

RESOLUTION 91- 119

A RESOLUTION ACCEPTING THE PROPOSAL OF FIRST UNION NATIONAL BANK OF FLORIDA TO PROVIDE NASSAU COUNTY WITH A \$14,000,000 LINE OF CREDIT TO FINANCE THE COSTS OF CERTAIN SOLID WASTE IMPROVEMENTS IN THE COUNTY; AUTHORIZING THE EXECUTION AND DELIVERY OF A LINE OF CREDIT AGREEMENT WITH SAID BANK IN ORDER TO SECURE SAID LINE OF CREDIT; AUTHORIZING THE REPAYMENT OF DRAWS UNDER SAID LINE OF CREDIT FROM THE COUNTY'S SOLID WASTE SPECIAL ASSESSMENTS AND COMMERCIAL TIPPING FEES; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS IN CONNECTION WITH SAID LINE OF CREDIT AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION.

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

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

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

(A) That the County requested proposals from banks to provide the County with a not to exceed \$14,000,000 line of credit the proceeds of which would be applied to finance or refinance the costs of various solid waste improvements and projects in the County (the "Projects").

(B) That First Union National Bank of Florida ("First Union") has submitted their commitment to provide the County with a \$14,000,000 line of credit (the "Line of Credit") to finance or refinance all or a portion of the costs of the Projects.

(C) That there is presently a need to construct and acquire certain solid waste improvements and other projects in the County consisting of the closing of the existing West Nassau landfill and the construction of the new Class I and Class III landfill facilities (the "Project").

(D) That the costs of the Project in an amount not to exceed \$14,000,000 shall be financed or refinanced from amounts drawn on the Line of Credit.

(E) That amounts drawn on the Line of Credit shall be repaid solely from the Pledged Revenues (as defined in the Line of Credit Agreement referenced below) and the ad valorem taxing power of the County will never be necessary or authorized to pay said amounts.

SECTION 3. ACCEPTANCE OF COMMITMENTS. The County hereby accepts the commitment of First Union to provide the County with a not to exceed \$14,000,000 Line of Credit in the form attached hereto as Exhibit A (the "Commitment"). The Chairman or Vice-Chairman of the Board are hereby authorized to execute and deliver the Commitment to First Union, all of the terms and provisions of which are hereby approved.

SECTION 4. AUTHORIZATION OF LINE OF CREDIT AGREEMENT. Draws under the Line of Credit and the repayment of such draws by the County shall be pursuant to the terms and provisions of a Line of Credit Agreement between the County and First Union. The County hereby authorizes the Chairman or Vice-Chairman to execute and deliver on behalf of the County a Line of Credit Agreement by and between the County and First Union substantially in the form attached hereto as Exhibit B (the "Line of Credit Agreement"), with such changes, insertions and additions as they may approve, their execution thereof being evidence of such approval.

SECTION 5. AUTHORIZATION OF THE PROJECT. The County does hereby authorize the acquisition and construction of the Project.

SECTION 6. AUTHORIZATION OF DRAWS ON LINE OF CREDIT TO FINANCE PROJECT. The County does hereby approve draws on the Line of Credit from time to time in an aggregate amount not to exceed \$14,000,000 to finance the Project. The County hereby authorizes the Chairman of the Board and the Clerk to execute all documents as may be necessary to make such draws to complete the construction and acquisition of the Project.

SECTION 7. AUTHORIZATION OF NOTE. In order to evidence the County's repayment obligation under the Line of Credit Agreement for draws on the Line of Credit authorized pursuant to Section 6 of this Resolution, the County hereby authorizes the execution and delivery to First Union from time to time in connection with any draw on the Line of Credit a Note in the aggregate principal amount of \$14,000,000 substantially in the form attached to the Line of Credit Agreement as Exhibit A. Draws under the Line of Credit evidenced by the Note shall bear interest at the rate set forth in the Line of Credit Agreement. The Chairman or Vice-Chairman are hereby authorized to execute and deliver on behalf of the County the Note and such other documents, instruments, agreements and certificates necessary or desirable to effectuate the draws on the Line of Credit authorized by Section 6 as provided in Article IV of the Line of Credit Agreement.

SECTION 8. LIMITED OBLIGATION. The obligation of the County to repay amounts drawn under the Line of Credit is a limited and special obligation payable solely from the Pledged Revenues (as defined in the Line of Credit Agreement) and pursuant to the covenant to budget and appropriate Available Funds as set forth in said Line of Credit Agreement, solely in the manner and to the extent set forth in the Line of Credit Agreement and shall not be deemed a pledge of the full faith and credit or taxing power of Nassau County and such obligation shall not create a lien on any property whatsoever of or in the County, except the Pledged Revenues and accounts encumbered by the Line of Credit Agreement.

SECTION 9. GENERAL AUTHORIZATION. The Chairman, Vice-Chairman and Clerk of the Board are authorized to execute and deliver such documents, instruments and contracts, whether or not expressly contemplated hereby, and the County Attorney, Bond Counsel and other employees or agents of the County are hereby authorized and directed to do all acts and things required hereby or thereby as may be necessary for the full, punctual and complete performance of all the terms, covenants, provisions and agreements herein and therein contained, or as otherwise may be necessary or desirable to effectuate the purpose and intent of this Resolution.

SECTION 10. REPEAL OF INCONSISTENT DOCUMENTS. All ordinances, resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 11. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

ADOPTED this 9th day of September, 1991.

BOARD OF COUNTY COMMISSIONERS
OF NASSAU COUNTY, FLORIDA


Chairman

ATTEST: 
Clerk

EXHIBIT A

THE COMMITMENT

First Union National Bank
of Florida

Post Office Box 2080
Jacksonville, Florida 32231-0010
904-361-2265

Exhibit "A"
157



September 9, 1991

Mr. T. J. Greeson
Clerk of The Circuit Court
Nassau County
11 North 14th Street
Fernandina Beach, Florida 32034-3056

Re: Loan Commitment and Agreement

Dear Jerry:

We are pleased to advise you that the First Union National Bank of Florida (hereinafter referred to as "Bank") has approved a Line of Credit (hereinafter referred to as "Line") for Nassau County in the amount of \$14,000,000.00.

A. TERMS OF LINE

1. Borrower: Advances under the Line shall be made to Nassau County (hereinafter referred to as "Borrower").
2. Amount of Line: The maximum amount outstanding under the Line shall be:

Fourteen Million and No/100 Dollars (\$ 14,000,000.00).
3. Purpose: Advances under the Line are to be used to provide interim financing for the closing of the existing West Nassau Landfill and the construction of a new Class I and Class III facility.
4. Term of Line: The Line shall be evidenced by a promissory note (the "Note"), payable in full at maturity, 360 days from the funding date. The Bank's obligation to advance under this Line of Credit shall expire 360 days from the closing date of the Loan and shall be subject to the Borrower's continued banking relationship with the Bank, as well as the continued satisfactory financial condition of the Borrower, in the opinion of the Bank.

5. Interest Rate: Advances under the Line shall bear and accrue interest at a rate per annum which shall be 85% of the Bank's Prime Rate either fixed (at the applicable rate on the date of closing) or floating with changes in the Prime Rate effective on the date of change. Borrower shall select the fixed or floating rate option on or before the closing of the Line. Interest shall be due and payable monthly. Prime Rate is defined as that rate of interest announced from time to time by the Bank as its Prime Rate. Interest shall be calculated using a year base of 360 days and charged for the actual number of days elapsed in an interest period. In the event of default, interest shall accrue at a rate per annum equal to the Prime Rate plus one percent.

6. Advances: The sums contemplated to be advanced may be repaid and re-advanced pursuant to the terms hereof, so long as this agreement remains in effect. The advances may be prepaid in whole or in part at any time without prepayment premium, penalty, or fee whatsoever.

7. Loan Security: The advances shall be secured by a perfected first lien security interest in a specific revenue stream composed of tipping fee revenue (which shall not be less than \$75.00 per ton) and special assessment revenues of the Borrower. Subject to statutory limitations, the County shall maintain the tipping fees at not less than the \$75.00 per ton level and the special assessment at the existing level during the term of the Line. Borrower shall not take any action which would diminish the projected revenues. Borrower agrees to execute any and all documents necessary for the Bank to perfect its security interest in said collateral. Borrower shall not issue any debt senior or on a parity with the Line without the Bank's prior written consent.

