 10711/472

APPENDIX A

Disclosure Statement

January 24, 1994

The Honorable Chairman and Members of
The Board of County Commissioners of
Nassau County, Florida
Fernandina Beach, Florida

Re: Not to Exceed \$7,426,000 Nassau County, Florida, South Amelia
Island Shore Stabilization Special Assessment Bond, Series 1994

Ladies and Gentlemen:

In connection with the proposed issuance by Nassau County, Florida (the "County"), of the above-referenced bond (the "Bond"), First Union National Bank of Florida, Jacksonville, Florida (the "Purchaser"), has agreed to purchase the Bond upon the terms and conditions set forth in the County's resolution authorizing the issuance of the Bond (the "Resolution"). The Purchaser will purchase the Bond solely for its own account and not on behalf of others, and solely for investment and not with a view to reselling or otherwise distributing all or any part of or interest in the Bond.

The purpose of this letter is to furnish to the County certain information in connection with the offer and sale of the Bond, pursuant to the provisions of Section 218.385, Florida Statutes, as amended. Pursuant to Section 218.385, Florida Statutes, as amended, the Purchaser provides the following information:

(a) The Bond is not being underwritten. There is no managing underwriter in connection with the issuance of the Bond. The Purchaser will not incur any expenses in connection with the purchase of the Bond.

(b) No person has entered into an understanding with the Purchaser, or to the knowledge of the Purchaser, with the County for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the County and the Purchaser or to exercise or to attempt to exercise any influence to effect any transaction in connection with the purchase of the Bond.

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

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

The Honorable Chairman and Members of
The Board of County Commissioners of
Nassau County, Florida

January 24, 1994

Page 2

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

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

(g) The County is proposing to issue the Bond for the purpose of financing the construction of certain shore stabilization improvements for the County. The Bond is expected to be repaid over a period of approximately 9-1/2 years. At the interest rates specified in the Resolution, total interest paid over the life of the Bond is not expected to exceed \$1,513,898.74 (assuming the maximum \$7,426,000 principal amount of the Bond is outstanding from the date of issuance, an initial interest rate of 2.88% through December 31, 1994, and an interest rate of 4.1% thereafter). The source of repayment or security for the Bond is the Pledged Funds, including the Special Assessments (as such terms are defined in the Resolution), to the extent and in the manner described in the Resolution. Authorizing the Bond will result in not more than \$1,103,103.42 of such revenues (based on the aforesaid assumptions) not being available to finance other services each year for approximately 9-1/2 years.

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

Very truly yours,

FIRST UNION NATIONAL BANK OF FLORIDA

By _____

Name: Kelly B. Madden

Title: Vice President

APPENDIX B

South Amelia Island Shore Stabilization
Municipal Service Benefit Unit

Beach Renourishment Project Budget

Project Cost	\$5,761,000
Engineering and Permitting	589,000
Construction Contingency	576,000
Prior Project Costs	
Reimbursement	250,000
Management Study	50,000
Legal Support for MOU	200,000

TOTALS	\$7,426,000

ORL-83416.7\707\21727-1
November 22, 1993

APPENDIX C

DISBURSEMENT REQUEST

First Union National Bank of Florida
P.O. Box 2080
Jacksonville, FL 32231-0010

Re: South Amelia Island Shore Stabilization Special Assessment Bond, Series 1994

Ladies and Gentlemen:

The terms used in this Disbursement Request shall have the meanings ascribed to them in Resolution No. 94-__ (the "Bond Resolution") adopted by the Board of County Commissioners of Nassau County (the "Issuer") on January ____, 1994.

In accordance with the terms of the Bond Resolution, the Issuer requests disbursement to it of \$_____ of Bond proceeds. These funds will be expended for the Approved Costs described on Exhibit A hereto (the "Invoiced Costs").

The Issuer hereby represents, warrants and certifies to you that (a) the Invoiced Costs represent Approved Costs, as defined in the Bond Resolution, for which funds have been expended by the Issuer or the MSBU or which will be paid on the date hereof by the Issuer or the MSBU to third parties pursuant to valid invoices, (b) all conditions to disbursement set forth in the Bond Resolution have been satisfied, (c) no Event of Default, or any circumstance which, with the giving of notice or passage of time, or both, would become an Event of Default, has occurred and is continuing, and (d) the Project can be completed for the amount set forth in the budget attached to the Bond Resolution as Exhibit B.

Dated this ____ day of _____, 1994.

NASSAU COUNTY, FLORIDA

By _____
Authorized Representative

EXHIBIT A

Description of Invoiced Costs

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