8. Quarterly Reports: The Borrower shall furnish to the Bank within thirty (30) days after the end of each fiscal quarter a profit and loss statement and balance sheet and a complete and accurate listing of the specific revenues pledged to the Bank as of the last day of the quarter. These statements shall be prepared in accordance with generally accepted accounting principles and certified by the Chief Financial Officer of the Borrower as being true and accurate.

9. Annual Reports: The Borrower shall furnish to the Bank within ninety (90) days after the end of each fiscal year a profit and loss statement and reconciliation of surplus statement of the Borrower for such year, and a balance sheet as of the end of such year, audited without scope limitations by independent certified public accountants of recognized standing selected by the Borrower and satisfactory to the Bank. Reports

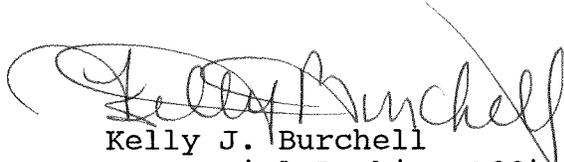
shall be prepared in accordance with generally accepted accounting principles and certified by the Chief Financial Officer of the Borrower as being true and accurate.

- 10. Borrowing Resolutions: Standard documentation shall be provided the Bank with regard to borrowing authority.
- 11. Loan Agreement: Borrower agrees to execute a loan agreement prepared by counsel of recognized standing acceptable to Bank which shall contain such covenants and warranties as may be customary in similar transactions or as the Bank may reasonably require including, but not limited to the following covenant: Minimum tipping fee, effective October 1, 1991 will be \$75.00 a ton. At the closing, there shall be delivered to the Bank an executed counterpart of the opinion of counsel to the Borrower, addressed to the Bank, which opinion shall state, among other things, that the Note has been duly authorized and issued and is enforceable in accordance with its terms, and, if such is the case, that the interest thereon is exempt from taxation under federal income tax laws, that the interest rate borne by the Notes do not exceed any applicable interest rate cap, that the revenues pledged to secure the Note can not be revoked or diminished, that the Bank has a perfected first lien on the pledged revenue, and such other matters as the Bank may reasonably require.
- 12. Depository Accounts: Borrower's depository accounts will be maintained at the Bank.
- 13. Cross-Default: A default under any commitment and/or loan made by any lending institution to Borrower shall constitute a default under all commitments and/or loans made to Borrower by the Bank.
- 14. Closing: The loan transaction and related documents contemplated herein shall be closed on or before September 30, 1991 or this Commitment shall be null and void. All costs and expenses in connection with the matters referred to in this letter shall be borne by the Borrower, including the reasonable fees and expenses of the Bank's counsel, whether or not the transactions contemplated herein are closed.
- 15. Commitment Provisions Survive Closing: The provisions of this Commitment shall survive the closing of the loan transaction contemplated herein.
- 16. Commitment Expiration: This commitment shall expire unless it has been accepted in writing and the acceptance received by the undersigned on or before September 9, 1991.

Please indicate your acceptance of this commitment and the terms and conditions contained herein by executing your acceptance immediately below and returning one executed copy of the Commitment Letter and Agreement to the Bank on or before September 9, 1991.

We would like to express our appreciation for the opportunity you have given us to be of service, and look forward to an ongoing mutually satisfactory relationship.

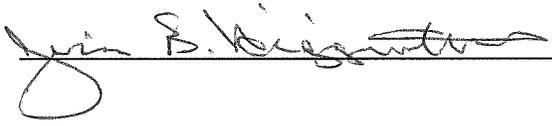
Sincerely,


Kelly J. Burchell
Commercial Banking Officer

KJB/amr

BORROWER'S ACCEPTANCE OF COMMITMENT AND AGREEMENT

The above Loan Commitment and Agreement is hereby accepted on the terms and conditions outlined therein.

By:  Date: 9-9-91

By:  Date: 9-9-91

EXHIBIT B

THE LINE OF CREDIT AGREEMENT

LINE OF CREDIT AGREEMENT

BETWEEN

NASSAU COUNTY, FLORIDA

AND

FIRST UNION NATIONAL BANK OF FLORIDA

DATED AS OF SEPTEMBER 9, 1991

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITION OF TERMS

SECTION 1.01. DEFINITIONS. 2

SECTION 1.02. INTERPRETATION. 6

SECTION 1.03. TITLES AND HEADINGS. 6

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 2.01. REPRESENTATIONS BY THE COUNTY. 7

SECTION 2.02. GENERAL REPRESENTATIONS, WARRANTIES AND
COVENANTS OF THE BANK. 8

SECTION 2.03. TAX COVENANT. 8

SECTION 2.04. COVENANTS. 9

SECTION 2.05. PAYMENT COVENANT. 12

SECTION 2.06. FURTHER ASSURANCES 12

SECTION 2.07. COVENANT TO BUDGET AND APPROPRIATE 12

ARTICLE III

COUNTY'S OBLIGATION, DESCRIPTION, PAYMENT TERMS,
OPTIONAL PREPAYMENT

SECTION 3.01. NOTES NOT TO BE INDEBTEDNESS OF THE COUNTY OR
STATE. 14

SECTION 3.02. DESCRIPTION AND PAYMENT TERMS OF THE NOTES. . 14

SECTION 3.03. OPTIONAL PREPAYMENT. 16

SECTION 3.04. CREATION OF ACCOUNTS. 16

SECTION 3.05. DISPOSITION OF REVENUES. 17

ARTICLE IV

REQUISITIONS FOR DRAWING; AND OTHER CONDITIONS . . . 20

SECTION 4.01. DRAWS. 20

SECTION 4.02. CONSTRUCTION ACCOUNT. 23

ARTICLE V

EVENTS OF DEFAULT 24

ARTICLE VI

MISCELLANEOUS

SECTION 6.01. AMENDMENTS, CHANGES OR MODIFICATIONS TO THE
AGREEMENT. 26

SECTION 6.02. COUNTERPARTS. 26

SECTION 6.03. SEVERABILITY. 26

SECTION 6.04. TERM OF AGREEMENT. 26

SECTION 6.05. NOTICE OF CHANGES IN FACT. 26

SECTION 6.06. NOTICES. 26

SECTION 6.07. APPLICABLE LAW. 27

SECTION 6.08. INCORPORATION BY REFERENCE. 27

This **LINE OF CREDIT AGREEMENT** (the "Agreement") is made and entered into as of September 9, 1991, by and between Nassau County, Florida, a political subdivision of the State of Florida, and its successors and assigns (the "County"), and First Union National Bank of Florida, Jacksonville, Florida, a national banking association and its successors and assigns (the "Bank");

W I T N E S S E T H:

WHEREAS, the County is authorized by the provisions of Chapter 125, Florida Statutes, and other applicable provisions of law (the "Act") to, among other things, acquire, construct, equip, own, sell, lease, operate and maintain various improvements and public facilities to promote the welfare and economic prosperity of the residents of the County and to contract debts for the acquisition, construction, equipping and maintenance of such improvements and public facilities or for any other public purpose, to borrow money, to make advances, and to issue bonds or other obligations to finance or refinance all or any part of such acquisition or construction or in the carrying out of any other purposes of the Act; and

WHEREAS, the County finds it necessary and in the best interests of the County to finance the costs for the development, acquisition, construction, reconstruction, equipping and maintenance, of certain improvements and public facilities and all incidental costs relating thereto (collectively, the "Projects"); and

WHEREAS, the County finds that the Projects will serve a public purpose under the Act; and

WHEREAS, the Bank is willing to make available to the County, and the County is willing to enter into a line of credit arrangement pursuant to the terms and provisions of this Agreement in an aggregate principal amount of not exceeding \$14,000,000 (unless otherwise adjusted upward in accordance with the terms hereof) under which the County may draw moneys from time to time to finance or refinance the costs of the Projects.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

That the parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, **DO HEREBY AGREE** as follows:

ARTICLE I

DEFINITION OF TERMS

SECTION 1.01. DEFINITIONS. The terms defined in this Article I shall, for all purposes of this Agreement, have the meanings in this Article I specified, unless the context clearly otherwise requires.

"Act" shall mean the Florida Constitution, Chapter 125, Florida Statutes, and other applicable provisions of law.

"Agreement" shall mean this Line of Credit Agreement, dated as of September 9, 1991, by and between the County and the Bank and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

"Assessment Ordinance" shall mean Ordinance No. 91-17 of the County adopted by the Board of County Commissioners on August 14, 1991, as amended and supplemented.

"Assessments" shall mean the annual assessments made by the County for solid waste disposal service pursuant to the provisions of the Assessment Ordinance.

"Available Funds" shall mean all revenues of the County derived from any source whatsoever, including but not limited to ad valorem taxation on real or personal property, which are legally available to make the payments required herein, but only after provision has been made by the County for the payment of all essential or legally mandated services.

"Bank" shall mean First Union National Bank of Florida, Jacksonville, Florida, and its successors and assigns.

"Board" shall mean the Board of County Commissioners of Nassau County, Florida.

"Bond Counsel" shall mean Nabors, Giblin & Nickerson, P.A., Tampa, Florida or any other 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.

"Chief Financial Officer" shall mean the Clerk of the Circuit Court, the ex-officio custodian of all County funds, the County Finance Director or any other officer of the County subsequently designated pursuant to law.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Consulting Engineers" shall mean any engineering firm of favorable reputation for skill and experience with respect to the construction and operation of facilities similar to the System, which is duly licensed under the laws of the State of Florida and designated by the County to perform the duties of the Consulting Engineers under the provisions hereof.

"County" shall mean Nassau County, Florida, a political subdivision of the State of Florida.

"Determination of Taxability" shall mean the circumstance of interest paid or payable on a Note becoming includable for federal income tax purposes in the gross income of the Noteholder as a consequence of any act, omission or event whatsoever and regardless of whether the same was within or beyond the control of the County. A Determination of Taxability will be deemed to have occurred upon (a) the receipt by the County or a Noteholder 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 its Note is includable in the gross income of such Noteholder; (b) the issuance of any public or private ruling of the Internal Revenue Service that any interest payable on such Note is includable in the gross income of the Noteholder; or (c) receipt by the County or the Noteholder of an opinion of a Bond Counsel that any interest on the Note has become includable in the gross income of the Noteholder 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 the Note is deemed includable in the gross income of the Noteholder. 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 imposed on corporations.

"Drawing" shall mean a borrowing of money under this Agreement in accordance with Article IV hereof.

"Final Maturity Date" shall mean, in the case of each Note, the date set forth in said Note as the date on which the payment of principal of said Note is due and payable, which date shall not be later than September 4, 1992.

"Gross Revenues" shall mean all income and moneys received by the County from the rates, fees, rentals, charges and other income to be made and collected by the County for the use of the products, services and facilities to be provided by the System, including all tipping fees and the proceeds of the Assessments, or otherwise received by the County or accruing to the County in the management and operation of the System, calculated in accordance with

generally accepted accounting principles employed in the operation of solid waste disposal systems similar to the System, including, without limiting the generality of the foregoing, all earnings and income derived from the investment of moneys under the provisions of this Resolution which are deposited or credited to the Revenue Account as herein provided.

"Interest Rate on the Note" shall mean a rate equal to 7.225% per annum, subject to adjustment as provided in Article V hereof and Section 3.02(f) hereof. Interest shall be calculated on the basis of the number of days elapsed in a year of 360 days (actual/360 method).

"Loan" shall mean the outstanding principal amount of the Notes issued hereunder.

"Note" or **"Notes"** shall mean one or more revenue notes of a designated Series authorized by Resolution and delivered by the County to the Noteholder in connection with this Agreement.

"Noteholder" shall mean the Bank as the holder of the Notes, or any other registered holder of or participant in any Note.

"Operating Expenses" shall mean the County's reasonable, customary and necessary cash expenses for operation, maintenance and repairs with respect to the System and shall include, without limiting the generality of the foregoing, administration expenses, legal and engineering expenses, ordinary and current rentals of equipment or other property under non-capital leases, refunds of moneys lawfully due to others, payments to others for disposal of sewage or other wastes, payments to pension, retirement, health and hospitalization funds, and any other direct operating expenses required to be paid for or with respect to proper operation or maintenance of the System, all to the extent properly attributable to the System in accordance with generally accepted accounting principles employed in the operation of public utility systems similar to the System, but does not include any debt service costs or expenses in respect of construction or improvement other than expenditures necessary to prevent an interruption or continuance of an interruption of Pledged Revenues or minor capital expenditures necessary for the proper and economical operation or maintenance of the System in accordance with generally accepted accounting principles, or any provision for depreciation, depletion, amortization or similar charges, such capital expenditures to be approved in writing by the Bank.

"Payment Date" shall mean the date upon which principal of or interest on a Note shall be due and payable.

"Pledged Revenues" shall mean the Gross Revenues less Operating Expenses.

"Prime Rate" shall mean that per annum rate of interest announced from time to time by First Union National Bank of Florida or its successors as its prime rate or prime lending rate, which rate is merely a benchmark and is not necessarily the lowest or best rate for any category of loans. Any change in the Prime Rate shall be deemed effective from the beginning of the day of such change. If announcement or use of such rate should be discontinued, the Bank shall substitute a comparable index rate, which shall be effective from and after the date of discontinuance of the original index rate.

"Project" or **"Projects"** shall refer to the development, acquisition, construction and equipping of certain improvements and public facilities in the County consisting of the closing of the existing West Nassau landfill and the construction of new Class I and Class III landfill facilities, including the costs associated therewith financed or refinanced from the proceeds of the Loan. The Project or Projects to be financed or refinanced by each Drawing shall be described in the Resolution of the County authorizing such Drawing, as the same may be amended from time to time by the Board.

"Renewal and Replacement Account Requirement" shall mean, on the date of calculation, an amount of money equal to 5 percent of the Gross Revenues received by the County in the immediately preceding Fiscal Year, or such other amount as may be certified to the County by the Consulting Engineers as an amount appropriate for the purposes of this Agreement.

"Resolution" shall mean a resolution adopted by the County on September 9, 1991, which among other things authorized the execution and delivery of this Line of Credit Agreement. The term "Resolution" shall also include any and all subsequent resolutions of the County adopted for the purpose of authorizing additional advances hereunder for the purpose of financing or refinancing a portion of the costs of additional Projects.

"Series" shall mean, when used with respect to a Note, the Series designation for such Note designated in accordance with Section 3.02 hereof, and when used with respect to a Project, shall mean the Project financed or refinanced from the proceeds of the Drawing corresponding to the designated Series Note.

"System" shall mean any and all solid waste disposal facilities (including roll-off refuse containers and solid waste disposal transfer stations) now owned or operated or hereafter owned or operated by the County or by agents or independent contractors for the County, including the Projects, which System shall also include any and all improvements, extensions and additions thereto hereafter constructed or acquired either from the proceeds of Notes or from any other sources, together with all

property, real or personal, tangible or intangible, now or hereafter owned or used in connection therewith.

"Tax Certificate" shall have the meaning set forth in Section 2.03 hereof.

SECTION 1.02. 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 purposes set forth herein and to sustain the validity hereof.

SECTION 1.03. TITLES AND HEADINGS. The titles and headings of the articles and sections of this Agreement have been inserted for convenience of reference only and are not to be considered a part hereof, shall not in any way modify or restrict any of the terms and provisions hereof, and shall not be considered or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 2.01. REPRESENTATIONS BY THE COUNTY. The County represents and warrants that:

(1) The County is a political subdivision of the State of Florida validly existing under the laws of the State of Florida (the "State"), including the Act. Pursuant to the Resolution, the County has authorized the issuance of Notes and the execution and delivery of this Agreement, and the performance by the County of all of its obligations hereunder and under the Notes issued hereunder.

(2) The County has complied with all of the provisions of the constitution and laws of the State, including the Act, and has full power and authority to enter into and consummate all transactions contemplated by this Agreement or under the Notes, and to perform all of its obligations hereunder and under the Notes and the transactions contemplated hereby do not conflict with the terms of any statute, order, rule, regulation, judgment, decree, agreement, instrument or commitment to which the County is a party or by which the County is bound.

(3) The County is duly authorized and entitled to issue the Notes and, when issued in accordance with the terms of this Agreement, the Notes will constitute legal, valid and binding obligations of the County enforceable in accordance with their respective terms, subject as to enforceability to bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(4) There are no actions, suits or proceedings at law or in equity or before any governmental authority pending, or to the best knowledge of the County, threatened, against or affecting the County (a) involving the validity or enforceability of this Agreement or of any law, ordinance or agreement relating to the Assessments, the System, the Projects or otherwise affecting the availability or amount of Pledged Revenues or (b) which would, if determined adversely to the County, materially impair the financial condition of the County or the ability of the County to perform the County's obligations under this Agreement or the Notes.

(5) The County will furnish to the Bank (a) within 30 days after the end of each fiscal quarter and each fiscal year unaudited financial statements, prepared in accordance with generally accepted accounting principles, including a complete and accurate statement of the amounts of Gross Revenues, Operating Expenses and

Pledged Revenues for such period, certified as true and correct by the Chief Financial Officer, and (b) within 120 days after the close of each Fiscal Year an annual audited financial statement of the County certified by an independent certified public accountant, prepared in accordance with generally accepted accounting principles, each certified by the Chief Financial Officer as being true and accurate. The County shall also furnish to the Bank such other information, financial or otherwise, relating to the County, the Project or the System, as the Bank may reasonably require.

(6) The information contained in the Solid Waste Management Financing Report for Nassau County, Florida (Revised Draft, June 1991) previously provided to the Bank is accurate and complete in all material respects and the County has no reason to believe that the assumptions and/or projections contained therein are not accurate and reasonable.

(7) All laws and ordinances and actions of the County permitting and establishing the Assessments and all ordinances and agreements for the establishment, construction and operation of the System, including the Projects, are valid and enforceable in all material respects and the power and authority of the County to levy the Assessments as required herein and to construct and operate the System are not subject to any termination, sunset or other restriction that would prohibit or limit the County's ability to collect Gross Revenues as required herein, other than future actions of the Florida legislature and judicial proceedings.

SECTION 2.02. GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE BANK. The Bank hereby represents, warrants and agrees that it is a national banking association authorized to execute and deliver this Agreement and to perform its obligations hereunder, and such execution and delivery will not constitute a violation of its charter, articles of incorporation or bylaws. Pursuant to the terms and provisions of this Agreement, the Bank agrees to establish a line of credit on behalf of the County for the purpose of making or underwriting one or more loans to the County for the purpose of financing or refinancing the costs of Projects, each of such loans to be evidenced by the delivery by the County of a Note to the Bank in the amount of such loan.

SECTION 2.03. TAX COVENANT. In order to maintain the exclusion from gross income for purposes of Federal income taxation of interest on the Notes, the County shall comply with each requirement of the Code applicable to the Notes. In furtherance of the covenant contained in the preceding sentence, the County agrees to continually comply with the provisions of the Certificate as to Arbitrage and Other Tax Matters to be executed by the County, at the time the Series A Note is issued, as such letter may be amended from time to time, as a source of guidance for achieving compliance with the Code (herein referred to as the "Tax Certificate").

The County shall make any and all payments required to be made to the United States Department of the Treasury in connection with the Notes pursuant to Section 148(f) of the Code.

So long as necessary in order to maintain the exclusion from gross income of interest on the Notes for Federal income tax purposes, the covenants contained in this Section shall survive the payment of the Notes and the interest thereon, including any defeasance thereof.

The County shall not take or permit any action or fail to take any action which would cause the Notes to be "arbitrage bonds" within the meaning of Section 148(a) of the Code or which would cause interest on the Notes to be included in gross income for purposes of federal income taxation.

SECTION 2.04. COVENANTS. The County hereby covenants that:

(a) The County shall use the funds loaned to it under this Agreement only to pay or reimburse itself for the costs of the Projects and to pay the costs of issuing the Notes.

(b) The County will continue during the term of this Agreement to use the Bank for its primary depository relationships.

(c) The County covenants, to the extent permitted by law and at all times during the term of the Agreement to (i) maintain its tipping fee for commercial solid waste deposited at County landfills at not less than \$75.00 per ton, and (ii) not reduce its annual solid waste special assessment below \$100 per residence.

(d) The County shall not issue any other obligations, so long as this Agreement shall remain in effect, payable on a parity with or on a prior basis to the Pledged Revenues pledged pursuant hereto.

(e) The County will not render, or cause to be rendered, any free services of any nature by its System or any part thereof, nor will any preferential rates be established for users of the same class; provided, that the County may grant subsidies to property owners by depositing in the Revenue Account in place of any Assessments other lawfully available funds.

(f) The County will not enter into any contract or contracts, nor take any action, the results of which might impair the rights of the Bank and will not permit the operation of any competing solid waste disposal facilities in the County.

(g) Subject to the provisions of paragraph (e) above, the County shall compel the prompt payment of rates, fees and charges imposed for service rendered by the System, and to that end will

vigorously enforce all of the provisions of any ordinance or resolution of the County having to do with assessments for solid waste disposal services, and all of the rights and remedies permitted the County under law.

(h) The County in operating the System will employ a manager of demonstrated ability.

(i) The County will, to the full extent permitted by law, require persons within the limits of the County who can use the services of the System to utilize such services immediately upon availability and to cease the use of all other means and methods similar to the services furnished by the System.

(j) The County shall have the right to appoint an agent to foreclose and collect all delinquent Assessments in the manner provided by law and the Assessment Ordinance. An Assessment shall become delinquent if it is not paid within 30 days from the date any installment is due. The County or its agent shall cause notice to be sent to any property owner who is delinquent in payment of his Assessment installment within 60 days from the date such installment was due. Such notice shall state in effect that the County or its agent shall initiate a foreclosure action within 90 days of the date of the installment due date if it is not paid. Between the 75th and 90th day after the due date of the delinquent installment, the County or its agent may declare the entire unpaid balance of the delinquent Assessment to be in default and cause such delinquent property to be foreclosed in the method now or hereafter provided by law for foreclosure of mortgages on real estate, or otherwise as provided by law. Commencing on the 90th day after the due date of the delinquent installment, the County or its agent shall declare the entire unpaid balance of the Assessment to be in default and cause the delinquent property to be foreclosed as described above. Any County action required in the collection of Assessments may be by resolution of the Board of County Commissioners. All costs, fees and expenses, including reasonable attorney fees, related to any foreclosure action as described in this paragraph shall be included in any judgment or decree rendered therein. At the sale pursuant to decree in any such action, the County may be the purchaser to the same extent as an individual person or corporation.

(k) If any Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the County shall be satisfied that any such Assessment is so irregular or defective that the same cannot be enforced or collected, or if the County shall have omitted to make such Assessment when it might have done so, the County shall either (A) take all necessary steps to cause a new Assessment to be made against any property benefited by the System, or (B) in its sole discretion, make up the amount of such Assessment from legally available moneys, which moneys shall be deposited or credited to

the Revenue Account. In case such second Assessment shall be annulled, said County shall obtain and make other Assessments until a valid Assessment shall be made.

(1) The County irrevocably covenants, binds and obligates itself not to sell, lease, encumber or in any manner dispose of the System as a whole or any substantial part thereof (except as provided below) during the term of this Agreement.

The foregoing provision notwithstanding, the County shall have and hereby reserves the right, after written notice to the Bank, and providing no Event of Default exists, to sell, lease or otherwise dispose of any of the property comprising a part of the System in the following manner, if such transaction in the reasonable opinion of the Bank would not reduce the amount of Pledged Revenues or potential for Pledged Revenues and any one of the following conditions exist: (A) such property is not necessary for the operation of the System, (B) such property is not useful in the operation of the System, (C) such property is not profitable in the operation of the System, or (D) in the case of a lease of such property, such lease will be advantageous to the System and will not adversely affect the Bank.

Prior to any such sale, lease or other disposition of said property: (1) if the amount to be received therefor is not in excess of one-half of one percent of the value of the fixed assets of the System at original cost, an authorized County officer shall make a finding in writing determining that one or more of the conditions for sale, lease or disposition of property provided for in the paragraph above have been met; or (2) if the amount to be received from such sale, lease or other disposition of said property shall be in excess of one-half of one percent of the value of the gross plant of the System at original cost, an authorized County officer shall first make a finding in writing determining that one or more of the conditions for sale, lease or other disposition of property provided for in the paragraph above have been met, and the County shall, by resolution, duly adopt, approve and concur in the finding of the authorized County officer.

The proceeds from such sale, lease or other disposition shall be deposited or credited, first, to the Renewal and Replacement Account to the extent necessary to make the amount therein equal to the Renewal and Replacement Account Requirement, and, second, to the Surplus Reserve Account.

The County may make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the System if such contract, license, easement or right does not impede or restrict the operation by the County of the System or, in the reasonable opinion of the Bank, reduce Pledged Revenues or the potential for Pledged Revenues, but any payments to the County under or in connection with any such contract,

license, easement or right in respect of the System or any part thereof shall constitute Gross Revenues.

(m) The County will carry such casualty and liability insurance as is ordinarily carried by private or public corporations owning and operating solid waste disposal systems similar to the System with a reputable insurance carrier or carriers. All proceeds shall be used to repair or rebuild the affected portion of the System.

SECTION 2.05. PAYMENT COVENANT. The County covenants that it shall duly and punctually pay from the Pledged Revenues the principal of and interest on the Notes at the dates and place and in the manner provided herein and in the Notes according to the true intent and meaning thereof and all other amounts due under this Agreement. The County hereby grants to the Bank a continuing first priority lien on and pledge of all present and future Pledged Revenues and amounts now or hereafter on deposit in the accounts referred to in Sections 3.04 and 4.02 hereof, except as otherwise specified therein.

SECTION 2.06. FURTHER ASSURANCES. The County shall take such action as it may lawfully take to ensure that sufficient Pledged Revenues are available to fully pay the County's obligations hereunder, including, to the extent permitted by law, increasing the rate on the Assessments or solid waste tipping fees in order to generate additional Gross Revenues. The County shall not take any action and shall resist any action by others that would materially reduce the Pledged Revenues.

SECTION 2.07. COVENANT TO BUDGET AND APPROPRIATE. The County covenants and agrees to appropriate in its annual budget, by amendment, if necessary, from Available Funds, amounts sufficient to pay principal of and interest on the Notes when due in the event the Pledged Revenues are insufficient therefor. Such covenant and agreement on the part of the County to budget and appropriate such amounts of Available Funds shall be cumulative to the extent not paid, and shall continue until such Available Funds 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 Available Funds.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Available Funds, nor does it preclude the County from pledging in the future its Available Funds, nor does it require the County to levy and collect any particular Available Funds, nor does it give the Noteholders a prior claim on the Available Funds as opposed to claims of general creditors of such County. Such covenant to appropriate Available Funds is

subject in all respects to the payment of debt service on bonds and other debt instruments. However, the covenant to budget and appropriate for the purposes and in the manner stated herein shall have the effect of making available for the payment of the Notes, in the manner described herein, Available Funds and placing on the County a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations hereunder; subject, however, in all respects to the restrictions of Section 129.07, Florida Statutes, which provides that the governing body of each county may only make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources; and subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the County or which are legally mandated by applicable law.

ARTICLE III

**COUNTY'S OBLIGATION, DESCRIPTION, PAYMENT TERMS,
OPTIONAL PREPAYMENT**

SECTION 3.01. NOTES NOT TO BE INDEBTEDNESS OF THE COUNTY OR STATE. The Notes, when delivered by the County pursuant to the terms of this Agreement, shall not be or constitute an indebtedness of the County, the State of Florida or any political subdivision or agency thereof, prohibited by any constitutional, statutory or charter limitations of indebtedness, but shall be payable solely as herein provided. No Noteholder shall ever have the right to compel the exercise of the ad valorem taxing power of the County, or taxation in any form of any property therein to pay the Notes or the interest thereon; provided, however, that this covenant shall not affect the County's obligation to levy or foreclose assessments as required by Section 2.04(j) hereof. The Notes are special and limited obligations payable as to both principal, redemption premium, if any, and interest, from the Pledged Revenues and pledged accounts provided for herein and from Available Funds budgeted and appropriated pursuant to Section 2.07 hereof.

SECTION 3.02. DESCRIPTION AND PAYMENT TERMS OF THE NOTES.

(a) In connection with a Drawing pursuant to Article IV of this Agreement, the County shall, pursuant to authority granted under the Resolution, issue and deliver a Note or Notes to the Bank as Noteholder, which Note or Notes, together with any outstanding Note or Notes, shall not exceed FOURTEEN MILLION AND 00/100 DOLLARS (\$14,000,000) in aggregate principal amount. Any payment or prepayment of principal on the Notes shall reinstate any amounts available to draw hereunder. Each Note shall be designated as "Nassau County, Florida Revolving Line of Credit Revenue Note, Series ____" with the first Note being designated "Series A" and each subsequent Note being designated alphabetically thereafter. The text of the Notes shall be substantially in the form attached hereto as Exhibit A, with such omissions, insertions and variations as may be necessary and desirable. The Bank shall not be required to advance funds if any Event of Default shall have occurred (or any circumstance which, with the giving of notice or expiration of time would become an Event of Default).

(b) Each Note shall be dated the date of its delivery and bear interest on the outstanding principal balance (which may vary from time to time) from its date at the rate or rates set forth below. The Notes shall be executed in the name of the County by the manual or facsimile signature of the Chairman or Vice Chairman of the Board and the official seal of the County shall be affixed thereto and attested by the manual or facsimile signature of the Chief Financial Officer; provided that at least one of such signatures shall be manual. In case any one or more of the officers, who shall have signed or sealed any of the Notes, shall

cease to be such officer of the County before the Notes so signed and sealed shall have been actually delivered, such Notes may nevertheless be delivered as herein provided and may be issued as if the person who signed or sealed such Notes had not ceased to hold such office. Any Note may be signed and sealed on behalf of the County by such person who at the actual time of the execution of such Note shall hold the proper office, although at the date the Notes shall actually be delivered, such person may not have held such office or may have been so authorized.

(c) The Notes shall bear interest at the Interest Rate on the Notes, payable on each Payment Date and on the Final Maturity Date. In no event shall the Final Maturity Date on any Note issued hereunder be later than September 4, 1992. Interest shall be calculated on the basis of the number of days elapsed in a year of 360 days (actual/360 method). Unless otherwise agreed in writing by the Bank and the County, the Payment Dates for interest on each Series Note shall be on the first day of each month and for principal shall be the maturity date of such Note.

(d) All payments of principal of and interest on the Notes shall be payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts and shall be made to the Bank by check mailed to the Bank for purposes of payment to the Noteholder by the Bank (in immediately payable funds) or by bank wire or bank transfer as the Bank may specify in writing to the County or otherwise as the County and the Bank may agree.

(e) There will be no Bank fees to maintain the line of credit and no draw fees thereunder. The Bank shall pay for all of its costs relating to servicing the line of credit.

(f) The Interest Rate on the Notes shall be subject to adjustment in the event of a Determination of Taxability with respect to any Note. In the event of such Determination of Taxability, the interest rate on the Notes shall be adjusted, retroactively to the date interest became includable in the Noteholder's gross income, to cause the after-tax yield on the Notes, after payment of any increase in tax, interest on unpaid taxes, penalty or other amounts as a result of such Determination of Taxability, to equal what the yield on the Note would have been in the absence of such Determination of Taxability. The provisions of this paragraph shall survive payment in full of the Notes and termination of the Agreement.

Notwithstanding any provision contained herein to the contrary, in no event shall the interest contracted for, charged or received in connection with any Note (including any other costs or considerations that constitute interest under the laws of the State of Florida which are contracted for, charged or received) exceed the maximum rate of interest allowed under State law as

presently in effect. In the event the maturity of any Note is accelerated or prepaid in accordance with the provisions thereof, then such amounts that constitute payments of interest, together with any costs or considerations which constitute interest under the laws of the State of Florida, may never exceed an amount which would result in payment of interest at a rate in excess of the nonusurious interest allowed by the laws of the State of Florida or the United States to the extent applicable, as presently in effect and to the extent an increase is allowable by such laws; and excess interest, if any, shall be cancelled automatically as of the date of such acceleration, or, if theretofore paid, shall be credited on the principal amount of the Note unpaid, but such crediting shall not cure or waive any default under the Agreement.

SECTION 3.03. OPTIONAL PREPAYMENT. The County may prepay any Note or all Notes as a whole or in part, at any time or from time to time, without penalty or premium, by paying to the Noteholder all or part of the principal amount of the Note to be prepaid. No notice shall be necessary to effectuate any full or partial prepayment. If on the prepayment date moneys for the payment of the principal amount to be prepaid on such Note, together with interest to the prepayment date on such principal amount, shall have been paid to the Noteholder as above provided, then from and after the prepayment date interest on such principal amount of such Note shall cease to accrue.

SECTION 3.04. CREATION OF ACCOUNTS. The County covenants and agrees to establish the "Nassau County, Florida, Solid Waste System Enterprise Fund" which shall include the following accounts and subaccounts:

(A) The "Nassau County, Florida, Solid Waste System Revenue Account" and therein the "Assessment Subaccount" and "Tipping Fee Subaccount."

(B) The "Nassau County, Florida, Solid Waste System Operation and Maintenance Account."

(C) The "Nassau County, Florida, Solid Waste System Debt Service Account."

(D) The "Nassau County, Florida, Solid Waste System Renewal and Replacement Account."

(E) The "Nassau County, Florida, Solid Waste System Closure Account."

(F) The "Nassau County, Florida, Solid Waste System Surplus Reserve Account."

(G) The "Nassau County, Florida, Solid Waste System Construction Account."

Moneys in the aforementioned accounts and subaccounts (except for moneys in the Closure Account), until applied in accordance with the provisions hereof, shall be subject to a first priority lien and charge in favor of the Bank.

SECTION 3.05. DISPOSITION OF REVENUES.

(A) The County shall deposit or credit all Gross Revenues, as received, into the Revenue Account. All Assessments shall be deposited into the Assessment Subaccount and all commercial solid waste tipping fees and any other Gross Revenues shall be deposited in the Tipping Fee Subaccount.

Operation and Maintenance Account. Moneys in the Revenue Account shall first be used each month, on a ratable basis between each subaccount, to deposit or credit to the Operation and Maintenance Account such sums as are necessary to pay Operating Expenses for the ensuing month; provided the County may transfer moneys from the Revenue Account to the Operation and Maintenance Account at any time to pay Operating Expenses to the extent there is a deficiency in the Operation and Maintenance Account for such purpose. Amounts in the Operation and Maintenance Account shall be paid out from time to time by the County for reasonable and necessary Operating Expenses.

(B) Amounts remaining in the Revenue Account after the aforementioned deposits or credits to the Operation and Maintenance Account shall be applied by the County on or before the fifteenth (15th) day of each month, commencing in the month immediately following the delivery of any of the Bonds to the purchasers thereof, or such later date as hereinafter provided, in the following manner and in the following order of priority:

(1) Debt Service Account. The County shall deposit or credit to the Debt Service Account from the Assessment Subaccount amounts until the amount on deposit therein is equal to \$4,200,000. The County shall deposit or credit to the Debt Service Account from the Tipping Fee Subaccount the sum which, together with the balance in said Account, shall equal the interest on all Notes payable during the next 30 days. Moneys in the Debt Service Account shall be applied by the County for payment of the interest on the Notes on or prior to the date the same shall become due.

and principal of

(2) Closure Account. Next, the County shall deposit or credit to the Closure Account (from moneys available in the Revenue Account) a sum equal to the aggregate fees or surcharges on fees or other revenues imposed, levied or collected by the County in compliance with Section 403.7125(3), Florida Statutes, as amended, to ensure the availability of financial resources for the proper closure of the landfills of the System, unless the County shall not be required to establish any such fee, surcharge or other

182

appropriate revenue-producing mechanism by reason of having established proof of financial responsibility in the manner permitted by Section 403.7125(4), Florida Statutes, as amended, which shall have been collected and received by the County or which shall have accrued, if accrual shall be the basis of such mechanism, and which shall not have been previously deposited or credited to the Closure Account. Moneys in the Closure Account shall be paid out from time to time by the County only for the purpose of landfill closure, for planning and construction of resource recovery or landfill facilities if such planning and construction expenditures do not deplete the Closure Account to the detriment of landfill closure, or for such other purpose or purposes authorized or required by Florida law for the application of such Section 403.7125(3) escrow account moneys. No moneys in the Closure Account may be applied by the County to the payment of any part of the principal of or interest on the Notes, except upon receipt by the County of an opinion of counsel that such payment shall be permitted by Florida law controlling the application of such Section 403.7125(3) escrow account moneys. Any moneys remaining to the credit of the Closure Account after closure of all landfill facilities of the System shall be disposed of in the manner provided by Florida law for the disposition of surplus Section 403.7125(3) escrow account moneys; the County covenants and agrees that if such law permits, any Closure Account surplus shall be deposited or credited to the Revenue Account. If such law shall require that the County deposit any such surplus to the County's general fund, the County will transfer from its general fund to the Revenue Account a sum equal to the amount of such surplus promptly upon depositing such surplus to its general fund.

(3) Renewal and Replacement Account. There shall be deposited or credited to the Renewal and Replacement Account an amount equal to one-twelfth of the Renewal and Replacement Requirement until the amount accumulated in such Account is equal to the Renewal and Replacement Account Requirement. In the event that the Renewal and Replacement Account Requirement is reduced, any excess amount in the Renewal and Replacement Account shall be deposited or credited to the Surplus Reserve Account. The moneys in the Renewal and Replacement Account shall be applied by the County for the purpose of paying the cost of major extensions, improvements or additions to, or the replacement or renewal of capital assets of, the System, or extraordinary repairs of the System; provided, however, that moneys in the Renewal and Replacement Account shall be applied for the payment into the Debt Service Account when the moneys therein are insufficient to pay the principal of and interest on the Notes coming due.

(4) Surplus Reserve Account. The balance of any Gross Revenues remaining in said Revenue Account after the foregoing shall be deposited or credited to the Surplus Reserve Account. Moneys in the Surplus Reserve Account shall be applied monthly by the County, to the extent necessary, to pay Operating Expenses

whenever the moneys in the Operation and Maintenance Account shall be insufficient for such purpose. Whenever no Event of Default shall have occurred and be continuing under this Agreement, and after setting aside in the Surplus Reserve Account a sum which, together with the moneys in the Operation and Maintenance Account, shall be sufficient to pay Operating Expenses until the next succeeding October 1 according to the County's annual budget, the balance of any moneys remaining in the Surplus Reserve Account may be applied by the County for any lawful purpose of the System. Notwithstanding the foregoing, the County shall have the right, at any time, to apply any money in the Surplus Reserve Account for deposit or credit to the Closure Account and the Renewal and Replacement Account. Additionally, the County shall be required to apply any moneys in the Surplus Reserve Account, at any time, to the payment of all or any part of principal of, or interest on the Notes in the event amounts on deposit in the other funds and accounts established hereunder are insufficient to make required payments on the Notes. The County shall have the right also to withdraw from the Surplus Reserve Account at any time, or from time to time, any sum or sums equal to all or any part of the aggregate amount of money which shall have been collected and received by the County from fees or surcharges on fees or other revenues imposed, levied or collected by the County in compliance with Section 403.7125(3), Florida Statutes, as amended, for deposit or credit to the Closure Account, but which shall have been transferred to the Surplus Reserve Account as a result of equivalent sums having been deposited or credited to the Closure Account from other legally available funds of the County or as a result of the County establishing proof of financial responsibility as described in paragraph (5), above, and expend the same for any lawful purpose.

ARTICLE IV

REQUISITIONS FOR DRAWING; AND OTHER CONDITIONS

SECTION 4.01. DRAWS. In connection with a Drawing, the Bank shall not be obligated to make any Loan under this Agreement unless at the date specified for the making thereof the County delivers to the Bank:

(a) Notice of the County's intention to make a Drawing at least ten (10) days prior to the date specified for such Drawing and contained within such notice the amount of the proposed Drawing, a description of the Project to be financed or refinanced with the proceeds of the proposed Drawing and the estimated date of completion of such Project; and

(b) A certificate of the Chief Financial Officer of the County, dated as of the date of such notice, to the effect that the representations and warranties of the County contained in Article II of this Agreement are true and correct as of such date, that no event has occurred which would constitute an Event of Default within the meaning of Article V hereof that has not been cured to the satisfaction of or waived by, the Bank or that with the giving of notice or lapse of time would constitute an Event of Default and that no circumstance has occurred that has or will have the effect of materially impairing the amount of Pledged Revenues available to the County; and

(c) A certificate of the Chief Financial Officer of the County, dated as of the date of such Drawing, setting forth the aggregate amount of Notes of the County that will be outstanding immediately after the issuance of the Notes then being issued and stating that no default has occurred in the payment of principal of or interest on such Notes of the County; and

(d) An Opinion of Bond Counsel regarding the due authorization, execution, delivery, validity and enforceability of the Agreement and the Series Note securing such Drawing and the due adoption of the Resolution of the County relating to such Drawing and Note (enforceability of such instruments may be subject to standard bankruptcy exceptions and the like) and the exclusion of interest on the Notes from gross income for Federal income tax purposes, that the Notes are not specified "private activity bonds" within the meaning of Section 57(a)(5) of the Code and, therefore, the interest on the Notes will not be treated as a preference item for purposes of computing the alternative minimum tax imposed by Section 55 of the Code (however, a portion of the interest on the Notes owned by corporations may be subject to the Federal alternative minimum tax which is based in part on adjusted net book income or adjusted current earnings), and the exemption of the

Notes from Florida intangible taxes and documentary stamp taxes; and

(e) To the extent required by Bond Counsel, a fully executed Series Note, dated the date of Drawing, in the principal amount of such Drawing;

The County shall, at the time of any Drawing, complete to the satisfaction of Bond Counsel:

(i) A fully executed Tax Certificate, dated as of the date of such Drawing relating to the Series Note evidencing such Drawing and

(ii) A copy of a completed and executed Form 8038-G relating to the Series Note evidencing such Drawing to be filed with the Internal Revenue Service;

On or before the execution of this Agreement, the County shall have caused to be delivered to the Bank the following items in form and substance acceptable to the Bank:

(1) An opinion of counsel regarding the due authorization, execution, delivery, validity and enforceability of this Agreement and the due adoption of the Resolution (enforceability may be subject to standard bankruptcy exceptions and the like); and

(2) A certified copy of the Resolution of the County approving the form of this Agreement and authorizing the issuance of Notes from time to time in the aggregate principal amount of not exceeding \$14,000,000 to finance or refinance the costs of the Projects; and

(3) Such additional certificates, instruments and other documents as the Bank, or its Counsel or Bond Counsel, or Counsel to the County, may deem necessary or appropriate; and

(f) Payment of the Bank's fees and expenses, including counsel fees, relating to the transactions described herein.

(g) Upon satisfaction of the conditions set forth in paragraphs (a) through (f) above, and provided that the Bank continues to be satisfied with the financial condition of the County and the System, the County may borrow up to \$14,000,000 from the Bank pursuant to one or more Drawings. After \$14,000,000 has been loaned to the County pursuant to terms and provisions of this Agreement, the Bank shall not be required to honor any further Drawings except to the extent drawings are repaid, reducing the outstanding aggregate principal balance below \$14,000,000; provided, however, that if the Bank and the County agree in writing to increase the amount available to be drawn by the County on the

line of credit provided by the Bank pursuant to this Agreement, such \$14,000,000 limitation shall be increased to such agreed upon amount and a new Note or Notes executed to evidence any drawing made pursuant thereto. The date the last Drawing can be made under this Agreement shall be September 3, 1992, unless otherwise extended pursuant to Section 6.04 of this Agreement. The County shall apply the proceeds of each Drawing to pay for, or reimburse itself for, prior expenditures incurred for the costs of the Projects which shall include but not be limited to:

(1) the costs of architectural and engineering services related to the Projects, including, without limitation, the costs of preparation of studies, surveys, reports, tests, plans and specifications;

(2) the costs of legal, accounting, marketing and other special services related to the Projects;

(3) costs and fees incurred in connection with the issuance of the Notes subject to the requirements of the Code and the Tax Certificate;

(4) fees and charges incurred in connection with applications to federal, state and local governmental agencies for any requisite approval or permits regarding the acquisition and construction of the Projects;

(5) costs incurred in connection with the acquisition of the sites for the Projects, including any necessary rights-of-way, easements or other interests in real or personal property;

(6) costs incurred in connection with the acquisition, construction, improvement or extension of the buildings, structures and facilities comprising the Projects;

(7) costs incurred in connection with the acquisition and installation of any machines, equipment, fixtures, appurtenances or personal property of any kind or nature, which are to comprise a part of the Project;

(8) interest on the Notes accruing prior to the completion date of the Projects; and

(9) to the extent permitted by law, other costs and expenses relating to the Project which are incurred for the purpose of providing for the Project, including the administrative and maintenance costs associated with the management of the Project, and other facilities functionally related and subordinate thereto.

SECTION 4.02. CONSTRUCTION ACCOUNT. The County covenants and agrees to establish a special account in a bank, trust company or other entity in the State which is eligible under the laws of the State to be a depository for public funds, to be known as the "Nassau County, Florida, Solid Waste System Construction Account," which shall be used only for payment of the cost of the Project. Moneys in the Construction Account, until applied in payment of any item of the cost of the Project in the manner hereinafter provided, shall be subject to a first priority lien and charge in favor of the Bank.

The proceeds of insurance maintained pursuant to this Agreement against physical loss of or damage to the Project, or of contractors' performance bonds with respect thereto pertaining to the period of construction thereof, shall be deposited or credited to the Construction Account.

ARTICLE V

EVENTS OF DEFAULT

An "Event of Default" shall be deemed to have occurred under this Agreement if:

(a) The County shall fail to make payment of principal or interest then due on any Note;

(b) Any representation or warranty of the County contained in Article II of this Agreement shall prove to be untrue in any material respect;

(c) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed by it under this Agreement or the Resolution other than as referred to in clause (a) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the County, unless such Noteholders shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, then such time will automatically be extended if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected and if, in the good faith judgment of the Bank, such delay would not jeopardize the Bank;

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

(e) The County shall default under any other loan, loan commitment or loan agreement, bonds or other material obligation it shall be a party to.

If any such Event of Default shall have occurred, the Bank or any Noteholder may declare the entire remaining principal amount of any or all Notes to be immediately due and payable and may seek enforcement of all remedies available to it under law, including

189

specific enforcement and mandamus to enforce the County's obligations. No remedy shall preclude the exercise of other remedies, all of which shall be cumulative. If the Notes shall be declared to be immediately due and payable or any amounts due on the Notes shall remain unpaid past the scheduled Payment Date, the Notes shall bear interest at the lesser of Prime Rate plus one percent (1%) per annum or the maximum permitted by law until all amounts then due under the Notes are paid in full. Occurrence of an Event of Default (or circumstances that would become an Event of Default upon notice or passage of time) or notice of any event described in paragraph (c) above shall suspend the obligation of the Bank to honor additional Drawings until such time as such Event of Default has been cured to the satisfaction of the Bank. The Bank shall be entitled to its reasonable costs and expenses (including fees and expenses of counsel whether or not suit be brought and including such fees and expenses upon appeal or in insolvency proceedings) incurred in enforcing any of its rights under this Agreement after an Event of Default. In addition to any other remedies, the Bank shall have the absolute right to the appointment of a receiver for the operation of the System and the collection and disbursement of Gross Revenues.

Notwithstanding anything contained herein to the contrary, upon the occurrence of an Event of Default hereunder, all Gross Revenues, including the Assessments, will be used (except to the extent otherwise permitted by the Bank) first to pay outstanding principal and interest on the Notes.

190

ARTICLE VI

MISCELLANEOUS

SECTION 6.01. AMENDMENTS, CHANGES OR MODIFICATIONS TO THE AGREEMENT. This Agreement shall not be amended, changed or modified without the prior written consent of the Bank, the County and the Noteholders of at least fifty-one percent (51%) in principal amount of the Notes.

SECTION 6.02. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement, and, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

SECTION 6.03. SEVERABILITY. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the invalidity of such provisions or sections shall not affect any other provisions or sections hereof, and this Agreement shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced, as if such illegal or invalid clause, provision or section had not been contained herein.

SECTION 6.04. TERM OF AGREEMENT. This Agreement shall be in full force and effect from the date hereof and shall continue in effect as long as any Notes are outstanding. The commitment of the Bank to honor Drawings in accordance with the terms hereof shall expire on September 3, 1992.

SECTION 6.05. NOTICE OF CHANGES IN FACT. Promptly after the County becomes aware of the same, the County will notify the Bank of (i) any change in any material fact or circumstance represented or warranted by the County in this Agreement or in connection with the issuance of the Notes, and (ii) any default or event which, with notice or lapse of time or both, could become a default under the Agreement, specifying in each case the nature thereof and what action the County has taken, is taking and/or proposed to take with respect thereto.

SECTION 6.06. NOTICES. Any notices or other communications required or permitted hereunder shall be sufficiently given if delivered personally or sent registered or certified mail, postage prepaid, to the County, Nassau County, Florida, Post Office Box 456, Fernandina Beach, Florida, 32034, Attention: Clerk of the Circuit Court, to the Bank, First Union National Bank of Florida, Post Office Box 2080, Jacksonville, Florida 32231-0010, Attention: Ms. Kelly J. Burchell and to the Noteholders at their registered address or at such other address as shall be furnished in writing

by any such party to the other, and shall be deemed to have been given as of the date so delivered or deposited in the United States mail.

SECTION 6.07. APPLICABLE LAW. The substantive laws of the State of Florida shall govern this Agreement.

SECTION 6.08. INCORPORATION BY REFERENCE. All of the terms and obligations of the Resolution are hereby incorporated herein by reference as if said Resolution was fully set forth in this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the Date of Execution set forth below.

(SEAL)

NASSAU COUNTY, FLORIDA

By: 
Chairman, Board of County
Commissioners

Date of Execution: 9-9-91

ATTEST:

By: 
Clerk, Board of County
Commissioners

**FIRST UNION NATIONAL BANK OF
FLORIDA**

By: 
Corporate Banking Officer

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF FLORIDA
NASSAU COUNTY
Revolving Line of Credit Revenue Note, Series _____

Principal Sum	Final Maturity Date
\$14,000,000	September 4, 1992

KNOW ALL MEN BY THESE PRESENTS, that NASSAU COUNTY, FLORIDA (the "County"), for value received, hereby promises to pay, solely from the Pledged Revenues and other sources described in the within mentioned Agreement (but including the County's covenant to budget and appropriate set forth therein), to the order of First Union National Bank of Florida, Jacksonville, Florida, or its successors (the "Noteholder"), the Principal Sum stated above or such lesser sum advanced pursuant to that certain Line of Credit Agreement by and between First Union National Bank of Florida and the County, dated as of September 9, 1991 (the "Agreement"), and to pay interest on the principal balance hereof as it may exist from time to time (the "Principal Balance") or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum equal to 7.225% per annum (such rate subject to adjustment as provided in the Agreement), on the first day of each month, commencing October 1, 1991, until such Principal Balance shall have been paid, ~~except as the provisions hereinafter set forth with respect to prepayment prior to the Final Maturity Date identified above may be or become applicable hereto.~~

The Principal Balance shall be due and payable on September 4, 1992. The Principal Balance and interest thereon is payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts. This is a revolving note. Principal may be prepaid from time to time and readvanced pursuant to the provisions of the Line of Credit Agreement, provided that the amount advanced pursuant to the Line of Credit Agreement and evidenced hereby shall never exceed the Principal Balance stated above. Reduction of the amount advanced pursuant to the Line of Credit Agreement to zero shall not extinguish this Note. This Note evidences only amounts advanced under the Line of Credit Agreement from time to time, up to a maximum amount equal to the Principal Balance. *Sum*

This Note is one of an authorized issue of Notes authorized to be issued in the aggregate principal amount of not exceeding \$14,000,000 of like tenor and effect, except as to series

designation and date of issue, issued under the authority of and in full compliance with the Constitution and statutes of the State of Florida, including, particularly, Chapter 125, Florida Statutes, and other applicable provisions of law (the "Act"), a resolution duly adopted by the County on September 9, 1991, as such resolution may be amended and supplemented from time to time, and is subject to all terms and conditions of said resolution (the "Resolution") and the Agreement. Any term used in this Note and not otherwise defined shall have the meaning ascribed to such term in the Agreement.

This Note shall bear interest from its Date of Issuance at the Interest Rate identified above on the basis of the numbered ^{of} days elapsed in a 360-day year (actual/360 method). Such Interest Rate shall be subject to adjustment upon the occurrence of an Event of Default under the Agreement, as described below.

The Noteholder shall provide to the County upon request such documentation to evidence the amount of interest due on the Note.

Notwithstanding any provision in this Note to the contrary, in no event shall the interest contracted for, charged or received in connection with this Note (including any other costs or considerations that constitute interest under the laws of the State of Florida which are contracted for, charged or received) exceed the maximum rate of interest allowed under State law as presently in effect. In the event the maturity of this Note is accelerated or prepaid in accordance with the provisions hereof, then such amounts that constitute payments of interest, together with any costs or considerations which constitute interest under the laws of the State of Florida, may never exceed an amount which would result in payment of interest at a rate in excess of the nonusurious interest allowed by the laws of the State of Florida or the United States to the extent applicable, as presently in effect and to the extent an increase is allowable by such laws; and excess interest, if any, shall be cancelled automatically as of the date of such acceleration, or, if theretofore paid, shall be credited on the principal amount of the Note unpaid, but such crediting shall not cure or waive any default under the Agreement.

All payments made by the County hereon shall apply first to accrued interest, and then to the principal amount of this Note.

The County may prepay this Note as a whole or in part, at any time or from time to time, without premium, by paying to the Noteholder all or part of the principal amount of the Note to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment. No prior notice shall be required to effectuate any prepayment.

This Note, when delivered by the County pursuant to the terms of the Agreement, shall not be or constitute an indebtedness

entitled to the full faith and credit of the County or of the State of Florida (the "State"), within the meaning of any constitutional, statutory or charter limitations of indebtedness or entitle the holder to require the levy of any ad valorem taxes, but shall be payable solely from the Pledged Revenues and other sources and covenant to budget and appropriate set forth in the Agreement. No Noteholder shall ever have the right to compel the exercise of the ad valorem taxing power of the County or the State, or taxation in any form of any property therein to pay the Note or the interest thereon; provided, however, that this clause shall not prohibit the County from foreclosing on Assessments in the manner set forth in the Agreement.

Upon the occurrence of an Event of Default, as defined in the Agreement, the principal of this Note may become or be declared due and payable before the Final Maturity Date in the manner, with the effect and subject to the conditions set forth in the Agreement. The Noteholder shall also have such other remedies as described in the Agreement.

If the Note shall be declared to be immediately due and payable or any amounts due on the Note shall remain unpaid past the scheduled Payment Date, the Note shall bear interest at the lesser of the Prime Rate plus one percent (1%) per annum or the maximum rate permitted by law until all amounts then due under the Note are paid in full.

The County hereby waives presentment, demand, protest and notice of dishonor.

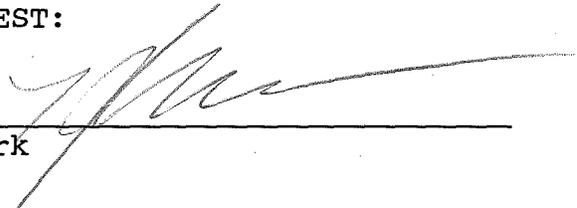
IN WITNESS WHEREOF, the County caused this Note to be signed by the facsimile signature of the Chairman of the Board of County Commissioners of Nassau County, Florida (the "Board"), and the seal of the Board to be affixed hereto or imprinted or reproduced hereon, and attested by the manual signature of the Clerk of the Board, and this Note to be dated the Date of Issuance set forth above.

NASSAU COUNTY, FLORIDA

(SEAL)

By: 
Chairman, Board of County
Commissioners of Nassau
County, Florida

ATTEST:


Clerk